

# ANALYTICAL PERSPECTIVES

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BUDGET OF THE UNITED STATES GOVERNMENT

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*Fiscal Year 2004*

## THE BUDGET DOCUMENTS

***Budget of the United States Government, Fiscal Year 2004*** contains the Budget Message of the President and information on the President's budget and management priorities, including assessments of agencies' performance.

***Analytical Perspectives, Budget of the United States Government, Fiscal Year 2004*** contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective.

The *Analytical Perspectives* volume includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; detailed information on Federal borrowing and debt; baseline or current services estimates; and other technical presentations. It also includes information on the budget system and concepts and a list of Federal programs by agency and account, as well as by budget function.

***Historical Tables, Budget of the United States Government, Fiscal Year 2004*** provides data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment over an extended time period, generally from 1940 or earlier to 2008. To the extent feasible, the data have been adjusted to provide consistency with the 2004 Budget and to provide comparability over time.

***Budget of the United States Government, Fiscal Year 2004—Appendix*** contains detailed information on the various appropriations and funds that constitute the budget and is designed primarily for the use of the Appropriations Committee. The *Appendix* contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriations lan-

guage, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or group of agencies. Information is also provided on certain activities whose outlays are not part of the budget totals.

***Performance and Management Assessments, Budget of the United States Government, Fiscal Year 2004*** contains evaluations and analyses of programs and management at federal departments and agencies.

### AUTOMATED SOURCES OF BUDGET INFORMATION

The information contained in these documents is available in electronic format from the following sources:

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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.
3. At the time of this writing, 11 of the 13 appropriations bills for 2003 were not enacted, and the programs covered by them were operating under a continuing resolution. For these programs, references to 2003 spending, excluding current services or baseline estimates, in the text and tables reflect the Administration's 2003 policy proposals. The baseline estimates for the programs covered by the unenacted bills reflect the levels provided by the continuing resolution.

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# BUDGET AND PERFORMANCE INTEGRATION

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## 1. BUDGET AND PERFORMANCE INTEGRATION

A year and a half ago, the Administration began an effort to improve budgeting and management to achieve better results—and to do so consistently. It was called the President's Management Agenda. One of the major problems identified was lack of budget and performance integration (see box). For seven years, agencies had developed Strategic Plans and Annual Plans under the Government Performance and Results Act (GPRA). But these plans were not integrated into the budget, and

the budget drives policy making, allocates resources, and provides incentives to program managers. The budget showed dollars requested, but not the cost of producing an output or achieving a goal. As a result, the plans were not linked to reality and driven by the cycle of budget preparation and execution. Also as a result, budget dollars could not be allocated systematically to achieve the best outcomes per dollar spent.

### At the Start: Budget and Performance Were Not Integrated

- Past and planned results were not shown with budget requests, let alone linked in a cost-and-results relationship.
- Program managers responsible for achieving results often did not control the resources they use or have flexibility to use them efficiently.
- Performance and cost data were recorded in separate systems and not integrated to provide timely, analytical feedback to decision-makers and managers.
- Americans could not readily assess program results, and could not compare performance and cost across programs.

The Administration is using complementary approaches to strengthen the link between budget dollars and results achieved.

***Using Performance Information to Make Budget Decisions.*** One of these approaches focuses on the use of performance information to make budget decisions. Starting with the Budget for 2003, the Administration collected and used all of the performance information available in making budget decisions; this increased demand for performance information. For this Budget, the Administration created a new Program Assessment Rating Tool (PART), which was applied to individual programs comprising about 20 percent of agency budgets. The PART questionnaire asked about the program's purpose, performance measures, alignment with budget, and results, as well as its planning and management practices. The PART summarizes but does not create information. To the extent that it is influential in making budget decisions, however, it creates demand from policy makers, program managers, and program advocates for the kind of information used to make the rating. The Administration plans to improve the PART this year and apply it to more programs.

***Linking Performance and Cost in a Performance Budget.*** The other approach will create a framework of information and incentives covering all programs in the agency and across government. Agencies have been asked for a revised strategic plan (draft due in March 2003) that would be a template for their 2005 budget. This places the plan in a realistic context, requiring the agencies to focus their goals and set priorities. The plan is to analyze how all of the programs that influence each goal exert their influence—and how well they do it. Performance measures must include the outcomes desired (measuring progress in carrying out the program's purpose) and outputs produced (the tools used). To the extent possible, the full annual budgetary cost of resources to produce these outputs are to be requested in separately identified lines in the budget along with measures of what is produced—ready for monitoring and analysis of the effect of resources on performance. (This link between cost and production is routine in business, but rare in government.) Performance results, cost, and evaluations would provide feedback for a cycle of using linked performance and cost data year-round to improve budgeting and management.

### An Assessment of Progress

This is an ambitious list. Yet precisely these objectives are behind the Standards for Success by which the Budget and Performance Integration Initiative is rated on the President's Management Agenda scorecard. In the summer of 2001, the standards were created, reviewed by outside experts, and approved by the President's Management Council—the Chief Operating Officers of the major agencies. The “Scorecard Standards for Success” are reprinted at the end of the chapter “Progress on the President's Management Agenda” in the new *Performance and Management Assessments* volume of this Budget.

The Budget and Performance Integration Initiative is one of the most challenging of the items on the President's Management Agenda. While no green status scores have been achieved yet, gains in a half-dozen departments and independent agencies testify to fundamental improvement in their ability to relate resource requests to results produced. Nine agencies out of 24 have reached yellow status for this Initiative, and several others have made notable strides toward linking budget dollars with improvements for citizens.

OMB Director Daniels testified in September 2002, “I see this as a common sense idea upon which people of different philosophies should agree. For those who think that government does too much, costs too much, and is too big, basing funding on results makes sense. But those who believe government should be more active, should have greater influence on people's lives, also should want resources invested in programs that produce results.”

The remainder of this chapter has three sections. The first section describes the approach of increasing the use of performance measures to make budgetary and management decisions. The second describes the substantial progress made in the past year in building an information and incentive framework to support continuing improvement in results. The third describes the ways in which the other four Management Agenda initiatives interrelate with the Integration Initiative.

**Budgeting and Managing for Results.** Eager to make government work better, last year the Administration used all of the performance information it could gather in making decisions for the 2003 Budget. It also began a transition to place the burden of proof on agencies and advocates to supply evidence of program effectiveness instead of assuming effectiveness in the absence of evidence to the contrary.

For the 2004 budget, emphasis broadened to creating better ratings of program effectiveness and using them to make budget, policy, and management decisions. To make ratings more systematic, OMB developed a Program Assessment Rating Tool (PART), a diagnostic

questionnaire that was used to rate programs that comprised about 20 percent of each agency's total budget. Common performance measures were developed in several program areas and used for cross-cutting comparisons. The first section of this chapter analyzes this effort to use ratings to budget and manage for results.

**Foundation for Results.** To create a foundation for continual improvement in government effectiveness, agencies increased collaboration among planning, budget, financial, and program staff. Some agencies began to give program managers control over resources, while making them accountable for achieving results. Agencies are revising Strategic Plans to be delivered to OMB in March. They are refining goals, improving outcome measures, and relating programs to outcomes.

These forthcoming plans, according to OMB guidance, are to be considered the template for an integrated “performance budget” for 2005. The annual performance plan and the budget justification will become an integrated document organized by strategic plan goals. For each goal, the plan analyzes the relationships from goal to outcomes to programmatic effects on outcomes to resource requests.

Half of the agencies took steps toward creating an integrated performance budget this year—ahead of schedule—showing programs in relation to the strategic goals they are intended to achieve. These early performance budget justifications reveal efforts to link full cost to program activities, and to explain how program activities work together to achieve the agency's goals.

To encourage efficient use of resources, the budget needs a uniform measure of the full annual cost of the resources used that will be charged to each program and activity. As it has before, the Administration will propose to reflect program costs more accurately by moving toward charging program costs to the appropriate programs, including the accruing costs of retirement and retiree health care benefits. The Administration has also developed proposals to charge for support services, capital assets, and hazardous substance clean-up where these resources are used. These proposals do not change total budget outlays, budget concepts, or public-private cost comparisons. However, they would provide a better assessment of program costs.

**A Complementary Management Agenda.** Budget and Performance Integration is one of five interrelated initiatives in *The President's Management Agenda*. The others are Strategic Management of Human Capital, Competitive Sourcing, Expanded Electronic Government, and Improved Financial Performance. They are all interrelated. They all give program managers the ability to deliver services more effectively. The third section of this chapter shows some of their progress toward making federal programs more effective.



## BUDGETING AND MANAGING FOR RESULTS

Testifying before Congress in May 2001, the Director of OMB signaled his intention to focus on performance. “Our main focus... will be working toward full integration of budget and performance information, and using performance data to help make program and budget decisions.”

***Budgeting for Results, 2003.*** OMB staff and agencies followed up, collecting evidence on which programs were improving desired outcomes. Budget decisions were influenced by performance information. For each agency, the Budget included a table listing selected programs with an assessment of the program’s effectiveness and a brief explanation of the assessment.

The results of this performance-oriented process of policy development and budget allocation were analyzed a year ago in Chapter 1 of *Analytical Perspectives*. Five analytical categories were discussed. First were programs that had been identified in the review process as effective—yielding real benefits for Americans. Many of them received increased funding, including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Bureau of Economic Analysis, which produces gross domestic product (GDP) statistics; Health Centers; drug treatment; the Job Corps; and the National Science Foundation.

In the second category, the review process compared programs for similar purposes and identified some as comparatively more effective. Funding was shifted toward these programs. In the third category, performance measures were used to set targets for better results, with or without more funding. A fourth use of performance measures was to provide incentives to states and other recipients who achieved the most with federal grants, or to charge costs so management decisions would balance cost against results. And fifth, performance measures were used to drive improvements in efficiency in programs and support services.

Like the scorecard system, the immediate use of existing performance measures to make budget decisions was a motivational success. Agencies saw that having good performance measures and being able to demonstrate effectiveness, or at least improvement, in performance was going to make a real difference in their budgets. Performance became a factor to address in agency budget development.

***Budgeting with the PART, 2004.*** Shortly after the 2003 Budget was published, OMB set out to strengthen the process for assessing the effectiveness of programs by making it more rigorous, systematic, and transparent. OMB staff developed a questionnaire, the PART, designed to provide a consistent tool for rating programs. Questions are designed to be answered “yes” or “no”, and require a brief narrative, including evidence to support the answer. In scoring, half of the grade depends on program results.

The story of the development and application of the PART can be found in “A Tool to Evaluate Federal Programs,” in the new *Performance and Management Assessments* volume of this Budget. It includes a one-page summary of the PART for each rated program, scorecards showing the status and progress of each of the five Management Agenda Initiatives for each agency, and a chapter “Progress on the President’s Management Agenda.” Upon publication of the 2004 Budget, all of the completed PARTs will be posted on the OMB website, [www.OMB.gov](http://www.OMB.gov).

The PART was not designed to obviate the need for the many other judgments that must go into budget decision making, such as setting priorities. While a high PART score, good performance measures, and documented influence on outcomes give programs an advantage in budget decisions, as shown by the examples below, they are demonstrably not the only factors considered.

The PART was applied to 234 programs of different types, sizes, and expected levels of effectiveness. Of the programs rated, 6 percent were found effective; 24 percent moderately effective; 15 percent adequate; and 5 percent ineffective. The remaining 50 percent of programs were given a new rating, developed in December after discussion with the President’s Management Council, called “results not demonstrated.” This rating was applied to programs for which adequate long-term and short-term performance measures have not been established, or where there is no data to indicate how the program is performing under the measures that have been established. It was applied regardless of the program’s numerical score.

### Availability and Use of Performance Information

“...there are important questions to be asked regarding the availability and use of performance information at each stage of the traditional budget process—i.e., budget preparation, budget approval, budget implementation or execution, as well as audit and evaluation...a limited scope of inquiry risks missing important opportunities for applying and capturing the benefits from performance-informed budgeting.”

*Performance Information and Budgeting  
In Historical and Comparative Perspective  
Rita M. Hilton and Philip G. Joyce*

**Effective Programs.** In the 2004 Budget, the PART-rated programs in the topmost “effective” category all received budget increases, or were held level.

- As they were last year, the Bureau of Economic Analysis (the producer of GDP statistics), and the Health Centers were in this top category. Their budget increases were significant. Health Centers, moreover, had low cost per patient and the next to highest number of patient visits per worker in the common measures assessment. Two programs rated effective last year, the WIC nutrition program for women, infants, and children, and the Job Corps, were not included in the PART evaluation this year. Both got funding increases.
- Newly rated effective programs that got budget increases above 6 percent included the Energy Conservation Improvement program in the Department of Defense (funding was doubled), the International Nuclear Materials Protection and Cooperation program in the Department of Energy, the National Weather Service in the Department of Commerce, and NASA’s Mars Exploration program.
- Other programs deemed effective included coin production at the United States Mint, bank regulation by the Office of the Comptroller of the Currency, thrift regulation by the Office of Thrift Supervision, the Advanced Simulation and Computing program in the Department of Energy, basic research in the Department of Defense and the Medicare Integrity program at the Department of Health and Human Services.
- There were 56 programs in the moderately effective category. Budget outcomes were more varied, but on balance were favorable. Three out of five got increased funding; about one in five, a reduction.

**Ineffective and Results-Not-Demonstrated Programs.** The PART assessments were often particularly valuable when programs were deemed ineffective or simply without demonstrable results. Some of these programs have been funded for many years without regard to whether they achieved program goals. PART reviews have led to reform proposals in the Departments of Education and Labor.

- The PART rated the Vocational Education State Grant program ineffective. In high schools, na-

tional evaluations and annual performance data show that vocational education has little or no benefit for student academic performance, job skills, or postsecondary degrees. In community colleges, there is no accountability for how the funds are used and no meaningful connection to student outcomes. The reform proposal in this Budget will give States and school districts the flexibility to design high quality programs, provided they meet strict accountability standards for student performance. They may also use this funding for Elementary and Secondary Education Title I programs. Postsecondary school funding will be distributed competitively to community and technical colleges and will be based on a rigorous assessment that student outcomes are being achieved.

- Overlapping programs at the Department of Labor would be similarly reformed: the Workforce Investment Act adult program, the dislocated worker program, and the Employment Service state grants would be folded into a single block grant that would allow the States and the Secretary to target resources where most needed. Underexpended resources will be shifted to where they will do more good. Overlap with Department of Education programs will be minimized by using the Department of Labor’s youth formula resources for out-of-school youth and non-school programs.

**Use to Improve Management.** The PART improved program management this year. As OMB and agencies began answering questions together, different views about the program’s purpose sometimes emerged; these were sometimes clarified in the ensuing discussion or even reconciled. There were discussions about program planning, analyzing how the program could best influence its desired outcome, and what initiatives might be taken to remove obstacles. Ideas for improving management were considered. Indeed, some agencies and programs applied the PART themselves for this purpose.

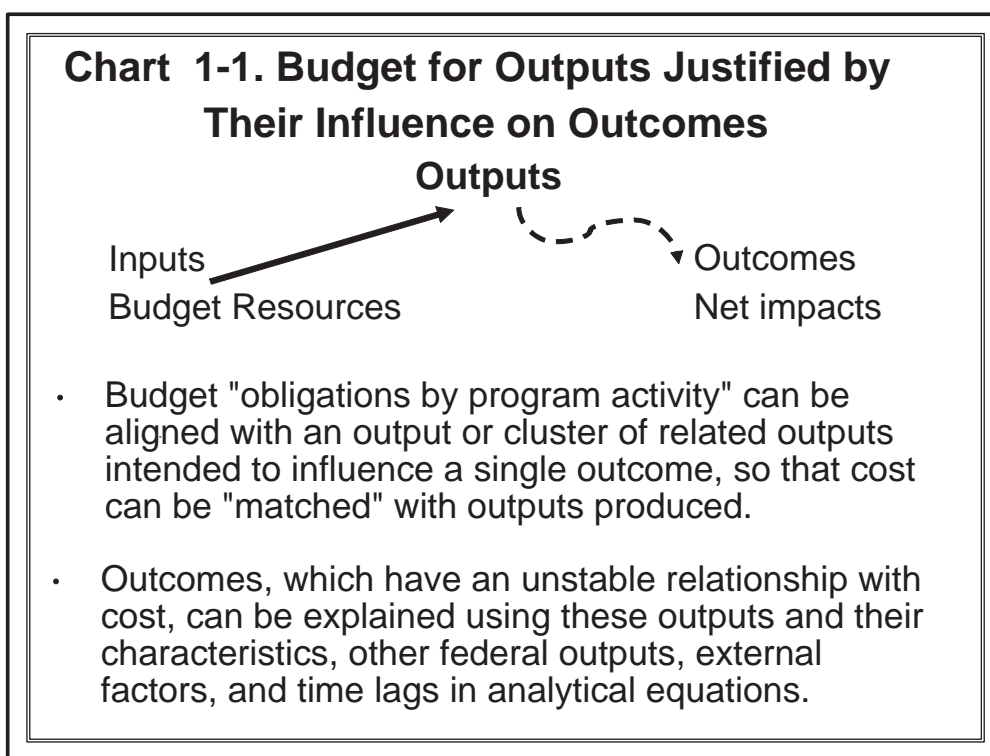
In a wider context, many of the PART summaries—for effective as well as ineffective programs—included recommendations for program improvement. These recommendations, accessible on OMB’s website, will encourage program improvements throughout the agencies next year.

**Expanding Use of These Tools.** The Administration plans to improve these tools and expand their use. Given the fact that use of the PARTs for budget decisions creates a demand for information to respond to these questions—and given the parallels between these questions and the GPRA planning and budget integration tasks described in the next section—there may be useful additional information to be gained if some of the PART questions addressed these tasks more precisely.

- Given the high proportion of programs without good performance measures, it is vital to communicate the importance of including outcome measures in the Strategic Plan that show how the program is making a difference for Americans. Since programs influence outcomes, but do not control them, and often influence them only after a lag, it is also important to measure intermediate out-

comes or characteristics of outputs that monitor the route by which the program affects the desired outcome. And finally, in order to match resources with the tools that programs use to influence these outcomes, it is important to include output measures. As shown in Chart 1.1, outputs and outcomes are complements, not alternatives; outputs are needed in the equation to relate resources to outcomes.

- One PART question asks: “Is the program budget aligned with the program goals in such a way that the impact of funding, policy, or legislative changes on performance is readily known.” That question can be read in different ways, and could usefully be subdivided so that one question can specifically relate to the database changes the agencies need to link cost and performance.



## FOUNDATION FOR RESULTS

It is a major undertaking to institutionalize a reform as profound as infusing a performance orientation into federal budgeting and management.

Integration starts with increasing collaboration among planning, budget, financial, and program staffs. Program managers must be given authority—program management authority, budget authority for full cost, and staff supervision—and then held accountable for

results. The agency’s Strategic Plan should capture the overarching purposes of the agency in a limited number of strategic goals. It should have outcomes that measure progress toward the goals and should explain how each program contributes toward the desired outcomes. Activities that contribute to the same outcome should coordinate and monitor progress. The agency should develop a “performance budget,” organized like its Stra-

tegic Plan, that matches resources with outputs and justifies resources requested by their effectiveness at influencing the desired outcomes. In the past year, most agencies have made progress in implementing some of these changes, and each of them has been implemented by some agencies.

**Collaboration.** Breaking down the “stovepipes” that separate planning, budgeting, financial management, and evaluation is essential to integration. A plan is only realistic if it drives a budget request; a budget request is not meaningful unless justified by a plan. Budgets are more meaningful when they tell the cost of producing an output or achieving a performance goal. Budgeting and accounting form a continuum, with the budget reporting proposals and the accounting reporting what happened. Moreover, the next year’s plan and budget should build on the past record of cost and performance.

Wherever progress is reported in this section of the chapter, its foundation is greater collaboration among such staff units, and between them and the operating programs.

- For example, in the Department of Justice, planning, budget, and financial management teams at all departmental levels worked together. They identified major program activities (“decision units”), and requested budget authority to reflect the full cost of outputs produced by each of the decision units.
- The Department of State, which is just beginning to use its new Strategic Plan to manage for results, has merged its budget staff and planning staff into an office called Resource Management to link budget and performance on a daily basis.
- And the Department of Transportation, where the budget submission was formatted as a performance budget, pulled it all together with help from the planning and budget staffs under the leadership of the Chief Financial Officer.

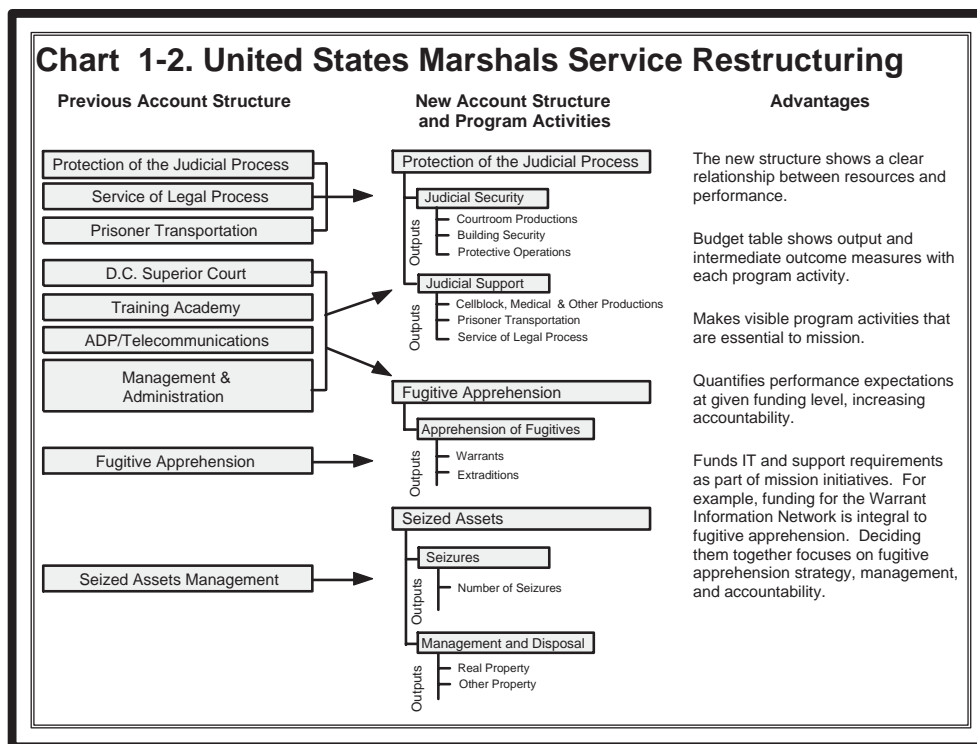
**Strengthening Programs.** A program manager who is authorized to manage the program, controls budget authority that covers the full cost of resources used, and has authority over program staff can focus his attention on getting results. With this combination of authority and some flexibility, a program manager has the tools necessary to be accountable for results, efficiently producing effective outputs.

The other four Management Agenda initiatives all help to strengthen programs. Aligning staff with pro-

grams, and giving managers more flexibility to hire staff and reward good work, are key goals of the Strategic Management of Human Capital Initiative. Giving program managers flexibility in buying support goods and services is a key goal of the Competitive Sourcing Initiative. Increasing program effectiveness by electronic delivery of services is a goal of the Electronic Government Initiative. Providing programs with timely financial information and more accurate financial management are key goals of the initiative to Improve Financial Performance. Together, these changes focus programs on good management, make them increasingly effective, and attract civil servants to opportunities to do worthwhile work under conditions that permit doing it well.

What the integration initiative contributes to this process may seem technical, but it is actually just common sense budgeting. It seeks to align budget accounts with programs, and to align sub-accounts with an output or cluster of related outputs. In each of these accounts or sub-accounts, budget authority would be requested to cover the full cost of the resources used. This would link budgetary cost with outputs, which is the first step in routine comparison of costs and benefits.

- The **Department of Veterans Affairs (VA)** has completely restructured its budget so that accounts are aligned with their programs. The 2004 budget justification shows how the old account structure transforms into the new; it also shows how each account in the new structure contributes to the Department’s strategic goals and objectives. VA consulted with its Congressional Committees on these changes and has included the changes in the 2004 budget database. The new structure, VA believes, will improve delivery of services to veterans.
- The **Department of Justice** worked at a finer level of detail. Within each account, they aligned “obligations by program activity,” in effect, sub-accounts, with one or more related outputs. They show the outputs, the full cost of producing them, and the outcomes they are designed to influence. These changes also are in the 2004 budget database. Chart 1–2 provides an example of the new account and program activity structure in the United States Marshals Service.



- The *National Aeronautics and Space Administration (NASA)* modified its account and program activity structure to show the full cost of its programs. NASA's budget development was a paper-less electronic process, and it is carried down to the project level at which NASA will manage.

**Harnessing Programs to Strategic Goals.** For the past seven years, GPRA has required agencies to produce a Strategic Plan every three years, explaining the agency's mission and its strategic goals, and discussing how these goals will be achieved over the long term. Plans are generally grounded in the major laws that the agency implements. In crafting a plan, the agency is required to consult with the Congress, with other agencies, and OMB, and to conduct outreach to the public. The plans should be analytical—explaining how agency programs will help reach their goals, and what external factors may affect success.

Draft revised Strategic Plans are due to OMB in March 2003, and most agencies are far along in preparing their revisions. OMB Circular A-11 instructions for preparation are unchanged, but for one significant addition: these plans are intended to provide the template for a fully integrated performance budget for 2005. Instead of separate instructions for a performance plan and a budget justification, the instructions will require an integrated performance budget.

This change brings a dose of reality to strategic plans. Do the agency's programs really achieve their

goals? Are they designed and coordinated for that purpose? Is there a place for everything, and if not, what should be done about it? Is it possible, in sum, to present each goal, the outcomes that assess progress toward the goal outcome, and what the agency does to influence each outcome? As agencies acquire an overview of themselves, they are increasingly focusing their goals, improving their strategies for achieving goals, and shifting the balance and coordination of their program portfolio to get better results. This transformation is particularly impressive in agencies that are large, diverse, and decentralized.

- The *Department of Health and Human Services* is developing a "One HHS" plan with goals which stretch across the Department and are designed to improve public health for everyone. Its goals include promoting healthy behavior and other preventive steps, strengthening the public health system to respond to bioterrorism, enhancing the capacity and productivity of health research, improving the quality of health care services, and increasing access. Considerable thought has gone into selecting these goals, the strategies to achieve them, and the right combination of program activities to get the most public benefit for the cost.
- The *Department of the Interior* is also crafting a Strategic Plan to integrate its decentralized activities. The four major sectors of its plan are resource protection, resource use, recreation, and

serving communities. This framework is useful in searching for the right balance among these categories, and also in comparisons to identify the most cost effective way of achieving goals within each. Programs in many bureaus are participating in achieving Departmental goals.

- Sorting through programs to determine the best strategy is no easy job. The ***Department of Housing and Urban Development (HUD)*** has already done a good job of figuring out what combination of services and housing is needed to prevent and reduce chronic homelessness. HUD has just begun to think about extending the same strategic approach to some other policy goals.

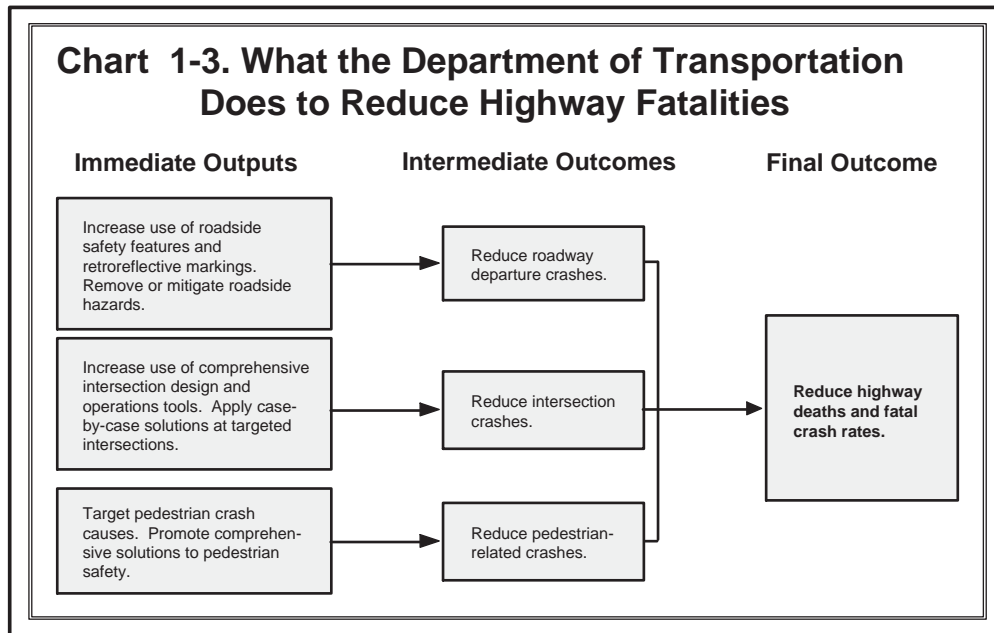
***Using Performance to Manage.*** In agencies where developing good performance measures is particularly difficult, the Departments of Defense and State have developed Strategic Plans, chosen performance measures, and are beginning to use them to coordinate and monitor progress.

- The ***Department of Defense (DoD)*** has crafted a balanced scorecard to assess four risks and identify the right balance in responding to them in order to minimize overall risk. The risks are: force management risk, operational risk, future challenges risk, and institutional risk. In each area, five to eight measures have been chosen which will be calculated and monitored by each DoD component, and reported to the Secretary at least quarterly. They are collectively called “the Secretary’s instrument panel,” which acknowledges that he is using them to steer. But primary responsibility for performance tracking, linkage of plans, outputs, and resources, and scorecards have been “cascaded” down to all DoD components. Specific performance metrics are also being reported by the military services and defense agencies. The Secretary’s greatly revised Annual Defense Report and Congressional Justifications are incorporating all of these metrics and linkages.
- The ***Department of State and USAID*** are merging their 2003 Strategic Plans into one consolidated document that will link all foreign operation and international affairs programs. The new Strategic Plan framework has four high-level strategic objectives and a reduction from 20 to 12 strategic goals for better focus and clarity. Each of the Department’s missions around the globe, and each regional or functional office in the Department, was asked to select five priority performance goals and describe specific outcomes they would achieve in support of each. Coordinating these outcomes

with other program managers working toward the same goal throughout the Department, at overseas missions, and at the interagency level creates a virtual team and an implicit strategy for moving toward that goal. The restructuring of the Department’s 2004 Performance Plan better conveys the linkages among policy priorities, budget decisions, and program outcomes. Efforts are also underway to automate the Mission and Bureau Performance Plan processes to streamline performance information with direct linkage to resources.

***Creating a Performance Budget.*** Perhaps the best way to sum up the accomplishments of the past year is to look at the first attempts to create an integrated performance budget. The art of creating an integrated performance budget is not yet fully developed or uniformly applied. But the structure of a performance budget—explaining goals, how they will be achieved, and what resources are required—encourages an analytical justification which answers key questions in an organized format.

- The ***Department of Labor*** started from a good Strategic Plan with many useful performance measures, created collaborative teams, and plunged into the task of creating a performance budget for the whole department. It was based on a uniform format, and included tables showing full cost and how much was funded by accounts other than the main program account.
- The ***Department of Transportation (DOT)*** also started from a good Strategic Plan, and decided early to capitalize on that plan by presenting an integrated performance budget. Tables were structured by strategic goal, performance goal, and account. The highway safety goal, for example, commits to reducing highway fatality rates from 1.7 per hundred million vehicle miles in 1996 to 1.0 million by 2008. It analyzes the causes of fatalities and explains precisely what contributions it plans from 16 programs to help reduce them. One-third of all fatalities result from vehicles leaving the road and hitting something or overturning. Solutions range from road engineering to rumble strips and reflective markers. Heavy trucks are a disproportionate cause of fatalities; in response, road inspections will be increased and commercial driver education improved. The entire section on highway safety leaves the reader with a solid sense that DoT has a thoughtful plan for reducing fatalities. Chart 1–3 was included in DoT’s thorough analysis of the causes of traffic fatalities.



**An Integrated Database.** OMB has begun a multi-year effort systematically to collect and publish integrated budget and performance information. When the project is complete, information will be routinely available to Congress and the public on how much agencies are spending on outputs and other performance goals.

As agencies improve budget alignment and request resources where they are used, OMB, Treasury and

the agencies may find new ways to simplify the collection of data linking performance with cost. This would move the government toward an integrated 21st century information system. This collaboration includes finding an Architecture—a blueprint for developing a strategic information database—that is effective in advancing Budget and Performance Integration and all of the other Management Agenda initiatives.

### Charging Full Annual Budgetary Cost

To make good budgetary choices, decision makers require not only measures of benefits, but a matching, uniform measure of full annual budgetary cost. In preparing their 2004 budgets, several agencies moved in that direction.

- NASA has traced all of its costs to the program activities for which they are used, even allocating overhead. For each program activity, they propose to request budget authority for all associated costs. The Department of Justice has done that too, and the Department of Veterans Affairs has done it at the more aggregated program level while tracking appropriations within the program total. These agencies are giving programs flexibility to get the best inputs and incentives to achieve results. They are also providing better information to decision makers.
- The Department of Labor, the Small Business Administration, and other agencies have calculated the costs that would be associated with their activities and show them in text tables in their budget justification. Labor shows how much is financed in the program's account and how much is financed elsewhere. These agencies are providing decision makers with better information.

The first set of agencies has voluntarily agreed to charge salaries and expenses, the full cost of support goods and services, and an allocation for overhead to programs, and the second set of agencies to *show* those costs. But in neither case will the agency charge or show costs that are not charged to the agency. Legislation is needed for that purpose.

In October 2001, the Administration transmitted to the Congress legislation to charge the employer's share of the full accruing cost of retirement benefits to federal employers as they are earned. "Budgeting and Managing for Results: Full Funding of Retiree Costs Act of 2001" would charge to salary and expense accounts in all federal agencies the employer's share of the accruing cost of pensions, retired pay, and retiree health care. Existing liabilities of the retirement funds for these benefits would be amortized by mandatory payments from the general fund, and the benefit payments would continue to be mandatory.

Agencies have made full accrual payments to the Federal Employee Retirement System (FERS) and the Military Retirement System (MRS) since the mid-1980s. The Civil Service Retirement System and associated Foreign Service and Central Intelligence Agency systems, which are for employees hired earlier, are only partly funded. At the time the legislation was transmitted, Congress had recently enacted a law to shift health care for Medicare-eligible military retirees to an accrual basis. Retired pay for the three small uniformed services (the Coast Guard, Public Health Service, and National Oceanic and Atmospheric Administration Commissioned Officers), and retiree health care for civilians and for military retirees who are not Medicare-eligible, is not accrued at all.

The Administration will work with the Congress to enact legislation that charges federal employers their full share of the accruing cost of all retiree benefits as those benefits are earned, and to amortize the unfunded liabilities of the retirement funds by payments from the general fund. The legislation would not change total budget outlays or the deficit; the benefits are already required by law. The amounts involved are shown as memorandum items in the Budget Appendix.

The General Accounting Office (GAO) supported these concepts in a report on *Accrual Budgeting: Experiences of Other Nations and Implications for the United States* (February, 2000). The Congressional Budget Office (CBO) reviewed them in *The President's Proposal to Accrue Retirement Costs for Federal Employees* (June, 2002). The Comptroller General, Association of Government Accountants, and the American Institute of Certified Public Accountants supported the proposal.



### Charging Full Annual Budgetary Cost—Continued

Charging appropriately for retiree benefits would go a long way to permitting agencies to charge programs uniformly for the full annual budgetary cost of the resources they use. Legislation to cover two other types of cost would be needed to complete the job.

- Some agencies, notably the Departments of Energy and Defense, acquire assets that generate hazardous substances which the agency is required by law to clean up at the end of the asset's operating life. Currently, these costs are paid long after the asset is acquired and after its period of use as well. Good budgeting requires that the estimated cost be considered when the asset is acquired and when it is used.
- From the standpoint of showing the cost of usage, capital assets are also problematic. From a program's perspective, the cost may be: 1) zero if they are financed centrally, 2) the program's share of the acquisition cost if it is allocated among programs, 3) the rental value if office space is rented from GSA, or 4) a substantial bite out of their budget for an occasional capital acquisition. One way to show a uniform annual cost for the use of capital without changing the Constitutional requirement to get an appropriation up front would be to create agency Capital Acquisition Funds (CAF). Following good budget practice, the CAF would request budget authority (BA) up front to acquire assets, and outlays would be recorded in the budget when payment was made. The BA would be in the form of authority to borrow from Treasury. The CAF would then borrow for the period of the asset's useful life, charge programs each year in proportion to asset use, and make the mortgage payments to Treasury.

Discussions along these lines have been held with GAO, CBO, and others with encouraging interest. Draft legislation has been developed, discussed with agencies, and improved. As agencies make progress in developing performance budgets and improving the alignment of budget accounts and sub-accounts with program outputs, the advantage of having a fully uniform budgetary measure of the annual cost of running programs and producing outputs becomes greater. Such a measure would permit continual comparison of cost with benefits among similar programs and over time. These changes, like the ones for retiree costs, can be made without changing the basic budget concepts of BA, obligations, and outlays or the deficit or surplus of the budget as a whole.

### A COMPLEMENTARY MANAGEMENT AGENDA

Each of the other Management Agenda initiatives makes programs more efficient and effective. Each encourages more cross-cutting collaboration to coordinate programs so that they influence outcomes effectively. Collectively, all the initiatives highlight the importance of top management policy development and oversight. This final section of the chapter discusses the complementarities of these initiatives with Budget and

Performance Integration. It also notes particular examples of progress agencies have made in the past year.

Chart 1-4 provides a perspective on the relationships of the other Initiatives and the Integration Initiative. Budgetary and human resources would be aligned with programs and reported by financial management; all elements focus on getting and rewarding results.

### Chart 1-4. The Management Agenda

- Getting results: effective delivery of services should be the focus of all government decisions.
- Budgeting → align structure, allocate for results
- Managing is in the spotlight.
- Staffing → align structure, reward performance
  - Acquisition → performance-based, competitive
  - IT → deliver integrated services and data
- Reporting → align results, make them transparent
- Program managers would be accountable for efficiently producing effective outputs.

#### Strategic Management of Human Capital

A large proportion of the federal workforce will become eligible to retire by 2005—40 percent of all workers, and 71 percent of senior executives. A key factor in attracting new entrants into federal service is shaping their jobs so that they carry out clear and worthwhile missions—and do so under conditions which give them a chance to be effective. Surveys show that many young people are avoiding federal service because they believe they are more likely to be able to “make a difference” in the non-profit or private sectors.

For agencies to meet policy goals and objectives, both human and budgetary resources need to be aligned with programs and activities that produce results. Managers should be given the authority they need to get the job done, including more flexibility to hire and manage personnel. Reducing layers of review and program overlap is equally important to improve performance and results. Both the Integration and Human Capital Initiatives support linking rewards to individual and group success in reaching performance goals. Changes like these raise the prospect that civil servants will feel they can be effective.

**Progress So Far.** Perhaps the greatest change the Human Capital Initiative has made so far is to develop in agencies the understanding that human capital management is a tool to propel mission accomplishment. People are assets for the organization; they become more valuable with investment in their special skills

and knowledge. At the same time, organizations need to think strategically about the abilities they will need to meet future challenges. The Office of Personnel Management (OPM) has been helping agencies to elevate the level of analysis that supports this approach. Agencies have collected data to assess what skills will be needed in future years, analyze what the gaps are, identify where leadership succession needs urgent attention, and set priorities for training and development programs.

Few agencies have moved into the implementation stage of better managing their human capital, which explains why most are still red in status. But this year, they will begin implementing their new human capital plans. To help, OPM is restructuring itself to be more responsive to agency needs, and is working closely with OMB and Executive Branch agencies. It offers policy guidance and links to exemplary products on its website.

The Administration is continually evaluating each agency’s progress and the hiring, classification, pay, performance management, and other human capital tools that are available to help agencies become as productive as possible. Several personnel reforms, including authorities to streamline and speed up the hiring process, were enacted as part of the Homeland Security Act of 2002.

Rewarding top performers and those with critical skills is preferable to the traditional practice of evenly spreading raises across the federal workforce regardless

of performance or contribution. For 2004, the Administration proposes to allow managers to increase pay beyond annual raises for high-performing employees. A new \$500 million fund will be established in OPM and allocated among agencies based on plans submitted to and approved by OPM. The Administration also proposes to eliminate the current pay structure for senior managers and increase their pay ceiling. Under this proposal, each agency will adjust pay for its senior managers on the basis of individual performance, which will help address the current lack of meaningful senior manager appraisal systems.

**Examples of Success.** While few agencies are implementing strategies to address all six standards for success in human capital management, there are numerous examples of impressive change.

- The Social Security Administration (SSA) is an example of effective leadership planning and knowledge management. SSA uses succession planning, hiring and retention flexibility, aggressive developmental programs, and cost/benefit analysis of training. It anticipates vacancies, targets critical positions to designate “understudies,” and is managing the retirement wave with early-out flexibility.
- The Department of Veterans Affairs provided automated data tools to help managers and staff with workforce planning. It assesses organizational and geographic needs in relation to goals, documents barriers to its efforts, and seeks ways around them.
- The Department of Labor worked with consultants to identify competencies for mission-critical occupations and devised strategies to address its competency gaps.
- The Departments of Energy, Health and Human Services, and Labor have linked performance expectations for their executives to agency strategic goals and objectives. These new Senior Executive Service appraisal systems are designed to distinguish and reward top performers.
- The Department of Transportation adopted an effective human capital strategy for staffing the new Transportation Security Administration (TSA). It hired tens of thousands of federal screening employees, and at the same time embraced its authority to conduct screening pilot projects at five airports utilizing contract screeners. TSA decided for the long term to harness the law enforcement resources of state and local governments to staff airport checkpoints, rather than hiring 3,000 of its own officers. Finally, TSA aggressively outsourced most administrative activities.

The Human Capital Initiative has become a powerful agent for change in the past year. It has the attention and support of agency heads, and agencies are making headway toward meeting the initiative’s standards for success.

## Competitive Sourcing

The Competitive Sourcing and Integration Initiatives share the goal of giving program managers more flexibility—in this case, by increasing the ease with which they can acquire the support goods and services needed to accomplish their mission. The previous cumbersome and limited process for acquiring support is being replaced by one which makes competition recurrent, simplifies the competitive process, and permits the use of a “best value” cost and technical trade-off in selecting the winning source.

These changes are intended to bring innovation and efficiency into public services, to build an environment in which agencies explore new options, and to encourage learning from commercial practices. They are expected to improve contract administration information systems and increase the use of electronic commerce.

OMB is revising its old, burdensome Circular No. A-76, “Performance of Commercial Activities,” drawing on testimony from numerous congressional hearings, participation on the Commercial Activities Panel, chaired by Comptroller General Walker, and responses to OMB’s *Federal Register* request (67 FR 69769) for agency and public comments. The revision seeks to encourage federal managers and employees performing commercial activities to compete (often for the first time—to demonstrate their professional capabilities in much the same way as their commercial private sector counterparts do on a recurring basis. Both public-private and private-private competitions for commercial work will be based on the principles of the Federal Acquisition Regulation (FAR).

**Principles of Competition.** The proposed revisions to Circular A-76 are designed to facilitate broader and more strategic use of competitive sourcing as a management tool for improving agency performance. The major proposed revisions include:

1. Requiring agencies to presume that all activities are commercial in nature unless an activity is justified as inherently governmental. To reinforce this presumption, agencies are required to submit annual inventories of their inherently governmental positions, using a more concise definition of “inherently governmental.”

2. Eliminating the “grandfather clause” that currently permits public reimbursable service providers working under commercial inter-service support agreements (ISSAs) in existence prior to March 1996 to perform work indefinitely without being subject to competition. Agencies relying on public reimbursable providers will be required to develop plans for competing work done by these commercial ISSAs.

3. Establishing standards for conducting competitions. Public-private competitions take too long—longer on average than private-private competitions. The revised Circular establishes time limits and requires agencies to report when these are exceeded. Agencies, for example, will be permitted the same time-frames to develop an in-house offer as the agency is prepared to give to private sector offerors.

4. Requiring that agencies generally comply with the Federal Acquisition Regulation (FAR) in conducting competitions. The general principles of the FAR are well established and enjoy widespread familiarity within the procurement community. Greater application of FAR-type principles and practices throughout the Circular is intended to bring public-private competitions closer to mainstream source selection and reduce confusion that may currently make it more difficult for parties to compete.

5. Accountability for in-house performance after a contract is awarded is now required that is similar to what is expected of private sector contractors. Agencies relying on an in-house provider or a public reimbursable provider will be required to document changes to the solicitation, track actual costs, and terminate for failure to perform.

**Alternative Approaches.** The new focal point will be on “standard competitions,” or direct conversions when appropriate. Recognizing that agency needs cannot be met through a “one-size-fits all” approach, the Circular’s guidance is broader and more accommodating than the procedures developed over the years for conducting cost comparisons. For example, when conducting a standard competition, agencies will have three options for considering non-cost factors.

- An agency may conduct a source selection where the decision is based on the low cost of offers that have been determined to be technically acceptable.
- Alternatively, the agency may conduct a “phased evaluation process.” During the first phase, technical factors are considered, and offerors may propose performance standards different from those specified in the solicitation. If the agency determines that the proposed alternative performance standards are appropriate and are within the agency’s current budget, the agency could issue a formal amendment to the solicitation and allow revised submissions. The technically qualified offerors and the in-house offeror would then compete based on price against the revised performance standard.
- Finally, if non-cost factors are likely to play a more dominant role, agencies may conduct an “integrated evaluation process” with cost-technical tradeoffs similar to those authorized by FAR Part 15. Private sector offers, public reimbursable providers, and in-house providers may submit higher performance standards than the solicitation. If the in-house offer is not among the most highly rated proposals, it could be eliminated from the competitive range. The Circular recognizes that this integrated evaluation technique may not be appropriate for all needs and should be tested before wider application is authorized.

### Expanding Electronic Government

Expanding Electronic Government focuses directly on improving the government’s effectiveness. It helps pro-

grams work together to improve outcomes, such as better educational achievement and better health care. It coordinates services to citizens, businesses, and government by common internet sites. And it has a yet undeveloped potential to improve not just the use of information technology, but the overall organization and effectiveness of federal programs. This Initiative strongly supports the work of the Budget and Performance Integration Initiative.

**Improving Program Outcomes.** Two of the E-government initiatives under way are directly related to agency efforts to use performance information to improve budget and management decisions.

- A Performance-Based Data Management Initiative is under way to streamline the collection of performance data so that it will provide accurate and timely information to help inform state, local, and federal management of education programs.
- The Department of Veterans Affairs and the Department of Defense are working jointly to improve services to veterans. DoD’s eligibility and enrollment system will be the base for veterans’ enrollment, providing seamless services as veterans leave the military. The two Departments are working together on computerized patient records, which will improve the quality of patient care, since many veterans and their families use both systems.

**Coordinating Service Delivery.** The most visible and effective of the E-government initiatives deliver services via the internet directly to citizens, businesses, or government. Agencies that provide similar services must work together to deliver them in seamless, coordinated, electronic form. Information about the service and often the service itself can be delivered this way in minutes or hours instead of weeks or months.

- *FirstGov.gov* is the American citizens’ gateway to the federal government. Last year, it was completely redesigned to provide government services within “three clicks.” The Office of Citizen Services was created to facilitate one-stop shopping for citizens who do business electronically with the government. This strategy has increased the number of site visitors by 50 percent. Last summer, FirstGov.gov was named by Yahoo “One of the Top 50 Most Incredibly Useful Web Sites.”
- *GovBenefits.gov* provides one-stop access to information and services of almost 200 government programs representing more than \$1 trillion in annual benefits. GovBenefits.gov receives over 500,000 visitors per month and appears on USA Today’s list of “Hot Sites.”
- *IRS Free Filing* is a new point of access to free online tax preparation and electronic filing services provided by Industry Partners to reduce taxpayer burden and costs. As of January 2003, this service is available to a substantial majority of taxpayers at [www.firstgov.gov](http://www.firstgov.gov) or [www.irs.gov](http://www.irs.gov).
- *Recreation.gov* provides online access to America’s National Parks and public recreation areas. The

site links to 1900 federal, state, and local parks and recreation centers; it has over 750,000 site visitors per month.

Similarly, federal internet sites deliver effective services to businesses, governments, and federal agencies.

- Businesses are helped by E-government projects that make it easier to comment on proposed regulations, identify the regulations that affect them, and find opportunities to sell to the government and expand their international trade.
- State and local governments use E-Grants.gov to apply for federal grant programs. A single electronic application will allow grant applicants to enter identifying information once; using a single identifier for each grantee allows the government to track and oversee grantees.
- Federal agencies are supported by many E-government projects. Common sites have been created for hiring, security clearance, training, and employee payroll. Other sites help with acquisitions, travel, and intra-governmental payments.

#### ***Sharpening the Focus of What Government Does.***

The Expanding Electronic Government Initiative seeks to rationalize the use of information technology across the federal government. Its initial focus was on reducing overlap and redundancy in IT investments. To assess commonalities across government—and to categorize the data in IT systems in useful ways—the Federal Enterprise Architecture team developed a Business Reference Model that identifies different lines of business. It was used to question possible redundancies in the funding requests for new and expanded IT investment submitted for the 2004 Budget.

Additional uses for the Federal Enterprise Architecture are under consideration, including recording the outcomes that agencies are attempting to influence and the outputs they produce. The value of a common Architecture across the federal government that could support all of the Management Agenda has become increasingly clear. To make a lasting E-Government transformation, it would be useful to integrate with categories that have been developed with the Congress for budget justification and execution and that are already in agency IT systems, providing considerable historical data for analysis and comparison.

As agencies revise their Strategic Plans to create performance budgets, they are focusing goals, measuring outcomes, and coordinating programs to achieve them. Goals in different agencies overlap; the same process of increasing focus and coordination is needed across agencies. By recording the new agency goals and measures in relation to each other, a modern Architecture could evolve. E-government projects would help them to come together to achieve their common goals, rationalizing not only the use of IT but the strategies for achieving outcomes. The same evolving Architecture could also be the key to a 21st century integrated budget, performance, and accounting system providing rapid analytical feedback for government decision making.

#### **Improving Financial Management**

The Improved Financial Performance initiative complements the Budget and Performance Integration Initiative because successful financial performance ensures that accurate and timely financial information is available to measure past activities, affect current operations, and better predict the outcome of planned activities. In fact, to meet the standards for success fully under the Improved Financial Performance Initiative—to get a “green” score—requires that agency financial and performance systems be integrated. Integration makes the true cost of programs more transparent.

***More Integrated Financial and Performance Information.*** A major step toward integration of financial and performance information was taken this year. For 2002, agencies must submit combined *Performance and Accountability Reports* that contain the audited financial statements and performance results for the same period. More importantly, the due date for this report moves from February 27, as was the case in 2001, to November 15 in 2004. In short, performance results and audited financial information for 2004 will be available 45 days after the close of the fiscal year, and in time to inform the 2006 budget process.

OMB also requires agencies to produce comparative and quarterly reports. To meet these more frequent and accelerated due dates, agencies must reinvent their business processes, develop estimating techniques and methods, and improve their underlying systems. In addition to meeting these reporting requirements, these new systems must be sufficiently robust to provide budget, financial, and performance information to support day-to-day operations and decision-making.

***Better Cost Measurement.*** A number of agencies such as the Environmental Protection Agency are beginning to implement full cost accounting systems. Cost accounting helped the Department of Veterans Affairs, the Department of Justice, and the National Aeronautics and Space Administration to calculate budget requests for each of their programs and activities as they restructured their budget accounts and “program activity” lines in this budget (discussed earlier in this chapter). As more agencies align their budgets with strategic plans, the demand for sound cost information will escalate because it is essential for measuring program performance and improving program effectiveness.

***Using Performance Information.*** One example of managing integrated financial and performance information is in an area of particular vulnerability, erroneous payments. Federal agencies make hundreds of billions of dollars of benefit payments each year. Today, the 57 Federal programs responsible for distributing more than \$1.2 trillion each year in benefit payments must submit with their budgets an estimate of their erroneous payments and goals for reducing them. These agencies will also report on their expected performance against these goals.

Results are already apparent. The National Food Stamp erroneous payment rate fell from 8.9 percent

in 2000 to 8.6 percent in 2001, its lowest ever, and the Department of Agriculture is aggressively enforcing its quality control program in states with high error rates. Also, for the first time ever, California and Michigan, with Food Stamp payment error rates of 17.4 percent and 12.5 percent respectively, are being assessed cash sanctions called for under the law. And Medicare reported a continued decrease in its erroneous payment rate from 6.8 percent in 2000 to 6.3 percent in 2001.

### **Conclusion**

A year and a half ago, the Administration embarked on a Management Agenda intended to make govern-

ment results-oriented. At that time, there was little assessment of the effectiveness of existing programs. Performance information was not consistently at hand when budget decisions were made. Costs and results were not linked; budget requests were not organized to fund a plan to achieve specific results. A great deal has been accomplished since then to increase the influence of performance information on budgeting and management. However, the Management Agenda has only been partly fulfilled. More still needs to be done to make government routinely effective.

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## ECONOMIC ASSUMPTIONS AND ANALYSES

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## 2. ECONOMIC ASSUMPTIONS

### Introduction

The economy passed through nearly all the stages of a business cycle over the last three years. Growth slowed sharply in the second half of calendar year 2000 as the expansion that began in 1991 entered its final phase. That expansion finally gave way in 2001 to a mild recession lasting most of the year. An economic recovery began late in 2001, but it has proceeded unevenly and at an overall slower pace than the typical upturn, entailing rising unemployment and job losses.

In a typical business expansion, the economy establishes a virtuous circle. An initial burst of growth generates employment gains, falling unemployment, and rising consumer confidence, in the process creating additional jobs and income. Businesses then boost capital spending to meet the rising demands, generating still more jobs and income. Restored investor confidence pushes up equity prices, helping to hold down the cost of capital and supporting increased investment. A stock market rally, in fact, usually precedes the business recovery in anticipation of the imminent upturn in activity and profits.

This time, however, the stock market continued to fall even as the economy began to expand; consumer and investor confidence remained depressed; and job growth was lackluster, limiting the growth of income, spending, and investment. Although the actual fourth quarter growth rate will not be available until after the budget goes to press, it appears that growth in the final quarter of 2002 was well below the average for the first four quarters of the upturn. As 2002 ended, the expansion appeared to be losing momentum.

In response, on January 7th, the President proposed a comprehensive growth and jobs creation package designed to strengthen the expansion and raise the potential for long-term growth. Thus as 2003 begins, the foundation for a sustained expansion is in place: inflation is low, productivity growth is high, and monetary and fiscal policies are focused on fostering faster growth of aggregate demand and supply. To be sure, a great deal of uncertainty remains about the economic outlook due to domestic and international concerns. Nonetheless, most private- and public-sector forecasters, including the Administration, expect these restraints on growth to be overcome by the favorable fundamental forces that will propel this expansion for years to come.

This chapter begins with a review of recent fiscal and monetary policy actions and related economic developments. The chapter goes on to present the Administration's economic assumptions for the 2004 Budget and compares them with the projections of the Congressional Budget Office and private-sector economists. The Administration's assumptions are close to those of the

other forecasters. Consequently, the assumptions provide a sound and prudent basis for the budget projections. The subsequent sections of the chapter describe the revisions to the economic assumptions since last year's Budget and how changes in the assumptions, policies and technical factors since last year have affected the budget outlook. The next section presents cyclical and structural components of the budget balance. The chapter concludes with estimates of the sensitivity of the budget to changes in economic assumptions.

### Policy Actions

*Fiscal Policy:* In June 2001 the President signed into law the Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Act was designed to provide long-term benefits to the economy. It provided for a phase-in of tax relief over several years, thereby reducing disincentives in the tax system and making it more conducive to work, saving, and investment. Although focused on the long-term, EGTRRA also turned out to be the appropriate policy from a cyclical perspective. By providing significant immediate tax relief to all income tax payers early on in the recession, EGTRRA helped minimize the depth and the duration of the downturn.

Because of EGTRRA, beginning in July 2001, 86 million taxpayers were sent rebate checks totaling \$36 billion. This sum reflected the creation of a new, lower 10 percent tax bracket. At the same time, income tax withholding schedules were reduced to incorporate the first stage of a multi-year lowering of marginal income tax rates for those in the 28 percent tax bracket and higher. In January 2002, withholding schedules were lowered to incorporate the new 10 percent tax bracket.

In addition to lowering income tax rates, EGTRRA phased in reductions in the marriage penalty, increased the Child Tax Credit, included measures to promote saving for education and retirement, and phased out the taxation of estates and gifts. All in all, EGTRRA lowered tax liabilities by about \$56 billion in calendar year 2001, \$78 billion in 2002, and \$80 billion in 2003. The next two stages of the phase-in of marginal tax rate reductions under EGTRRA were scheduled for January 2004 and 2006.

In March 2002, the President signed the Job Creation and Worker Assistance Act to support the nascent and still vulnerable recovery. The Act promoted business investment and assisted unemployed workers. The Act allows businesses to expense 30 percent of the value of qualified new capital assets, including equipment and software, for a limited time ending on September 11, 2004. The remaining 70 percent is depreciated according to existing schedules. The expensing provisions pro-

vide a temporary incentive for businesses to invest during the first fragile years of the expansion. The Act also provided up to 13 weeks of additional unemployment benefits for those who had exhausted their regular State unemployment insurance benefits.

On January 7, 2003, the President proposed a substantial new growth and jobs creation package to strengthen the Nation's economic security by insuring that the economy quickly achieves strong, self-sustaining growth. The plan reduces income taxes and lowers the cost of capital to business. Combined, the components of the package will raise after-tax incomes of households, increase consumer spending, improve consumer and investor confidence, support the stock market, and stimulate business investment. Over fiscal years 2003–2013 inclusive, the package is estimated to provide \$671 billion in tax relief. In addition, the package provides \$3.6 billion during 2003–2004 to help unemployed workers find new jobs. The extension of unemployment insurance, called for by the President and passed by Congress in early January, provides unemployed workers who have exhausted their normal benefits about \$7 billion in additional benefits in 2003.

The package accelerates to the beginning of 2003 tax relief that was scheduled to occur over the next several years under provisions of EGTRRA. These include: reductions in marginal income tax rates and the marriage tax penalty, an increase in the Child Tax Credit to \$1,000 from \$600 currently, and an increase in the upper income threshold for the lowest 10 percent tax rate so that some income would be subject to that low rate rather than at the next higher rate of 15 percent.

In addition, the package excludes dividend income from individual taxable income, thereby eliminating the unfair and distortionary double taxation of dividend income that now occurs because dividends are taxed both at the corporate level and again at the individual taxpayer level. Also, the package increases the Alternative Minimum Tax (AMT) exemption amount for married joint filers by \$8,000 and for single filers by \$4,000. (The AMT is a parallel tax system using a broader tax base and lower tax rates than the regular income tax. Taxpayers pay the higher of their tax liability as determined in the regular income tax and the AMT calculations.) The AMT exclusion needs to be raised in tandem with the proposed tax relief in order to make sure that taxpayers do not lose some of their potential tax relief because they would become subject to the AMT. Finally, the proposal increases the amount of investment purchases a small business can deduct immediately from \$25,000 to \$75,000, thereby reducing the true cost of investment.

All told, the tax relief would reduce calendar year 2003 tax liabilities by an estimated \$98 billion. This would add directly to households' purchasing power this year. Soon after enactment of this legislation, the \$400 increase in the Child Tax Credit for 2003 would be mailed out as checks to eligible families. Also, new payroll withholding schedules would take effect that incor-

porate the lower marginal tax rates, providing an immediate boost to employees' take-home pay.

The benefits of the proposed tax relief would also add to purchasing power in the spring of 2004 when taxpayers file their 2003 income tax returns and receive their refunds or make any additional tax payments. The tax relief from the dividend exclusion will show up at that time. Similarly, some of the reduction in tax liability on wage income will take the form of bigger tax refunds or smaller tax payments when 2003 income taxes are filed. That is because the new withholding schedules will only affect pay received after those schedules are put in effect, which may be well into 2003. Wages received earlier in 2003 will have been withheld based on the current higher tax rates, creating over-withholding on some 2003 wages. While some wage earners may adjust their withholding later in the year so that their 2003 liabilities and withholdings more nearly balance out, for many taxpayers the correction for overwithholding will occur when they file their 2003 income taxes.

In addition to creating growth and jobs, the President's package also assists unemployed workers in two ways. First, because the extension of unemployment insurance passed in March 2002 had expired, the President's plan included a call for Congress to extend Federal unemployment insurance (UI) benefits to those workers who exhausted their regular State benefits. In early January, Congress passed and the President signed legislation that will provide up to 13 weeks of additional benefits; for the unemployed in States with relatively high unemployment rates, the extension will cover up to 26 weeks.

Second, the growth and jobs creation package includes Personal Re-employment Accounts, a new form of job assistance. The package provides \$3.6 billion to create individual accounts of up to \$3,000 for each eligible individual. Recipients can use the funds to aid their job search or training and, significantly, recipients get to keep any funds not used if they get a job within 13 weeks. Thus, there is a new incentive for eligible UI beneficiaries to find work quickly and get off of the UI rolls sooner.

*Monetary Policy:* As it became clear early in 2001 that the economy had begun to falter, the Federal Reserve reduced the federal funds rate sharply, from 6½ percent at the start of the year to 3½ percent by early September. After the terrorist attacks of September 11th, the Federal Reserve further cut the funds rate to 1¾ percent by December 2001 while making sure that there was enough financial liquidity to keep the economy going in the aftermath of September 11th. The 1¾ funds rate was maintained for almost a year until November 2002, when it was reduced further to 1¼ percent and held at that low level into 2003. Very low and falling inflation during the past two years has enabled the Federal Reserve to ease monetary policy substantially without fear of igniting inflation.

Short-term interest rates fell sharply in response to the Federal Reserve's actions. At the end of 2002, the

3-month Treasury bill rate was a mere 1.2 percent, down sharply from 5.7 percent two years earlier. Short-term private sector rates fell in parallel. Adjusted for inflation, short-term interest rates during 2002 were close to zero.

As is usually the case, the change in rates at the longer-end of the maturity spectrum was not as large as at the short end; the declines, however, were still substantial and brought long-term rates to the lowest levels since the 1960s. At the end of 2002, the yield on the 10-year Treasury note was 3.8 percent, down from 5.1 percent at the end of 2000. This is the lowest level in four decades. The rate on conventional 30-year mortgages ended the year under 6 percent, also the lowest level since the mid-1960s. Because of heightened uncertainties in the corporate sector, the yield on corporate bonds did not fall quite as far as Treasury and mortgage rates, but for well-rated companies they were still down to the lowest levels since the late 1960s. The yields on below-investment-grade bonds, however, were no lower at the end of 2002 than they were two years earlier. The risk premium on lower quality debt increased substantially during 2002, in part because of the bankruptcy of several large, well-regarded companies; some, but not all of these, had been tainted by accounting scandals.

### Slower-Than-Usual Recovery

The contraction of real Gross Domestic Product (GDP) during the 2001 recession was relatively mild. From its peak in the fourth quarter of 2000 to its low point in the third quarter of 2001, real GDP fell by just 0.6 percent. By comparison, the average decline in real GDP during the prior seven recessions was 2.3 percent. During the first four quarters of this recovery, however, real GDP rose only 3.3 percent, about half the 6.0 percent average gain during the comparable periods of the prior seven recoveries. It is not unusual for mild recessions to be followed by subpar recoveries, but this recovery has also been held back by a number of extraordinary factors unique to this cycle.

*Stock Market Collapse:* The stock market fell sharply during 2002, in marked contrast to the strong gains usually recorded in the first year of past economic recoveries. During 2002, the S&P 500 dropped 23 percent, bringing its total fall since the March 2000 market peak to 42 percent. The technology-laden NASDAQ fell by a similar amount in 2002, but its cumulative loss since March 2000 reached nearly 75 percent. Three consecutive years of falling markets is unprecedented in the post-World War II experience, but so too were the record gains set in the prior five years. From the start of the bull market at the end of 1994 to its peak in March 2000, the S&P 500 tripled and the NASDAQ increased six fold.

In dollar terms, the collapse of equity values since March 2000 reduced household wealth by about \$6<sup>3</sup>/<sub>4</sub> trillion, eliminating nearly two-thirds of the equity gain during the bull market of the last half of the 1990s. While the strong rise in the value of household-owned

real estate last year supported household wealth and spending, it was not nearly enough to offset the restraint on consumer spending resulting from falling equities.

In addition to the negative effect on consumer spending, the declining stock market restrained business investment by increasing the cost of capital. Federal and State government revenues were also hurt by the slumping stock market's effect on income and capital gains tax receipts. In response, States took a variety of measures to balance their budgets, including restraining spending growth.

Based on past relationships between equity wealth and spending, the cumulative loss in equity wealth may have reduced real GDP growth during 2002 by almost 2 percentage points. This estimate does not include the fiscal and monetary policy responses that were taken to stimulate the sluggish expansion.

*Falling Confidence:* Usually, consumer and investor confidence strengthen as a recovery takes hold; during 2002, however, they weakened. By year-end, surveys revealed that the level of confidence was lower than at the start of the year. Confidence was shaken by a wide range of economic and non-economic factors. Consumers were especially concerned about the weak labor market as the expansion generated relatively few new jobs. Investors' confidence was shaken by their falling equity wealth and by accounting scandals at several major corporations that revealed huge overstatements of earnings.

A number of large, once well-regarded firms filed for bankruptcy, some in the aftermath of accounting scandals. In related developments, serious questions were raised about conflicts of interest at several accounting and Wall Street brokerage firms that could have resulted in investors receiving inaccurate and misleading reports on businesses' financial condition. In response to the scandals, in July the President signed the Sarbanes-Oxley Act to make wide-ranging reforms of corporate governance; in August, the Securities and Exchange Commission required major firms to re-examine their financial statements and certify their accuracy; and in December ten major Wall Street firms paid a total of \$1.4 billion to Federal, State and industry regulators and agreed to reform their stock advisory functions to avoid conflicts of interest with other activities of the firms.

Among the non-economic factors depressing confidence and restraining economic activity were concerns about the possibility of further terrorist attacks. The leisure and airline industries were especially affected by such fears. Business investment in new structures, which fell throughout 2002, was depressed, in part by the difficulty of obtaining insurance against the risk of terrorist-caused damages. In November, the President signed both the Terrorism Risk Insurance Act to provide coverage for catastrophic losses from potential terrorist attacks and the Homeland Security Act. The Homeland Security Act reorganized 22 Federal agencies across the government into a single department to im-

prove the government's ability to deal more effectively with the threat of terrorism in the United States. Near the turn of the year, the possibility of armed conflict with Iraq and its possible consequences also raised concerns among consumers and investors.

*Worldwide Slowdown:* In the past, recovery in the United States was often aided by concurrent expansions in other industrialized economies. That was not the case in 2002. Most of our major trading partners were either in recession or were suffering from very slow growth. As a result, U.S. exports were restrained by weak growth of demand abroad. The U.S. manufacturing sector is heavily dependent on export sales and was especially hard-hit by the overseas slowdown. According to forecasts by the Organization for Economic Cooperation and Development (OECD), in 2002 real GDP grew only 1.1 percent in the member states of the OECD aside from the United States. Output in Japan, the world's second largest economy, fell for the second consecutive year. In the European Union, growth was forecast to be only 0.9 percent. Among the larger OECD countries, only Canada had faster growth than the U.S. last year. Although some nations took actions during the year to stimulate their flagging economies, it is likely that additional measures will be needed to restore healthy growth in our trading partners.

U.S. export sales were also dampened, and imports fostered, by the lagged effects of the appreciation of the dollar during 2000–2001 when the trade-weighted value of the dollar rose 15 percent against major foreign currencies. During 2002, the dollar fell, returning it to the mid-2000 level. The decline in the dollar will help make U.S. producers more competitive here and abroad. Despite last year's slow growth here, falling U.S. stock market, and sliding dollar, the United States remained a relatively favorable outlet for foreign savings, especially in light of the weaker growth and sharply falling stock markets abroad.

**Leaders and Laggards:** The subpar expansion reflected moderate growth in the economy's leading sectors and continued restraint on growth from the lagging sectors. Households were willing to spend, especially when they perceived a bargain, such as zero percent car financing and extensive sales at Christmas time. Nonetheless, the pace of consumer spending, a leading factor in this upturn, was less than usual for a recovery. During the first year of prior expansions, consumer spending adjusted for inflation rose 4.9 percent on average. By contrast, during the first four quarters of this expansion, from the fourth quarter of 2001 through the third quarter of 2002, real consumer spending rose 3.8 percent. Growth of consumer spending appears to have slowed considerably in the fourth quarter of last year judging by the partial information now at hand. (As of this writing, the official estimates of fourth quarter GDP and its components are not available.)

Housing was also an important leading sector in the recovery last year, aided by the lowest mortgage rates since the mid-1960s. Housing starts for 2002 reached

a 16-year high; new and existing home sales reached the highest level on record. The increase in demand pushed up prices significantly and reduced the inventory of unsold new homes to historically low levels.

In contrast to consumption and housing, real business capital spending was a significant restraint on growth, falling 5.1 percent during the first four quarters of the recovery. In contrast, during the comparable period in the past seven expansions investment increased 5.8 percent on average. This time, investment in new structures declined in each quarter, while investment in equipment and software turned positive only by the third and fourth quarters of the expansion. It is not unusual for business investment to lag as the economy begins to recover. However, in this upturn, the turnaround in investment has been unusually delayed and weak.

Business inventory investment swung from liquidation at the start of the expansion to moderate restocking by the fourth quarter of the recovery. Overall, inventory investment made a moderate contribution to GDP growth during the first year of the expansion. Businesses remained cautious in their inventory management, however, and the ratio of inventories to sales remained low by historical standards.

The impetus to growth from increased inventory investment was just about offset by the deterioration in the foreign trade balance. Real exports of goods and services rose a moderate 2.8 percent while imports soared 6.7 percent. The surge in imports meant that a significant portion of the increase in U.S. demand last year was supplied by foreign producers. The widening trade deficit caused by slow growth abroad and the lagged effects of an earlier rise in the dollar pushed the current account deficit to a record of nearly 5 percent of GDP.

Government purchases added a little less than one percentage point to GDP growth during the first year of the expansion. Federal spending, primarily on defense, accounted for about half of this. The contribution from State and local governments waned during the year as these governments, which are required to balance their budgets, cut back on spending growth in the face of an unanticipated decrease in receipts.

**Unemployment and Inflation:** The weak expansion, combined with strong productivity growth, resulted in net job losses last year. There were 180,000 fewer jobs at the end of 2002 than at the end of 2001; manufacturing employment was down by almost 600,000. The unemployment rate finished the year at 6.0 percent, compared with 5.8 percent at the end of 2001. The rise in the unemployment rate would have been greater except that it was limited by a very slow rise in the labor force as the weak job market caused some potential workers to leave the labor force.

Virtually all of the increase in output during the first year of the expansion was accounted for by rising output per hour. Total hours worked in the economy barely increased. During this first year, output per hour in the nonfarm business sector rose 5.6 percent, the

best four-quarter performance since 1973. In the long-run, strong productivity growth is a very healthy development for the economy because it increases the Nation's potential output and our standard of living. In the short-run, however, if GDP growth is subpar, then strong productivity growth results in little, if any, job growth.

Inflation, which was already low at the end of the recession, slowed further last year as the subpar recovery created additional slack in labor and product markets. During the four quarters of 2002, the core Consumer Price Index (CPI), which excludes the volatile food and energy components, rose a mere 2.0 percent, down from 2.7 percent during 2001. The overall CPI rose 2.2 percent last year, slightly faster than the core CPI because of a pickup in energy prices, which more than offset slow growth of food prices. The GDP chain-weighted price index, a more comprehensive measure of overall inflation that includes purchases of businesses, governments, and consumers, rose between 1 and 2 percent at an annual rate in each quarter of 2002. Overall CPI inflation in the range of 1 to 2 percent is consistent with the goal of price stability. Low inflation has enabled the Federal Reserve to pursue a growth-promoting monetary policy.

### **Economic Projections**

The Administration's economic projections are summarized in Table 2-1. These economic assumptions are prudent and close to those of the Congressional Budget Office and the consensus of private sector forecasters, as described in more detail below.

The Budget assumptions strike a balance between upside and downside risks. On the upside, real GDP growth may be greater than projected if the response of consumers, businesses, and investors to the growth and jobs creation package quickly sets the economy onto a strong expansion path. In addition, if the favorable productivity performance of recent years continues unabated, then long-run growth may be stronger than assumed here. On the other hand, the restraining forces that contributed to weak growth near the end of last year may take longer than assumed to dissipate. The Budget assumptions take a cautious view of these risks to avoid an over-estimation of available budgetary resources.

*Real GDP:* The pace of economic activity is expected to gather momentum during 2003 with real GDP projected to rise 2.9 percent on a calendar year basis in 2003, up from 2.4 percent in 2002. During the next few years, real growth is projected to exceed the Nation's long-term potential, which is estimated at 3.1 percent. The unemployment rate is expected to decline until it reaches a sustainable level of 5.1 percent in the fourth quarter of 2005.

The largest contributions to growth in the near-term are expected to come from consumer spending and business fixed investment. The President's growth package will increase after-tax incomes of families, and thereby boost spending, by accelerating reductions in marginal

tax rates and the marriage tax penalty, increasing the Child Tax Credit, and raising the upper threshold of the 10 percent income bracket so that less income is taxed at the 15 percent rate. The exclusion of dividends from taxation will increase after-tax incomes and will likely support the stock market. Any resulting increase in equity wealth would contribute both to near-term spending and to saving available for retirement. The dividend exclusion will also lower the cost of capital to business and thereby raise business investment. As the expansion picks up speed, the usual virtuous circle of more jobs, more spending, and more capital investment will be firmly established.

Residential investment, which was already at a very high level in 2002, is unlikely to rise further. Consequently, its contribution to GDP growth may be quite small in the next few years. A positive contribution to growth from net exports may be delayed a few years until such time as there is stronger growth abroad.

The Federal, State, and local government contribution to GDP growth is also likely to be quite modest in the next few years. At the Federal level, growth of spending on security requirements is expected to be accompanied by more moderate growth in other spending. At the State and local level, outlays will be restrained by the need to restore budget balance in the face of very weak receipts growth.

*Potential GDP:* The growth of potential GDP is assumed to be 3.1 percent per year. Potential growth is approximately equal to the sum of the trend growth rates of the labor force and of productivity. The labor force is projected to grow 1.0 percent per year on average; the trend growth of productivity is assumed to be 2.2 percent. This rate of productivity growth is equal to the average growth experienced from the business cycle peak in 1990 through the third quarter of 2002, but it is slower than the 2.6 percent rate achieved during the past seven years. The underlying trend of productivity growth, and therefore potential growth, may turn out to be higher than assumed, especially if business investment responds rapidly to the improving economy. In the interest of prudent budget forecasting, however, a more cautious assumption appears warranted.

*Inflation and Unemployment:* Inflation is projected to remain low. The CPI is expected to increase 2.2 percent on a calendar year basis in 2003, rising gradually to 2.3 percent in 2008. The GDP chain-weighted price index is projected to edge up 1.3 percent this year, rising to 1.8 percent annually in 2008. The out-year inflation rates are slightly lower than the average rates of the past decade: 2.6 percent yearly for the CPI and 1.9 percent for the GDP inflation measure.

The slower rise of prices projected during the next six years relative to the prior decade is the result of very low inflation at this stage of the expansion and the downward pressure on wages and prices that will remain until the excess slack in labor and capital resources is eliminated by the growing economy. The unemployment rate, which reached 6.0 percent in Decem-

**Table 2-1. ECONOMIC ASSUMPTIONS<sup>1</sup>**

(Calendar years; dollar amounts in billions)

|  | Actual<br>2001 | Projections |        |        |        |        |        |        |
|--|----------------|-------------|--------|--------|--------|--------|--------|--------|
|  |                | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Gross Domestic Product (GDP):</b>                     |                |             |        |        |        |        |        |        |
| Levels, dollar amounts in billions:                      |                |             |        |        |        |        |        |        |
| Current dollars .....                                    | 10,082         | 10,442      | 10,884 | 11,447 | 12,031 | 12,637 | 13,263 | 13,919 |
| Real, chained (1996) dollars .....                       | 9,215          | 9,440       | 9,710  | 10,061 | 10,414 | 10,760 | 11,102 | 11,446 |
| Chained price index (1996=100), annual average .....     | 109.4          | 110.6       | 112.1  | 113.8  | 115.5  | 117.4  | 119.4  | 121.6  |
| Percent change, fourth quarter over fourth quarter:      |                |             |        |        |        |        |        |        |
| Current dollars .....                                    | 2.0            | 4.2         | 4.8    | 5.2    | 5.0    | 5.0    | 4.9    | 5.0    |
| Real, chained (1996) dollars .....                       | 0.1            | 2.9         | 3.4    | 3.6    | 3.4    | 3.3    | 3.1    | 3.1    |
| Chained price index (1996=100) .....                     | 2.0            | 1.2         | 1.4    | 1.5    | 1.6    | 1.7    | 1.8    | 1.8    |
| Percent change, year over year:                          |                |             |        |        |        |        |        |        |
| Current dollars .....                                    | 2.6            | 3.6         | 4.2    | 5.2    | 5.1    | 5.0    | 5.0    | 4.9    |
| Real, chained (1996) dollars .....                       | 0.3            | 2.4         | 2.9    | 3.6    | 3.5    | 3.3    | 3.2    | 3.1    |
| Chained price index (1996=100) .....                     | 2.4            | 1.1         | 1.3    | 1.5    | 1.5    | 1.7    | 1.7    | 1.8    |
| <b>Incomes, billions of current dollars:</b>             |                |             |        |        |        |        |        |        |
| Corporate profits before tax .....                       | 670            | 659         | 771    | 830    | 1,069  | 1,069  | 1,085  | 1,120  |
| Wages and salaries .....                                 | 4,951          | 5,021       | 5,275  | 5,575  | 5,870  | 6,159  | 6,450  | 6,757  |
| Personal dividend income .....                           | 409            | 434         | 450    | 470    | 477    | 497    | 526    | 567    |
| Other taxable income <sup>2</sup> .....                  | 1,957          | 1,979       | 1,986  | 2,067  | 2,116  | 2,170  | 2,230  | 2,295  |
| <b>Consumer Price Index (all urban):<sup>3</sup></b>     |                |             |        |        |        |        |        |        |
| Level (1982-84=100), annual average .....                | 177.1          | 179.9       | 183.8  | 187.6  | 191.5  | 195.7  | 200.0  | 204.5  |
| Percent change, fourth quarter over fourth quarter ..... | 1.9            | 2.3         | 2.0    | 2.1    | 2.1    | 2.2    | 2.2    | 2.3    |
| Percent change, year over year .....                     | 2.8            | 1.6         | 2.2    | 2.1    | 2.1    | 2.2    | 2.2    | 2.3    |
| <b>Unemployment rate, civilian, percent:</b>             |                |             |        |        |        |        |        |        |
| Fourth quarter level .....                               | 5.6            | 5.8         | 5.6    | 5.3    | 5.1    | 5.1    | 5.1    | 5.1    |
| Annual average .....                                     | 4.8            | 5.8         | 5.7    | 5.5    | 5.2    | 5.1    | 5.1    | 5.1    |
| <b>Federal pay raises, January, percent:</b>             |                |             |        |        |        |        |        |        |
| Military <sup>4</sup> .....                              | 3.7            | 6.9         | 4.7    | *      | NA     | NA     | NA     | NA     |
| Civilian <sup>5</sup> .....                              | 3.7            | 4.6         | 3.1    | *      | NA     | NA     | NA     | NA     |
| <b>Interest rates, percent:</b>                          |                |             |        |        |        |        |        |        |
| 91-day Treasury bills <sup>6</sup> .....                 | 3.4            | 1.6         | 1.6    | 3.3    | 4.0    | 4.2    | 4.2    | 4.3    |
| 10-year Treasury notes .....                             | 5.0            | 4.6         | 4.2    | 5.0    | 5.3    | 5.4    | 5.5    | 5.6    |

NA = Not Available; \* = (see note below).

<sup>1</sup> Based on information available as of late November 2002.<sup>2</sup> Rent, interest 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; 2002 and 2003 figures are averages of various rank- and longevity-specific adjustments; pay raises for 2004 range from 2.0 to 6.25 percent, depending on rank and longevity; percentages to be proposed for years after 2004 have not yet been determined.<sup>5</sup> Overall average increase, including locality pay adjustments. The increase for 2004 (which would also apply also to uniformed services other than armed forces) would be 2.0 percent. Percentages to be proposed for years after 2004 have not yet been determined.<sup>6</sup> Average rate, secondary market (bank discount basis).

ber 2002, is projected to decline gradually to 5.1 percent. This rate is the center of the range around the unemployment rate that is consistent with stable inflation. Similarly, the low capacity utilization rate in manufacturing, at about 74 percent in the last quarter of 2002, will exert further downward pressure on prices and it will take a few years for this effect to abate.

The one-half percentage point faster rise in the CPI than in the GDP inflation measure is consistent with historical experience. The CPI tends to rise faster than the GDP measure in part because computer prices, which have been falling sharply, have a larger weight in GDP inflation which includes computer purchases of government, business, and consumers. Also, the CPI uses a fixed market basket for its weights, while the GDP measure uses current, "chain" weights. As such, the CPI does not fully reflect the reallocation of purchases that occurs in response to changing relative prices that is reflected in the GDP inflation measure.

This source of upward bias to the CPI has been eliminated in a new supplemental series, the Chained Consumer Price Index for All Urban Consumers, that uses chain weights. This alternative measure of consumer price inflation is likely to increase more in line with the GDP measure than the conventional CPI.

**Interest Rates:** Interest rates are projected to rise with the resumption of strong, self-sustaining growth. The 3-month Treasury bill rate, at 1.2 percent at the end of last year, is expected to rise to 4.3 percent over the next six years. As is usually the case when credit demands increase as growth accelerates, the increase at the longer end of the maturity spectrum is likely to be smaller than at the short end. The yield on the 10-year Treasury note, which was 3.8 percent at the end of 2002, is projected to rise to 5.6 percent by 2008. Adjusted for inflation, the outyear real interest rates are close to their historical averages.

*Income Shares:* The share of taxable income in nominal GDP is projected to rise through 2005 and decline thereafter. The wage and salary share is expected to rise through 2005 from its relatively low level in 2002 as workers capture in higher wages more of the recent gains in productivity growth. During these years, “other labor income,” which includes employer-paid health insurance and pension contributions that are not part of the tax base, is likely to rise. After 2005, the wage share is projected to decline while an increasing proportion of labor compensation is accounted for by further increases in other labor income, essentially tax-exempt employee benefits.

Two factors are likely to drive up the share of other labor income in GDP during the coming years. First, health insurance paid by employers is expected to continue to rise rapidly. During 2002, employer contributions to health insurance rose at a double-digit pace after increasing around nine percent in 2000 and 2001. Employers will shift some of the future cost increases on to employees by raising deductibles and co-pays; nonetheless, the increases in employers’ contributions are likely to be significant. Second, employers’ contributions to defined-benefit pension plans are also likely to rise. The sharp fall in the stock market in the last three years has created underfunding in many plans that will have to be made up by larger contributions in the coming years. In addition, many plans, including those that are currently well-funded, will have to raise contributions because of lower assumed rates of return on fund assets in light of the actual lower returns.

The share of corporate profits before tax will be affected by the pace of economic activity and by the temporary expensing provisions of the Job Creation and Worker Assistance Act of 2002. The faster growth beginning this year is expected to increase the profits share from the low levels during the recession and the subpar recovery. The expensing provision lowers book profits through September 11, 2004 by allowing firms to write off more of their investment expense sooner. After the expiration of expensing on that date, book profits will be raised because the remaining depreciation on investments eligible for expensing will be lower. Taking these and other factors affecting book profits into consideration, the share of profits before tax in GDP is projected to rise from 6.3 percent in 2002 to a high of 8.9 percent in 2005, and then gradually decline to eight percent in at the end of the forecast horizon.

Among the other components of taxable income, the share of personal interest income in GDP is projected to decline significantly, reflecting the lagged effects of past declines in interest rates on the average yield on interest-earning assets of the household sector. The shares of the remaining components (proprietors’ income, rental income, and dividend income) are projected to remain stable at around their 2002 levels. The President’s growth and jobs creation package proposes to eliminate income taxes on dividends which have already been taxed at the corporate level.

### Comparison with CBO and Private-Sector Forecasts

The Congressional Budget Office (CBO) and many private-sector forecasters also make projections. CBO develops its projections to aid 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. Private-sector forecasts are often used by businesses for long-term planning. Table 2–2 compares the Budget assumptions with projections by the CBO and the Blue Chip consensus, an average of about 50 private-sector forecasts.

The three sets of economic assumptions are based on different underlying assumptions concerning economic policies. The private-sector forecasts are based on appraisals of the most likely policy outcomes, which vary among forecasters. The CBO baseline projection assumes that current law will remain unchanged. Despite their differing policy assumptions, the three sets of economic projections, shown in Table 2–2, are very close. The similarity of the Budget economic projection with the CBO baseline projection underscores the cautious nature of the Administration forecast.

For real GDP growth, the Administration, CBO and the Blue Chip consensus anticipate that the pace of economic activity will accelerate during the next two years. For calendar year 2003, the three forecasts fall within the narrow range of 2.5 to 2.9 percent; for 2004, all three project 3.6 percent growth. The three forecasts have similar projections for 2005–2008.

All three forecasts anticipate continued low inflation of around two percent as measured by the GDP chain-weighted price index and 2½ percent as measured by the CPI. The unemployment rate projections are also similar. All three forecasts envisage a similar path of rising interest rates during the next few years. For short-term rates, CBO’s projection is slightly higher than the Blue Chip’s, which is slightly higher than the Administration’s. The three long-term interest rate projections are very close.

### Changes in Economic Assumptions

As shown in Table 2–3, the economic assumptions underlying this Budget have been revised significantly from those of the 2003 Budget, which were finalized just 2-1/2 months after the September 11th attacks. At that time it seemed that recovery from the attacks would be quite slow in coming and that it would not be until 2003 that a strong expansion would be well-established. In the event, the economy proved to be much more resilient than the Administration and other forecasters had anticipated.

Real GDP growth during 2002, although relatively weak for a recovery, was still considerably stronger than projected in last year’s Budget. However, by the end of last year, the current recovery appeared to be losing momentum, rather than gaining it as projected in last year’s Budget. Consequently, projected real GDP growth during 2003 is now lower than anticipated in

**Table 2-2. COMPARISON OF ECONOMIC ASSUMPTIONS**  
(Calendar years)

|  | Projections |        |        |        |        |        | Average, |
|--|-------------|--------|--------|--------|--------|--------|----------|
|  | 2003        | 2004   | 2005   | 2006   | 2007   | 2008   | 2003-08  |
| <b>Real GDP (billions of 1996 dollars):</b>          |             |        |        |        |        |        |          |
| CBO January .....                                    | 9,673       | 10,018 | 10,358 | 10,697 | 11,037 | 11,380 |          |
| Blue Chip Consensus January <sup>2</sup> .....       | 9,704       | 10,050 | 10,383 | 10,709 | 11,041 | 11,384 |          |
| 2004 Budget .....                                    | 9,710       | 10,061 | 10,414 | 10,760 | 11,102 | 11,446 |          |
| <b>Real GDP (chain-weighted):<sup>1</sup></b>        |             |        |        |        |        |        |          |
| CBO January .....                                    | 2.5         | 3.6    | 3.4    | 3.3    | 3.2    | 3.1    | 3.2      |
| Blue Chip Consensus January <sup>2</sup> .....       | 2.8         | 3.6    | 3.3    | 3.1    | 3.1    | 3.1    | 3.2      |
| 2004 Budget .....                                    | 2.9         | 3.6    | 3.5    | 3.3    | 3.2    | 3.1    | 3.3      |
| <b>Chain-weighted GDP Price Index:<sup>1</sup></b>   |             |        |        |        |        |        |          |
| CBO January .....                                    | 1.6         | 1.7    | 2.0    | 2.1    | 2.1    | 2.2    | 2.0      |
| Blue Chip Consensus January <sup>2</sup> .....       | 1.6         | 1.9    | 2.1    | 2.1    | 2.1    | 2.1    | 2.0      |
| 2004 Budget .....                                    | 1.3         | 1.5    | 1.5    | 1.7    | 1.7    | 1.8    | 1.6      |
| <b>Consumer Price Index (all urban):<sup>1</sup></b> |             |        |        |        |        |        |          |
| CBO January .....                                    | 2.1         | 2.2    | 2.5    | 2.5    | 2.5    | 2.5    | 2.4      |
| Blue Chip Consensus January <sup>2</sup> .....       | 2.2         | 2.2    | 2.5    | 2.6    | 2.5    | 2.5    | 2.4      |
| 2004 Budget .....                                    | 2.2         | 2.1    | 2.1    | 2.2    | 2.2    | 2.3    | 2.2      |
| <b>Unemployment rate:<sup>3</sup></b>                |             |        |        |        |        |        |          |
| CBO January .....                                    | 5.9         | 5.8    | 5.4    | 5.3    | 5.3    | 5.2    | 5.5      |
| Blue Chip Consensus January <sup>2</sup> .....       | 5.9         | 5.5    | 5.1    | 5.1    | 5.1    | 5.1    | 5.3      |
| 2004 Budget .....                                    | 5.7         | 5.5    | 5.2    | 5.1    | 5.1    | 5.1    | 5.3      |
| <b>Interest rates:<sup>3</sup></b>                   |             |        |        |        |        |        |          |
| <b>91-day Treasury bills:</b>                        |             |        |        |        |        |        |          |
| CBO January .....                                    | 1.4         | 3.5    | 4.8    | 4.9    | 4.9    | 4.9    | 4.1      |
| Blue Chip Consensus January <sup>2</sup> .....       | 1.6         | 2.9    | 4.2    | 4.4    | 4.6    | 4.4    | 3.7      |
| 2004 Budget .....                                    | 1.6         | 3.3    | 4.0    | 4.2    | 4.2    | 4.3    | 3.6      |
| <b>10-year Treasury notes:<sup>3</sup></b>           |             |        |        |        |        |        |          |
| CBO January .....                                    | 4.4         | 5.2    | 5.6    | 5.8    | 5.8    | 5.8    | 5.4      |
| Blue Chip Consensus January <sup>2</sup> .....       | 4.4         | 5.2    | 5.6    | 5.8    | 5.7    | 5.7    | 5.4      |
| 2004 Budget .....                                    | 4.2         | 5.0    | 5.3    | 5.4    | 5.5    | 5.6    | 5.2      |

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

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

<sup>2</sup> January 2003 Blue Chip Consensus forecast for 2003 and 2004; Blue Chip October 2002 long run for 2005 - 2008.

<sup>3</sup> Annual averages, percent.

last year's Budget. From 2004 onwards, however, real GDP growth in this and the prior Budget are quite similar. Largely because of the better-than-projected growth in 2002, the level of real GDP is now projected to be higher in each year than in last year's Budget (adjusted for historical revisions).

The level of nominal GDP, however, is projected to be lower in each year than in last year's Budget. That is primarily because actual GDP inflation was lower in 2002, and is expected to be lower thereafter, than in last year's Budget. The unemployment rate is expected to be slightly higher than in last year's assumptions and ultimately to decline to 5.1 percent rather than 4.9 percent. Interest rates are projected to be lower during the next few years than was envisaged in last year's Budget, reflecting their current low levels. While the outyear short-term rate is about unchanged from last year's assumptions, outyear long-term rates are slightly higher. Adjusted for inflation, the real long-term rate is higher than in last year's Budget.

### Sources of Change in the Budget since Last Year

The sources of the change in the budget outlook from the 2003 Budget baseline (which excludes the effects of policy proposals) to the 2004 Budget policy projection are shown in Table 2-4. The second block shows that enacted legislation reduced the pre-policy surplus of \$109 billion for 2004 projected in the 2003 Budget by \$79 billion.

The third, fourth, and fifth blocks quantify the separate impacts on the budget outlook from changes in economic projections, technical factors, and revised historical data on GDP and taxable incomes.

The third block shows the effects on receipts and outlays from changes in economic assumptions. These include the effects of changes in assumptions for real growth, inflation, interest rates, unemployment, and the growth rates of various taxable incomes.

Technical factors (block 4) are all changes in budget estimates that are not due to explicit economic assumptions, revisions to historical economic data, or legislation. Examples of technical factors are changes in re-



**Table 2-3. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 2003 AND 2004 BUDGETS**

(Calendar years; dollar amounts in billions)

|   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |
|---|--------|--------|--------|--------|--------|--------|--------|
| <b>Nominal GDP:</b>                                       |        |        |        |        |        |        |        |
| 2003 Budget assumptions <sup>1</sup> .....                | 10,346 | 10,930 | 11,530 | 12,162 | 12,794 | 13,438 | 14,114 |
| 2004 Budget assumptions .....                             | 10,442 | 10,884 | 11,447 | 12,031 | 12,637 | 13,263 | 13,919 |
| <b>Real GDP (1996 dollars):</b>                           |        |        |        |        |        |        |        |
| 2003 Budget assumptions <sup>1</sup> .....                | 9,250  | 9,602  | 9,959  | 10,315 | 10,650 | 10,980 | 11,321 |
| 2004 Budget assumptions .....                             | 9,440  | 9,710  | 10,061 | 10,414 | 10,760 | 11,102 | 11,446 |
| <b>Real GDP (percent change):<sup>2</sup></b>             |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 0.7    | 3.8    | 3.7    | 3.6    | 3.2    | 3.1    | 3.1    |
| 2004 Budget assumptions .....                             | 2.4    | 2.9    | 3.6    | 3.5    | 3.3    | 3.2    | 3.1    |
| <b>GDP price index (percent change):<sup>2</sup></b>      |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 1.9    | 1.7    | 1.7    | 1.9    | 1.9    | 1.9    | 1.9    |
| 2004 Budget assumptions .....                             | 1.2    | 1.4    | 1.5    | 1.6    | 1.7    | 1.8    | 1.8    |
| <b>Consumer Price Index (percent change):<sup>2</sup></b> |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 2.4    | 2.2    | 2.3    | 2.4    | 2.4    | 2.4    | 2.4    |
| 2004 Budget assumptions .....                             | 2.3    | 2.0    | 2.1    | 2.1    | 2.2    | 2.2    | 2.3    |
| <b>Civilian unemployment rate (percent):<sup>3</sup></b>  |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 5.9    | 5.5    | 5.2    | 5.0    | 4.9    | 4.9    | 4.9    |
| 2004 Budget assumptions .....                             | 5.8    | 5.7    | 5.5    | 5.2    | 5.1    | 5.1    | 5.1    |
| <b>91-day Treasury bill rate (percent):<sup>3</sup></b>   |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 2.2    | 3.5    | 4.0    | 4.2    | 4.4    | 4.4    | 4.2    |
| 2004 Budget assumptions .....                             | 1.6    | 1.6    | 3.3    | 4.0    | 4.2    | 4.2    | 4.3    |
| <b>10-year Treasury note rate (percent):<sup>3</sup></b>  |        |        |        |        |        |        |        |
| 2003 Budget assumptions .....                             | 5.1    | 5.1    | 5.1    | 5.1    | 5.2    | 5.2    | 5.2    |
| 2004 Budget assumptions .....                             | 4.6    | 4.2    | 5.0    | 5.3    | 5.4    | 5.5    | 5.6    |

<sup>1</sup> Adjusted for July 2002 NIPA revisions.<sup>2</sup> Year over year.<sup>3</sup> Calendar year average.

ceipts and outlays from changes in estimating methodologies.

Revisions in the level of historical income data affect receipts estimates. These effects are shown in the fifth block, which quantifies the impact on the budget of data revisions affecting tax bases. After the publication of the 2003 Budget in February 2002, the historical levels of profits and of wages and salaries for calendar year 2001 were revised down significantly. As a result of the lower historical starting point for the projection of incomes, the levels of the tax base in 2002 and beyond that were assumed in the 2003 Budget were too high. The reduction in receipts estimates because of the lower initial level of the tax base (and the associated higher net interest outlays) account for \$75 billion of the downward re-estimate of the budget baseline for 2004.

Block 6 shows the 2004 Budget baseline, which is equal to block 1, plus all the changes in blocks 2 through 5.

Block 7 of the table shows the budgetary effect of policies proposed in this Budget. These total -\$149 billion in 2004.

### Structural and Cyclical Balances

When the economy is operating below potential and the unemployment rate exceeds the long-run sustainable average, as is projected to be the case for the next few years, receipts are lower than they would be if resources were more fully employed, and outlays for unemployment-sensitive programs (such as unemploy-

ment compensation and food stamps) are higher. As a result, the deficit is larger (or the surplus is smaller) than would be the case if the unemployment rate were at the sustainable long-run average. The portion of the deficit (or surplus) that can be traced to this factor is called the cyclical component. The balance is the portion that would remain if the unemployment rate were at its long-run value, and is called the structural deficit (or structural surplus).

The structural balance can often provide a clearer understanding of the stance of fiscal policy than the unadjusted budget balance. That is because the unadjusted budget balance is affected by cyclical economic conditions. The structural balance, however, shows the surplus or deficit that will persist even when the economy is operating at the sustainable level of unemployment. For this reason, changes in the structural balance give a better picture of the independent impact of budget policy on the economy than does the unadjusted balance.

The estimates of the structural balance are based on the relationship between changes in unemployment and real GDP growth on the one hand, and receipts and outlays on the other. As such, the relationships do not take into account other possible changes in the economy that might also be cyclically related. For example, the sharply rising stock market during the second half of the 1990s boosted capital gains-related receipts, and the subsequent fall in the stock market reduced receipts. Some of this rise and fall may have been cyclical in nature. It is not possible, however, to estimate

**Table 2-4. SOURCES OF CHANGE IN BUDGET TOTALS**

(In billions of dollars)

|   | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  |
|---|-------|-------|-------|-------|-------|-------|
| <b>(1) 2003 Budget baseline</b>                         |       |       |       |       |       |       |
| Receipts .....  | 2,121 | 2,234 | 2,366 | 2,461 | 2,581 | 2,710 |
| Outlays .....   | 2,070 | 2,126 | 2,197 | 2,266 | 2,341 | 2,435 |
| Unified budget surplus .....                            | 51    | 109   | 169   | 196   | 240   | 274   |
| <b>(2) Changes due to enacted legislation:</b>          |       |       |       |       |       |       |
| Receipts .....  | -37   | -26   | 20    | 19    | 14    | 10    |
| Outlays .....   | 64    | 53    | 49    | 49    | 54    | 54    |
| Surplus reduction (-), enacted legislation .....        | -101  | -79   | -30   | -30   | -40   | -44   |
| <b>(3) Changes due to economic assumptions:</b>         |       |       |       |       |       |       |
| Receipts .....  | -27   | -30   | -29   | -34   | -38   | -36   |
| Outlays .....   | -26   | -29   | -16   | -8    | -3    | -*    |
| Surplus reduction (-), economic .....                   | -1    | -1    | -13   | -25   | -35   | -36   |
| <b>(4) Changes due to technical factors:</b>            |       |       |       |       |       |       |
| Receipts .....  | -134  | -77   | -42   | -11   | -*    | 1     |
| Outlays .....   | 21    | 35    | 35    | 27    | 29    | 28    |
| Surplus reduction (-), technical .....                  | -156  | -112  | -78   | -39   | -29   | -27   |
| <b>(5) Changes due to NIPA Revisions:<sup>1</sup></b>   |       |       |       |       |       |       |
| Receipts .....  | -56   | -70   | -78   | -83   | -87   | -92   |
| Outlays .....   | 1     | 4     | 10    | 14    | 19    | 24    |
| Surplus reduction (-), NIPA revisions .....             | -57   | -75   | -88   | -97   | -106  | -116  |
| <b>(6) Surplus or deficit (-), 2004 Budget baseline</b> | -264  | -158  | -40   | 5     | 29    | 51    |
| <b>(7) Changes due to 2004 Budget policy:</b>           |       |       |       |       |       |       |
| Receipts .....  | -31   | -109  | -100  | -89   | -71   | -72   |
| Outlays .....   | 9     | 40    | 68    | 116   | 136   | 169   |
| Surplus reduction (-), policy .....                     | -40   | -149  | -168  | -205  | -207  | -241  |
| <b>(8) 2004 Budget totals (policy)</b>                  |       |       |       |       |       |       |
| Receipts .....  | 1,836 | 1,922 | 2,135 | 2,263 | 2,398 | 2,521 |
| Outlays .....   | 2,140 | 2,229 | 2,343 | 2,464 | 2,576 | 2,711 |
| Unified budget surplus or deficit (-) .....             | -304  | -307  | -208  | -201  | -178  | -190  |

\* Less than \$500 million.

Note: Changes in interest costs due to receipts changes included in outlay lines.

<sup>1</sup> Effect of changes in historical data on GDP and incomes in the National Income and Product Accounts (NIPA).

this cyclical component accurately. As a result, both the unadjusted and structural balances are affected by cyclical stock market movements.

From 1997 to 2001, the unemployment rate appears to have been lower than could be sustained in the long run. Therefore, as shown in Table 2-5, in 1997 the structural deficit of \$37 billion exceeded the actual deficit of \$22 billion. Similarly, in 1998-2001, the structural surplus was smaller than the actual surplus, which was enlarged by the boost to receipts and the reduction in outlays associated with the low level of unemployment.

On the other hand, in 2002, the unemployment rate was above what is currently thought to be the sustainable level and the actual deficit of \$158 billion exceeded the structural deficit of \$111 billion. Similarly in 2004, the actual deficit of \$304 billion contains a cyclical component of about \$36 billion. The structural deficit for that year is lower, at \$272 billion. As the projected unemployment rate declines toward the sustainable level in the next few years, the projected unadjusted

deficit is expected to decline to be about equal to the structural deficit in 2007 and thereafter.

In the early 1990s, large swings in net outlays for deposit insurance (the saving and loan bailouts) had substantial impacts on deficits, but had little concurrent impact on economic performance. It therefore became customary to estimate an adjusted structural balance that removed deposit insurance outlays as well as the cyclical component of the budget balance from the actual balance. Deposit insurance net outlays are projected to be very small in the coming years. Therefore, the adjusted structural deficit and the structural deficit are nearly identical over 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 alter-

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

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 budgetary effects of the above rules of thumb are shown in Table 2–6.

For real growth and employment:

- As shown in the first block, if real GDP growth is lower by one percentage point in calendar year 2003 only and the unemployment rate rises by one-half percentage point more than in the budget assumptions, the fiscal year 2003 deficit is estimated to increase by \$11.8 billion; receipts in 2003 would be lower by \$9.3 billion, and outlays would be higher by \$2.5 billion, primarily for unemployment-sensitive programs. In fiscal year 2004, the estimated receipts shortfall would grow further to \$19.4 billion, and outlays would increase by \$7.3 billion relative to the base, even though the growth rate in calendar 2004 equaled the rate originally assumed. This is because the level of real (and nominal) GDP and taxable incomes would be permanently lower, and unemployment permanently higher. The budget effects (including growing interest costs associated with larger deficits) would continue to grow slightly in each successive year. During 2003–2008, the cumulative increase in the budget deficit is estimated to be \$173 billion.
- The budgetary effects are much larger if the real growth rate is one percentage point lower in each year than initially assumed and the unemployment rate is unchanged, as shown in the second block. This scenario might occur if trend productivity is permanently lower than initially assumed. In this case, the estimated increase in the deficit is much larger than in the first scenario. In this example, during 2003–2008, the cumulative increase in the budget deficit is estimated to be \$465 billion.
- The third block shows the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 2003 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. In 2004, outlays would be above the base by \$18.5 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$22.1 billion above the base, however, resulting in an \$3.6 billion improvement in the budget balance. In subsequent years, the amounts added to receipts would continue to be larger than the additions to outlays. During 2003–2008, cumulative budget deficits would be \$38 billion smaller than in the base case.
- In the fourth block example, the rate of inflation and the level of interest rates are higher by one percentage point in all years. As a result, the price level and nominal GDP rise by a cumulatively growing percentage above their base levels. In this case, the effects on receipts and outlays mount steadily in successive years, adding \$317 billion to outlays over 2003–2008 and \$428 billion to receipts, for a net decrease in the 2003–2008 deficits of \$111 billion. The table also 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 largely because the gains in budget receipts due to higher inflation result in higher debt service savings when interest rates are assumed to be higher as well (the combined case) than when interest rates are assumed to be unchanged (the separate case).
- The outlay effects of a one percentage point increase in interest rates alone is shown in the fifth

**Table 2–5. ADJUSTED STRUCTURAL BALANCE**

(In billions of dollars)

|  | 1997  | 1998 | 1999  | 2000  | 2001  | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |
|--|-------|------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| Unadjusted surplus or deficit (–) .....          | –22.0 | 69.2 | 125.6 | 236.4 | 127.3 | –157.8 | –304.2 | –307.4 | –208.2 | –200.5 | –178.1 | –189.6 |
| Cyclical component .....                         | 15.1  | 47.6 | 69.9  | 106.2 | 49.6  | –46.5  | –53.9  | –35.7  | –18.2  | –6.1   | –0.5   | –*.1   |
| Structural surplus or deficit (–) .....          | –37.1 | 21.7 | 55.7  | 130.3 | 77.7  | –111.3 | –250.3 | –271.7 | –190.0 | –194.4 | –177.6 | –189.6 |
| Deposit insurance outlays .....                  | –14.4 | –4.4 | –5.3  | –3.1  | –1.4  | .....  | .....  | .....  | ..*    | .....  | ..*    | .....  |
| Adjusted structural surplus or deficit (–) ..... | –51.5 | 17.3 | 50.4  | 127.2 | 76.3  | –111.3 | –250.3 | –271.7 | –190.0 | –194.4 | –177.6 | –189.6 |

NOTE: The long-run sustainable unemployment rate is assumed to be 5.2% through calendar year 1998 and 5.1% thereafter.

block. The receipts portion of this rule-of-thumb is due to the Federal Reserve's deposit of earnings on its securities portfolio.

- The sixth block shows that a sustained one percentage point increase in the GDP chain-weighted price index and in CPI inflation decrease cumulative deficits by a substantial \$258 billion during 2003–2008. This large effect is because the receipts from a higher tax base exceeds the combination of higher outlays from mandatory cost-of-liv-

ing adjustments and lower receipts from CPI indexation of tax brackets.

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

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.

**Table 2–6. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS**

(In billions of dollars)

| Budget effect   | 2003  | 2004  | 2005  | 2006  | 2007   | 2008   | Total of Effects, 2003-2008 |
|---|-------|-------|-------|-------|--------|--------|-----------------------------|
| <b>Real Growth and Employment</b>   |       |       |       |       |        |        |                             |
| <b>Budgetary effects of 1 percent lower real GDP growth:</b>                  |       |       |       |       |        |        |                             |
| (1) For calendar year 2003 only: <sup>1</sup>                                 |       |       |       |       |        |        |                             |
| Receipts .....  | -9.3  | -19.4 | -21.6 | -22.4 | -23.2  | -24.3  | -120.4                      |
| Outlays .....   | 2.5   | 7.3   | 7.9   | 9.6   | 11.4   | 13.5   | 52.1                        |
| Increase in deficit (-) .....   | -11.8 | -26.7 | -29.5 | -32.0 | -34.6  | -37.8  | -172.5                      |
| (2) Sustained during 2003–2008, with no change in unemployment:               |       |       |       |       |        |        |                             |
| Receipts .....  | -9.4  | -30.3 | -56.4 | -83.6 | -112.8 | -144.5 | -437.0                      |
| Outlays .....   | -0.1  | 0.2   | 1.9   | 4.6   | 8.3    | 13.5   | 28.4                        |
| Increase in deficit (-) .....   | -9.3  | -30.5 | -58.3 | -88.3 | -121.1 | -157.9 | -465.4                      |
| <b>Inflation and Interest Rates</b>   |       |       |       |       |        |        |                             |
| <b>Budgetary effects of 1 percentage point higher rate of:</b>                |       |       |       |       |        |        |                             |
| (3) Inflation and interest rates during calendar year 2003 only:              |       |       |       |       |        |        |                             |
| Receipts .....  | 11.1  | 22.1  | 22.3  | 20.9  | 21.6   | 22.6   | 120.6                       |
| Outlays .....   | 10.5  | 18.5  | 16.1  | 13.3  | 12.5   | 12.1   | 83.0                        |
| Decrease in deficit (+) .....   | 0.6   | 3.6   | 6.3   | 7.6   | 9.1    | 10.5   | 37.6                        |
| (4) Inflation and interest rates, sustained during 2003–2008:                 |       |       |       |       |        |        |                             |
| Receipts .....  | 11.1  | 33.8  | 58.4  | 81.9  | 107.2  | 135.1  | 427.5                       |
| Outlays .....   | 10.6  | 28.9  | 46.4  | 61.9  | 76.8   | 92.2   | 316.8                       |
| Decrease in deficit (+) .....   | 0.5   | 4.9   | 12.1  | 20.0  | 30.3   | 42.9   | 110.7                       |
| (5) Interest rates only, sustained during 2003–2008:                          |       |       |       |       |        |        |                             |
| Receipts .....  | 1.7   | 4.0   | 5.3   | 5.9   | 6.6    | 7.2    | 30.7                        |
| Outlays .....   | 8.7   | 21.0  | 30.5  | 36.4  | 41.8   | 47.2   | 185.6                       |
| Increase in deficit (-) .....   | -7.0  | -17.0 | -25.2 | -30.4 | -35.3  | -40.0  | -154.9                      |
| (6) Inflation only, sustained during 2003–2008:                               |       |       |       |       |        |        |                             |
| Receipts .....  | 9.4   | 29.7  | 53.0  | 75.7  | 100.2  | 127.5  | 395.5                       |
| Outlays .....   | 1.9   | 8.1   | 16.4  | 26.6  | 36.7   | 47.6   | 137.4                       |
| Decrease in deficit (+) .....   | 7.5   | 21.6  | 36.6  | 49.1  | 63.5   | 79.8   | 258.1                       |
| <b>Interest Cost of Higher Federal Borrowing</b>                              |       |       |       |       |        |        |                             |
| (7) Outlay effect of \$100 billion increase in the 2003 unified deficit ..... | 0.8   | 2.8   | 4.4   | 4.8   | 5.1    | 5.5    | 23.4                        |

\* \$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.

### 3. STEWARDSHIP

#### Introduction

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 or deficit, does not provide enough information to evaluate fully the government's financial and investment decisions. Indeed, changes in the annual budget deficit or surplus can be misleading indicators of the government's financial condition. For example, the temporary shift from annual deficit to surplus in the late 1990s did nothing to correct the long-term deficiencies in the nation's major entitlement programs, which are the major source of the long-run shortfall in federal finances. This would have been more apparent if greater attention had focused on long-term measures such as appear in this chapter. As important as the budget surplus or deficit is, it should not be the only indicator used to judge the government's fiscal condition.

While a private business may ultimately be judged by a single number—the bottom line in its balance sheet—the national government is ultimately judged on how its actions affect the country, and that is not possible to sum up with a single statistic. The government is not expected to earn a profit. Instead, its fiscal condition can only be properly evaluated using a broad range of data and several complementary perspectives. This chapter presents a framework for such analysis. Because there are serious limitations on the available data and the future is uncertain, this chapter's findings should be interpreted with caution; its conclusions are tentative and subject to future revision.

The chapter consists of four parts:

- Part I presents the government's physical and financial assets and its legal liabilities summarized in Table 3-1. This table corresponds most closely to a business balance sheet, but it misses some of the government's unique fiscal characteristics. That is why it needs to be supplemented by the information in Parts II and III. The government's net liabilities in Table 3-1 are dwarfed by its unfunded obligations as presented in Part II.
- Part II broadens the scope to evaluate the government's long-run financial burdens and the resources available to meet them. It presents possible paths for the federal budget that extend far beyond the normal budget window and describes how these projections vary depending on key economic and demographic assumptions. The projections are summarized in Table 3-2. This part also presents discounted present value estimates of the

funding shortfall in Social Security and Medicare in Table 3-3.

- Part III features information on national economic and social conditions which are affected by what the government does. The private economy is the ultimate source of the resources the government will have to draw upon to meet future obligations. Table 3-4 presents summary data for total national wealth, while highlighting the federal investments that have contributed to that wealth. Table 3-5 presents a small sample of economic and social indicators.
- Part IV concludes the chapter and explains how the separate pieces of analysis link together. Chart 3-8 presents the linkages in a schematic diagram.

The government's legally binding obligations—its liabilities—consist mainly of Treasury debt and the pensions plus retiree health benefits owed to federal employees, which are a form of deferred compensation. These obligations have counterparts in the business world, and would appear as liabilities 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. These obligations, however, are only a subset of the government's total financial responsibilities. Indeed, the full extent of the government's fiscal exposure through its various programmatic commitments dwarfs the outstanding debt held by the public or the balance between federal liabilities and assets. The commitment to Social Security and Medicare alone amounts to several times the value of outstanding federal debt or the net balance of government liabilities less assets shown in Table 3-1.

The government has a broad range of programs that dispense cash and other benefits to individual recipients and it also provides a wide range of other public services that must be financed through the tax system. The government is not constitutionally obligated, except in the most general terms, to continue operating these programs, and the benefits and services could be modified or even ended at any time, subject to the decisions of the Congress and the President. Such changes are a regular part of the legislative cycle. These programmatic commitments cannot be thought of as "liabilities" in a legal or accounting sense, but they will remain federal responsibilities for the foreseeable future, and they are included in the long-run projections presented in Part II; it would be misleading to leave out these programmatic commitments in projecting future claims on the government or calculating the government's long-run fiscal balance. It is true, of course, that the federal government also has resources that

go beyond the assets that would normally appear on a balance sheet. These additional resources include the government's sovereign power to tax. For this reason, the best way to analyze the future strains on the government's fiscal position is to make a long-run projection of the entire federal budget, as is done in Part II of this chapter, which provides a comprehensive measure of the government's future cash flows.

Over long periods of time, government spending must be financed by the taxes and other receipts it collects. Although the government can borrow for temporary periods, it must pay interest on any such borrowing, which adds to future spending. In the long run, a solvent government must pay for its spending out of its receipts. The projections in Part II show that under an extension of the estimates in this budget, long-run balance in this sense is not achieved, mostly because of large deficiencies in Social Security and Medicare.

The long run budget projections and the table of assets and liabilities are silent on the issue of whether the public is receiving value for its tax dollars or whether federal assets are being used effectively. Information on those points requires performance measures for government programs supplemented by appropriate information about conditions in the economy and society. Recent changes in budgeting practices should contribute to the goal of more complete information about government programs and permit a closer alignment of the cost of programs with performance measures. These changes are described in detail in the main Budget volume, in chapter 1 of this volume, and in the accompanying volume that describes the creation of the Program Assessment Rating Tool (PART). This chapter complements the detailed exploration of government performance with an assessment of the overall impact of Federal policy as reflected in some general measures of economic and social well-being.

#### QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"

**1. According to Table 3-1, 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 properly 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.

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 successful. The returns on these investments show up not as an increase in government assets but as an increase in the general state of knowledge and in the capacity of the country's citizens to earn a living. A business's motives for investment are quite different; a 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 or that of its owners. Because the federal government's objectives are different, its balance sheet behaves differently, and should be interpreted differently.

**2. Table 3-1 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 exceed the estimated value of the assets the federal government actually owns. The government, however, 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 operation even though the government's current assets are less than its current liabilities.

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

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The financial markets clearly recognize this reality. The federal government's implicit credit rating is the best in the world; 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.

**3. *Why are Social Security and Medicare not shown as government liabilities?***

Future Social Security and Medicare benefits may be considered as promises or obligations, but these benefits are not a liability in the usual sense. The government has unilaterally decreased as well as increased these benefits in the past, and future reforms could alter them again. The size of these promises is shown in this chapter in two ways: Budget projections as a percent of GDP from now through 2080, and the actuarial deficiency estimates over roughly the same period.

Other Federal programs exist that are similar to Social Security and Medicare in the promises they make—Medicaid, Veterans pensions, and Food Stamps, for example. Few have suggested counting the future benefits expected under these programs' as federal liabilities, yet it would be difficult to justify a different accounting treatment for them if Social Security or Medicare were to be classified as a liability. There is no bright line dividing Social Security and Medicare from other programs that promise benefits, and all the government programs that do so should be accounted for similarly. In the long-range budget projections, the entire budget is counted as it is in estimating the government's total fiscal imbalance.

Furthermore, if future Social Security or Medicare benefits were to be treated as a liability, then future payroll tax receipts earmarked to finance those benefits ought to be treated as a government asset. Tax receipts, however, are not generally considered government assets, and for good reason: the government does not own the wealth on which future taxes depends. Including taxes on the government's balance sheet would be incorrect, but treating taxes for Social Security or Medicare differently from other taxes would be highly questionable.

Finally, under Generally Accepted Accounting Principles (GAAP), Social Security is not considered to be a liability, so not counting it as such in this chapter is consistent with proper accounting standards.

**4. *Why can't the government 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. The government does not have a "bottom line" comparable to that of a business corporation, but 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 many of the questions for which government should be accountable. This framework addresses budgetary integrity, operating performance, stewardship, and systems and controls. FASAB has also developed, and the government has adopted, a full set of accounting standards. Federal agencies now issue audited financial reports that follow these standards and an audited government-wide consolidated financial report is now being issued as well. In short, the federal government does follow generally accepted accounting principles (GAAP) just as businesses and state and local governments do for their activities, although the relevant principles differ depending on the circumstances. 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."

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

**5. *When the baby-boom generation begins to retire in large numbers beginning within the next ten years, the deficit could become much larger than it ever was before. Should this not be reflected in evaluating the government's financial condition?***

The aging of the U.S. population will become dramatically evident when the baby-boomers begin to retire, and this demographic transition poses serious long-term problems for federal entitlement programs and the budget. Both the long-range budget projections and the actuarial projections presented in this chapter indicate how serious the problem is. It is clear from this information that reforms are needed in these programs to meet the long-term challenges. The need for reforms in these programs are discussed further in the chapter "The Real Fiscal Danger" in the main Budget volume.

**6. *Would it make sense for the government to borrow to finance needed capital-permitting a deficit in the budget—so long as the borrowing did not exceed the amount spent on investments?***

This rule might not actually permit much extra borrowing. If the government were to finance new capital by borrowing, it should plan to pay off the debt incurred to finance old capital as the capital is used up. The net new borrowing permitted by this rule should not exceed the amount of net investment the government does after adjusting for capital consumption. But, as discussed in Chapter 7 of *Analytical Perspectives*, federal net investment in physical capital is usually not very large and has even been negative in some years, so little if any deficit spending would have been justified by this borrowing-for-investment criterion, at least in recent years.

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 today 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 assets owned by the federal government, which suggests they should not be included for this purpose, even though they are an important 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 of time is no justification for excluding them when calculating the surplus or deficit.

Finally, the federal government must pursue policies that support the overall economic well-being of the Nation and its security interests. For such reasons, the government may deem it desirable to run a budget surplus, even if this means paying for its own investments from current receipts, and there will be other times when it is necessary to run a deficit, even one that exceeds government net investment. Considerations in addition to the size of federal investment must be weighed in choosing the appropriate level of the surplus or deficit.

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

Table 3–1 takes a backward look at the government's assets and liabilities summarizing what the government owes as a result of its past operations netted against the value of what it owns. The table gives some perspective by showing this balance for a number of years beginning in 1960. The assets and liabilities are meas-

ured in terms of constant FY 2002 dollars. Government liabilities have exceeded the value of assets (see chart 3–1) over this entire period, but 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. When those prices subsequently declined, Fed-



**Table 3-1. GOVERNMENT ASSETS AND LIABILITIES\***  
(As of the end of the fiscal year, in billions of 2002 dollars)

|  | 1960   | 1965   | 1970   | 1975   | 1980   | 1985   | 1990    | 1995    | 2000    | 2001    | 2002    |
|--|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| <b>ASSETS</b>                                  |        |        |        |        |        |        |         |         |         |         |         |
| Financial Assets:                              |        |        |        |        |        |        |         |         |         |         |         |
| Cash and Checking Deposits .....               | 43     | 63     | 39     | 32     | 48     | 32     | 43      | 44      | 58      | 51      | 78      |
| Other Monetary Assets .....                    | 1      | 1      | 1      | 1      | 2      | 2      | 2       | 1       | 6       | 12      | 18      |
| Mortgages .....                                | 28     | 27     | 40     | 42     | 78     | 79     | 101     | 69      | 79      | 76      | 75      |
| Other Loans .....                              | 103    | 142    | 178    | 178    | 227    | 298    | 211     | 165     | 192     | 196     | 202     |
| less Expected Loan Losses .....                | -1     | -3     | -5     | -9     | -18    | -17    | -20     | -25     | -38     | -38     | -38     |
| Other Treasury Financial Assets .....          | 62     | 78     | 68     | 62     | 87     | 128    | 203     | 243     | 221     | 235     | 258     |
| Total .....                                    | 237    | 308    | 321    | 305    | 424    | 521    | 539     | 497     | 518     | 531     | 592     |
| Nonfinancial Assets:                           |        |        |        |        |        |        |         |         |         |         |         |
| Fixed Reproducible Capital .....               | 1,028  | 1,029  | 1,076  | 982    | 953    | 1,093  | 1,149   | 1,142   | 1,002   | 990     | 997     |
| Defense .....                                  | 893    | 849    | 859    | 719    | 661    | 786    | 823     | 793     | 642     | 621     | 616     |
| Nondefense .....                               | 135    | 180    | 217    | 263    | 291    | 307    | 326     | 349     | 360     | 369     | 381     |
| Inventories .....                              | 271    | 235    | 219    | 196    | 242    | 276    | 244     | 187     | 191     | 185     | 188     |
| Nonreproducible Capital .....                  | 437    | 449    | 431    | 638    | 1,023  | 1,098  | 864     | 652     | 962     | 1,022   | 995     |
| Land .....                                     | 95     | 132    | 166    | 263    | 335    | 349    | 358     | 276     | 414     | 435     | 485     |
| Mineral Rights .....                           | 343    | 318    | 265    | 376    | 687    | 749    | 506     | 376     | 548     | 587     | 509     |
| Subtotal .....                                 | 1,737  | 1,714  | 1,726  | 1,816  | 2,217  | 2,467  | 2,256   | 1,981   | 2,155   | 2,197   | 2,179   |
| <b>Total Assets</b> .....                      | 1,974  | 2,021  | 2,047  | 2,121  | 2,641  | 2,988  | 2,796   | 2,478   | 2,673   | 2,728   | 2,772   |
| <b>LIABILITIES</b>                             |        |        |        |        |        |        |         |         |         |         |         |
| Financial Liabilities:                         |        |        |        |        |        |        |         |         |         |         |         |
| Debt held by the Public .....                  | 1,184  | 1,218  | 1,084  | 1,103  | 1,369  | 2,260  | 3,071   | 4,061   | 3,526   | 3,345   | 3,540   |
| Trade Payables and Miscellaneous .....         | 34     | 38     | 45     | 59     | 85     | 111    | 162     | 133     | 101     | 92      | 85      |
| Subtotal .....                                 | 1,218  | 1,256  | 1,129  | 1,162  | 1,454  | 2,372  | 3,232   | 4,194   | 3,627   | 3,437   | 3,625   |
| Insurance Liabilities:                         |        |        |        |        |        |        |         |         |         |         |         |
| Deposit Insurance .....                        | 0      | 0      | 0      | 0      | 2      | 9      | 74      | 5       | 1       | 3       | 2       |
| Pension Benefit Guarantee <sup>1</sup> .....   | 0      | 0      | 0      | 45     | 33     | 45     | 45      | 21      | 42      | 51      | 81      |
| Loan Guarantees .....                          | 0      | 0      | 2      | 7      | 13     | 11     | 16      | 30      | 38      | 39      | 39      |
| Other Insurance .....                          | 32     | 29     | 23     | 21     | 28     | 17     | 21      | 18      | 17      | 16      | 16      |
| Subtotal .....                                 | 32     | 30     | 25     | 72     | 75     | 82     | 155     | 75      | 98      | 110     | 138     |
| Federal Pension and Retiree Health Liabilities |        |        |        |        |        |        |         |         |         |         |         |
| Pension Liabilities .....                      | 817    | 1,027  | 977    | 1,063  | 1,872  | 1,855  | 1,807   | 1,744   | 1,772   | 1,727   | 1,752   |
| Retiree Health Insurance Benefits .....        | 196    | 246    | 234    | 255    | 449    | 445    | 433     | 418     | 398     | 792     | 807     |
| Total .....                                    | 1,013  | 1,273  | 1,212  | 1,318  | 2,321  | 2,299  | 2,241   | 2,162   | 2,169   | 2,519   | 2,560   |
| <b>Total Liabilities</b> .....                 | 2,264  | 2,558  | 2,366  | 2,553  | 3,850  | 4,754  | 5,628   | 6,431   | 5,894   | 6,065   | 6,323   |
| <b>Balance</b> .....                           | -290   | -537   | -319   | -431   | -1,209 | -1,766 | -2,833  | -3,953  | -3,221  | -3,337  | -3,531  |
| <b>Addenda:</b>                                |        |        |        |        |        |        |         |         |         |         |         |
| Balance Per Capita (in 2002 dollars) .....     | -1,607 | -2,766 | -1,557 | -2,000 | -5,299 | -7,393 | -11,316 | -14,822 | -11,401 | -11,702 | -12,340 |
| Ratio to GDP (in percent) .....                | -11.0  | -16.2  | -8.1   | -9.6   | -22.5  | -27.7  | -38.1   | -47.2   | -31.5   | -32.8   | -33.8   |

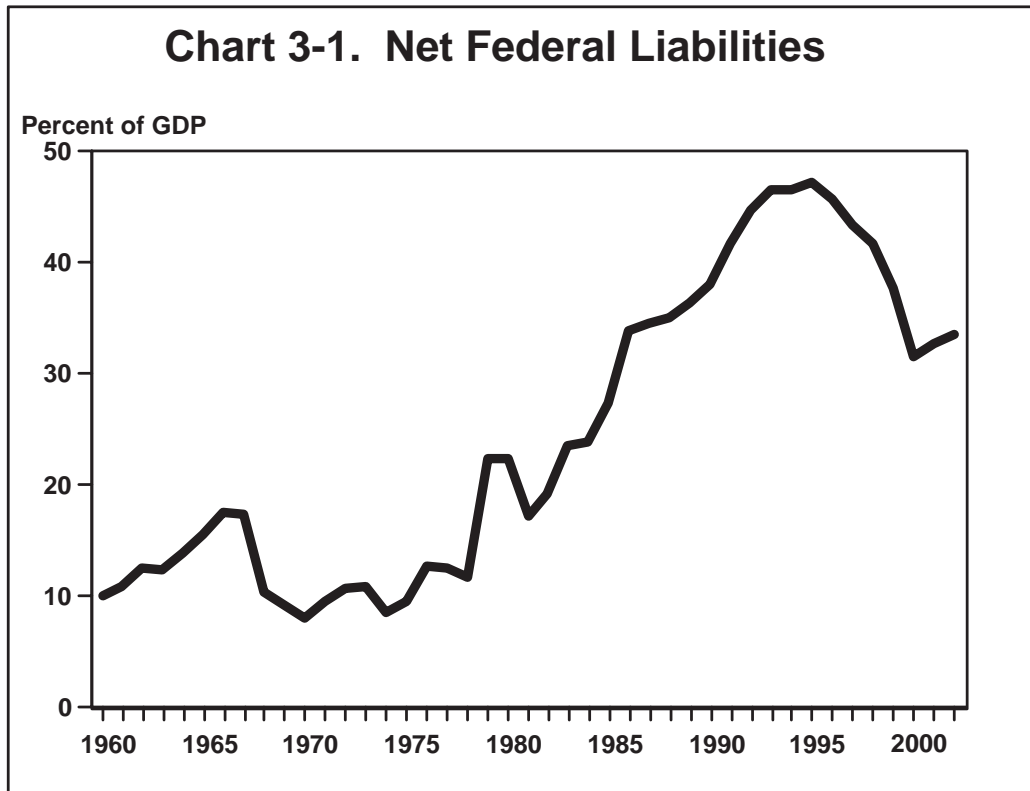
\* This table shows assets and liabilities for the Government as a whole excluding the Federal Reserve System.

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

eral asset values declined and only recently have they regained the level they had reached temporarily in the early 1980s.

Currently, the total real value of federal assets is estimated to be 40 percent greater than it was in 1960. Meanwhile, federal liabilities have increased by 179 percent in real terms. The decline in the federal net asset position has been principally due to persistent federal budget deficits, although other factors have been important in some years. For example, the decline from 2000 to 2001 was mainly due to a large increase in promised federal health benefits for military retirees.

The increase in the discounted present value of these benefits was large enough to offset a unified budget surplus and a rise in federal asset values. The shift from budget deficits to budget surpluses in the late 1990s reduced federal net liabilities, which peaked in 1996. Currently, the net excess of liabilities over assets is about \$3.6 trillion, or approximately \$12,000 per capita, compared with net liabilities of \$4.0 trillion (2002 dollars) and almost \$15,000 per capita (2002 dollars) in 1995.



### Assets

Table 3-1 offers 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 \$0.6 trillion at the end of FY 2002. Government-held mortgages and other loans (measured in constant dollars) reached a peak in the early 1990s as the government acquired mortgages from failed savings and loan institutions. The government has liquidated most of the mortgages it acquired from bankrupt savings and loans in the 1990s, but since that process was completed federal mortgage holdings have begun to increase again.

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 2002. 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 have amounted to about \$1.0 trillion in constant dollars for most of the last 40 years (OMB estimate). This capital consists of defense equipment and structures, including

weapons systems, as well as nondefense capital goods. Currently, about 60 percent of the capital is defense equipment or structures. In 1960, defense capital was about 90 percent of the total. In the 1970s, there was a substantial decline in the real value of U.S. defense capital and there was another large decline in the 1990s after the end of the Cold War. Meanwhile, non-defense Federal capital has increased at an average annual rate of around 2-½ percent.

*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, many of these resources would never be sold). Researchers in the private sector have estimated what they are worth, however, and these estimates are extrapolated in Table 3-1. 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 have been on a roller coaster since the mid-1990s. They declined sharply in 1997-1998, rebounded in 1999-2000, fell again in 2001, and rose in 2002. These fluctuations have caused the estimated value of federal mineral deposits to fluctuate as well. (These estimates also omit some valuable assets owned by the federal government, such as works of art and historical artifacts, because there is no realistic basis for valuing them, and because, as part of

the nation's historical heritage, these objects are never likely to be sold.)

*Total Assets:* The total value of government assets measured in constant dollars is lower now than it was in the 1980s, mainly because of declines in defense capital and inventories in the late 1990s following the end of the Cold War. Government asset values have risen strongly since 1998, however, propelled by sharply rising land prices and because the decline in defense capital has ended. The government's asset holdings are vast. At the end of FY 2002, government assets are estimated to be worth about \$2.8 trillion.

### **Liabilities**

Table 3–1 includes all the liabilities that would appear on a business balance sheet, but only those liabilities. All the various forms of publicly held federal debt are counted, as are federal pension and health insurance obligations to civilian and military retirees. The estimated liability arising from federal insurance and loan guarantee programs is also shown. Other obligations, however, including the benefit payments under Social Security and other income transfer programs are not shown in this table because these are not liabilities in a legal sense. The budget projections and other data in Part II provide a sense of these broader obligations.

*Financial Liabilities:* Financial liabilities amounted to about \$3.6 trillion at the end of 2002, down from a peak value of \$4.3 trillion in 1996. The single largest component of these liabilities was federal debt held by the public, which amounted to around \$3.5 trillion at the end of FY 2002. In addition to the debt held by the public, the government owes about \$0.1 trillion in miscellaneous liabilities. The publicly held debt declined for several years because of the unified budget surplus at the end of the 1990s, but recently it has begun to increase again.

*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 are often small initially, and 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 3–1 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 about \$0.1 trillion. As is true elsewhere in this chapter, this estimate does not incorporate the market value of the risk associated with these contingent liabilities.

*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 civilian retirees with subsidized health insurance through the Federal Employees Health Benefits program and military retirees receive similar benefits. The amount of these liabilities is large and growing. The discounted present value of the benefits is estimated to have been around \$2.6 trillion at the end of FY 2002 up from \$2.2 trillion in 2000.<sup>1</sup> The main reason for the increase was a large expansion in federal military retiree health benefits legislated in 2001.

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

The government need not maintain a positive balance of net assets to assure its fiscal solvency, and the build-up in net liabilities since 1960 has not significantly damaged federal creditworthiness. Government interest rates in early 2003 were at their lowest levels in over a generation. There are limits, however, to how much debt the government can assume without putting its finances in jeopardy. Over some time horizon, the federal government must take in enough revenue to cover all of its spending including debt service.

## **PART II—THE LONG-RUN BUDGET OUTLOOK**

A traditional balance sheet with its focus on past transactions can only show so much information. For the government, it is important to anticipate what future budgetary requirements might flow from future transactions. Even very long-run budget projections can be useful in sounding warnings about potential problems despite their uncertainty. Federal responsibilities extend well beyond the next five or ten years, and problems that may be small in that time frame can become much larger if allowed to grow.

Programs like Social Security and Medicare are intended to continue indefinitely, and so long-range projections for Social Security and Medicare have been prepared for decades. Budget projections for individual programs, even ones as important as Social Security

and Medicare, do not provide a gauge of the overall budgetary position. Only by projecting the entire budget is it possible to anticipate whether sufficient resources will be available to meet all the anticipated requirements. It is also necessary to estimate how the budget's future growth compares with that of the economy to judge how well the economy might be able to support future budgetary needs.

To assess the overall financial condition of the government, it is necessary to examine the future prospects for all government programs including the revenue sources that support government spending. Such an assessment reveals that the key drivers of the long-range deficit are, not surprisingly, Social Security and Medicare. Other programs have significant implications for

<sup>1</sup>The pension liability is the actuarial present value of benefits accrued-to-date based on past and projected salaries. The 2002 liability is extrapolated from recent trends. The retiree health insurance liability is based on actuarial calculations of the present value of benefits promised under existing programs. Actuarial estimates are only available since

1997. For earlier years the liability was assumed to grow in line with the pension liability, and for that reason may differ significantly from what the actuaries would have calculated for this period.

the long-range outlook also. Medicaid, the Federal program that helps states provide health insurance for low-income people and nursing home care for the elderly, is projected to grow rapidly over the next several decades and to add substantially to the overall budget deficit. Nowhere in the budget is there a large enough offset to reduce the strains imposed by Social Security, Medicare, and Medicaid in the long run.

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 to name a few. The uncertainties increase the further into the future the projections extend. Uncertainty, however, enhances the importance of making long-term projections because people are generally averse to risk, and knowing what the risks are requires projections. A full treatment of these risks is beyond the scope of this chapter, although it does show below how the budget projections respond to some of the key economic and demographic parameters. Given the uncertainties, the best that can be done is to work out the implications of expected developments on a “what if” basis. Despite the uncertainties, long-run projections are needed to evaluate the government’s true fiscal condition.

### ***The Impending Demographic Transition***

In 2008, the first members 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, the elderly population will skyrocket, putting serious strains on the budget because of increased expenditures for Social Security and for the government’s health programs serving this population.

The pressures are expected to persist even after the baby-boomers expire. The Social Security actuaries project that the ratio of workers to Social Security beneficiaries will fall from around 3-½ currently to around 2 by the time most of the baby-boomers are retired. Because of lower fertility and improved mortality, that ratio is not expected to rise again. With fewer workers to pay the taxes needed to support the retired population, the budgetary pressures will continue. The problem posed by the demographic transition is a permanent one.

Currently, the three major entitlement programs—Social Security, Medicare, and Medicaid—account for 45 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 two thirds of non-interest federal spending. At the end of the projection period, the figure rises to three-quarters of non-interest spending. In other words, under an extension of current-law formulas and the policies in the budget, almost all of the budget would go to these three programs alone. That would severely reduce the flexibility of the budget, and the government’s ability to respond to new challenges.

### ***An Unsustainable Path***

These long-run budget projections show clearly that the budget is on an unsustainable path, although the rise in the deficit unfolds gradually. As the baby-boomers reach retirement age in large numbers, the deficit is projected to rise steadily as a share of GDP. Under most scenarios, well before the end of the projection period for this chapter rising deficits would drive debt to levels several times the size of GDP.

The revenue projections in this section start with the budget’s estimate of receipts under the Administration’s proposals. They assume that individual income tax receipts will rise somewhat relative to GDP, and over the next several decades they eventually increase by approximately 1 percent of GDP. This increase reflects the higher marginal tax rates that people will face as their real incomes rise in the future (the tax code is indexed for inflation, but not for real economic growth). In terms of total receipts collected relative to GDP, however, those income tax increases are largely offset by declines in federal excise tax receipts, which are generally not indexed for inflation, and in other taxes. The overall share of federal receipts in GDP is projected to remain fairly steady around 19 percent, at the upper end of the historic average of 17 to 19 percent that prevailed from 1960 through the mid-1990s.

The long-run budget outlook remains uncertain (see the technical note at the end of this chapter for a discussion of the forecasting assumptions used to make these budget projections). With pessimistic assumptions, the fiscal picture deteriorates even sooner than in the base projection. More optimistic assumptions imply a longer period before the inexorable pressures of rising entitlement spending overwhelm the budget. But despite unavoidable uncertainty, these projections show that under a wide range of reasonable forecasting assumptions resources will be insufficient to cover the long-run shortfalls in Social Security and Medicare. Fundamental reforms are needed in these two programs to preserve their basic promises.

### ***Alternative Economic and Technical Assumptions***

The quantitative results discussed above are sensitive to changes in underlying economic and technical assumptions. Some of the most important of these alternative assumptions and their effects on the budget outlook are discussed below. Each highlights one of the key uncertainties in the outlook. All show that there are mounting deficits under most reasonable projections of the budget.

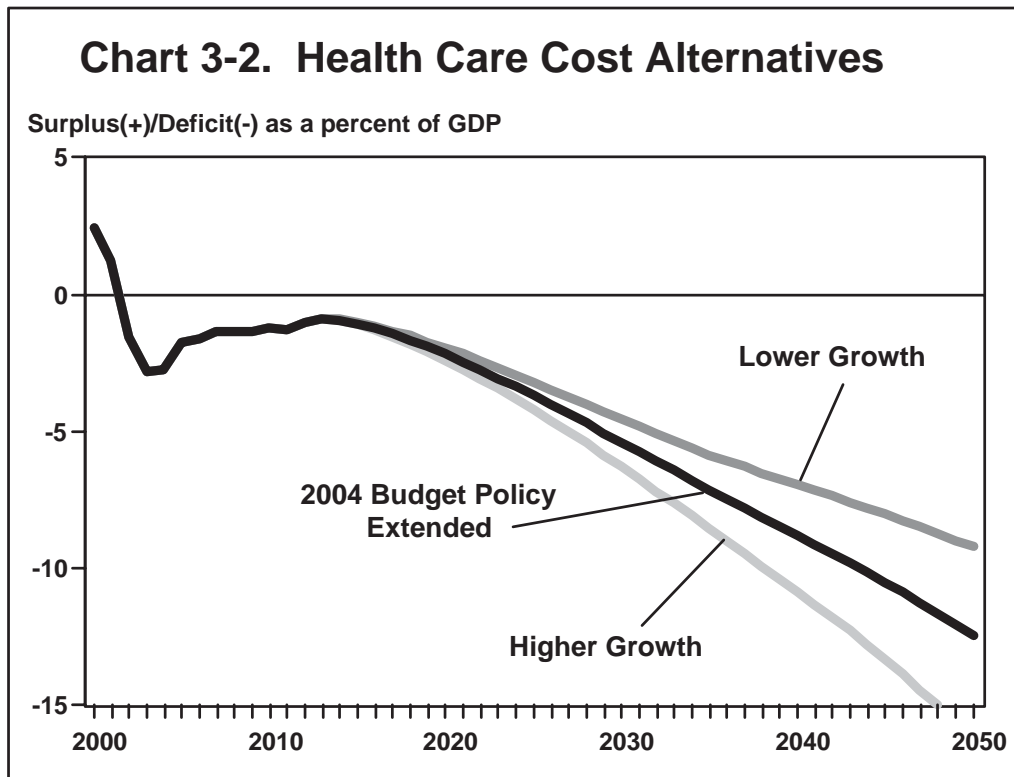
1. *Health Spending:* The projections for Medicare over the next 75 years are based on the actuarial projections in the 2002 Medicare trustees’ report. Following the recommendations of its Technical Review Panel, the Medicare trustees have set the long-run projected growth rate assumed for real per capita Medicare costs so that “age-and gender-adjusted, per-beneficiary spending growth exceeds the growth of per-capita GDP by 1 percentage point per year.”

**Table 3-2. LONG-RUN BUDGET PROJECTIONS OF 2003 BUDGET POLICY**  
(Percent of GDP)

|  | 2000 | 2010 | 2020 | 2030 | 2040 | 2060  | 2080  |
|--|------|------|------|------|------|-------|-------|
| <b>Discretionary Spending Grows with GDP</b> |      |      |      |      |      |       |       |
| Receipts .....                               | 20.8 | 18.4 | 18.8 | 19.0 | 19.0 | 19.2  | 19.3  |
| Outlays .....                                | 18.4 | 19.6 | 21.0 | 24.4 | 27.8 | 36.7  | 52.7  |
| Discretionary .....                          | 6.3  | 6.5  | 6.0  | 6.0  | 6.0  | 6.0   | 6.0   |
| Mandatory .....                              | 9.8  | 11.3 | 13.2 | 15.5 | 16.8 | 19.0  | 22.8  |
| Social Security .....                        | 4.2  | 4.3  | 5.3  | 6.2  | 6.4  | 6.6   | 7.1   |
| Medicare .....                               | 2.0  | 2.6  | 3.4  | 4.6  | 5.5  | 7.0   | 9.3   |
| Medicaid .....                               | 1.2  | 1.9  | 2.4  | 2.7  | 3.2  | 4.0   | 5.0   |
| Other .....                                  | 2.4  | 2.4  | 2.1  | 1.9  | 1.7  | 1.5   | 1.4   |
| Net Interest .....                           | 2.3  | 1.8  | 1.8  | 2.9  | 5.0  | 11.7  | 23.9  |
| Surplus or Deficit (-) .....                 | 2.4  | -1.2 | -2.2 | -5.4 | -8.8 | -17.5 | -33.5 |
| Primary Surplus or Deficit (-) .....         | 4.7  | 0.6  | -0.4 | -2.5 | -3.8 | -5.8  | -9.6  |
| Federal Debt Held by the Public .....        | 35.1 | 35.7 | 35.1 | 56.7 | 98.4 | 229.4 | 466.1 |

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 to spend a larger share of income on them than it has heretofore. Whether society will

be willing to devote the large share of resources to health care implied by these projections, however, is an open question. The alternatives highlight the effect of raising the projected growth rate in per capita health care costs by ½ percentage point and the effect of lowering it by a similar amount.

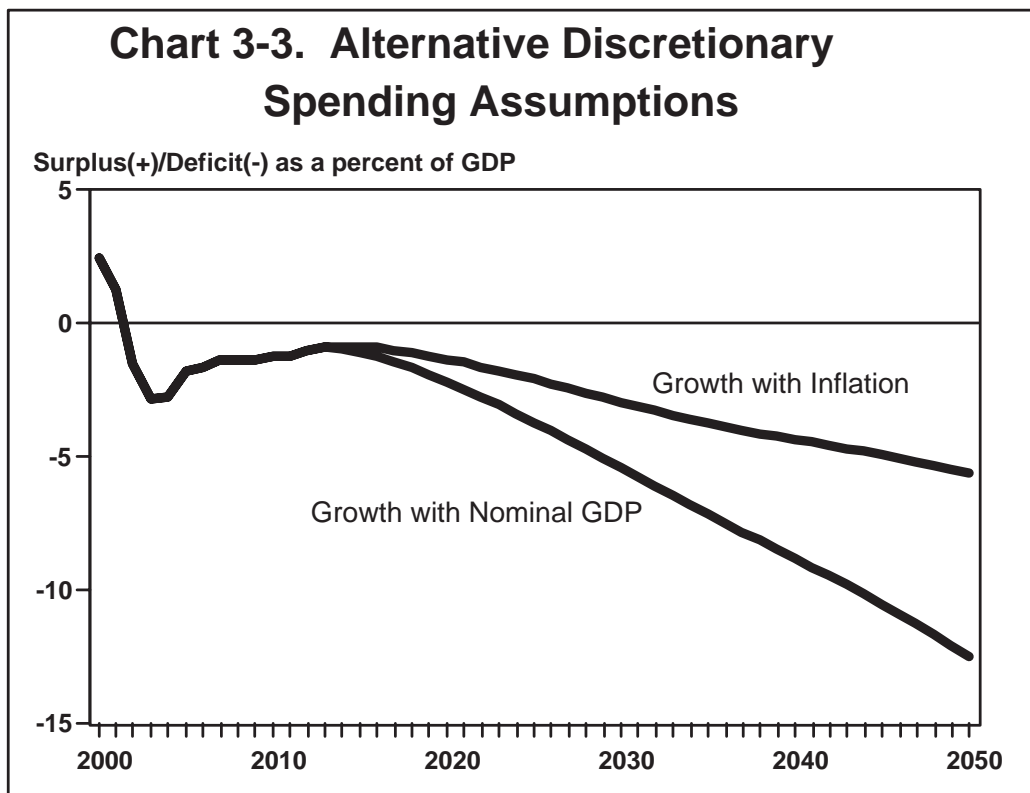


2. *Discretionary Spending:* The assumption used to project discretionary spending is essentially arbitrary, because discretionary spending is determined annually

through the legislative process, and no formula can dictate future spending in the absence of legislation. Alternative assumptions have been made for discretionary

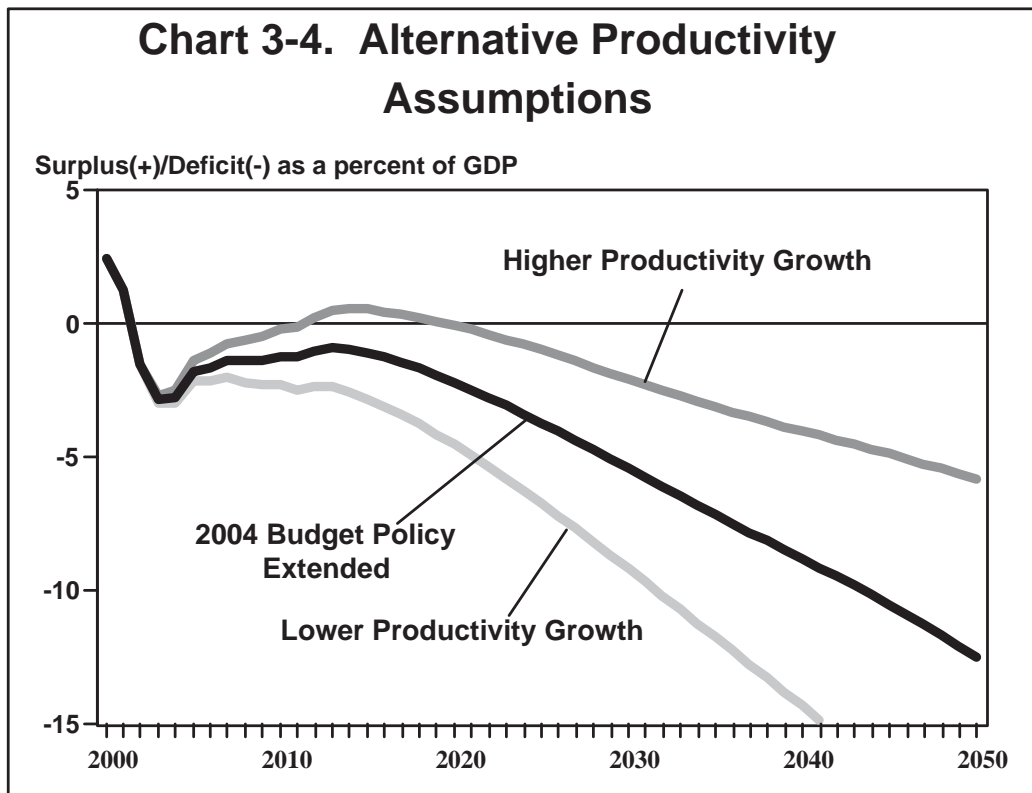
spending in past budgets. Holding discretionary spending unchanged in real terms is the “current services” assumption used for baseline budget projections. Extending this assumption over many decades, however, may not be realistic. When the population and economy are both expected to grow, as assumed in these projections, the demand for public services is likely to expand, although not necessarily as fast as GDP. The current base projection assumes that discretionary spending keeps pace with the growth in GDP in the long run,

so that spending increases in real terms whenever there is real economic growth. An alternative assumption would be that discretionary spending increases only for inflation. In other words, the real inflation-adjusted level of discretionary spending holds constant. This alternative moderates the long-run rise in the deficit somewhat because the shrinkage in discretionary spending as a share of GDP offsets the rise in entitlement outlays to some extent.



3. *Productivity*: The rate of future productivity growth has an important effect on the long-run budget outlook. It is also highly uncertain. Over the next few decades an increase in productivity growth would reduce the projected budget deficits appreciably. Higher productivity growth adds directly to the growth of the major tax bases while for many outlays it has only a delayed effect even assuming that in the long-run discretionary outlays rise with GDP. In the latter half of the 1990s, after two decades of much slower growth, productivity growth increased unexpectedly to around 2.7 percent

per year. The return of higher productivity growth is one of the most welcome developments of the last several years. Although the long-run growth rate of productivity is inherently uncertain, it has averaged 2.2 percent since 1947. The long-run budget projections assume that real GDP per hour will grow at a 2.2 percent annual rate over most of this century. The alternatives highlight the effect of raising the projected productivity growth rate by  $\frac{1}{2}$  percentage point and the effect of lowering it by a similar amount.

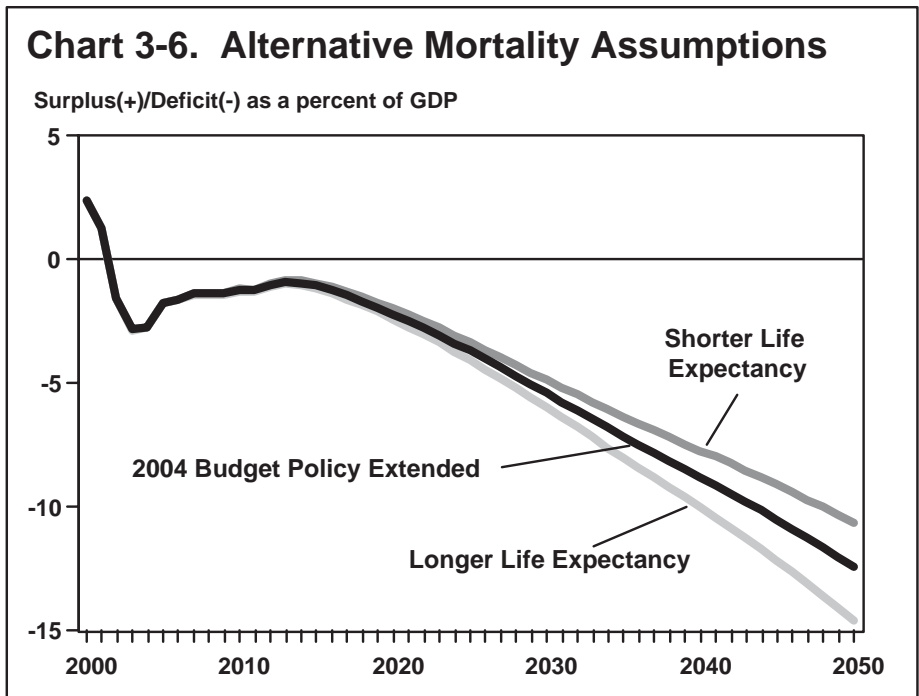
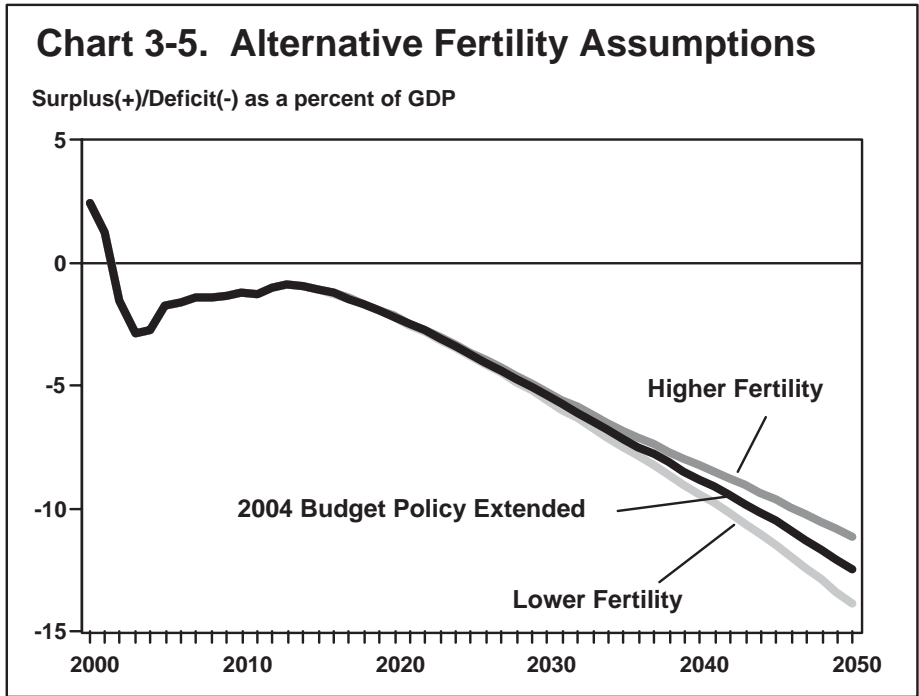


4. *Population*: The key assumptions underlying the long-run demographic projections concern fertility, immigration, and mortality:

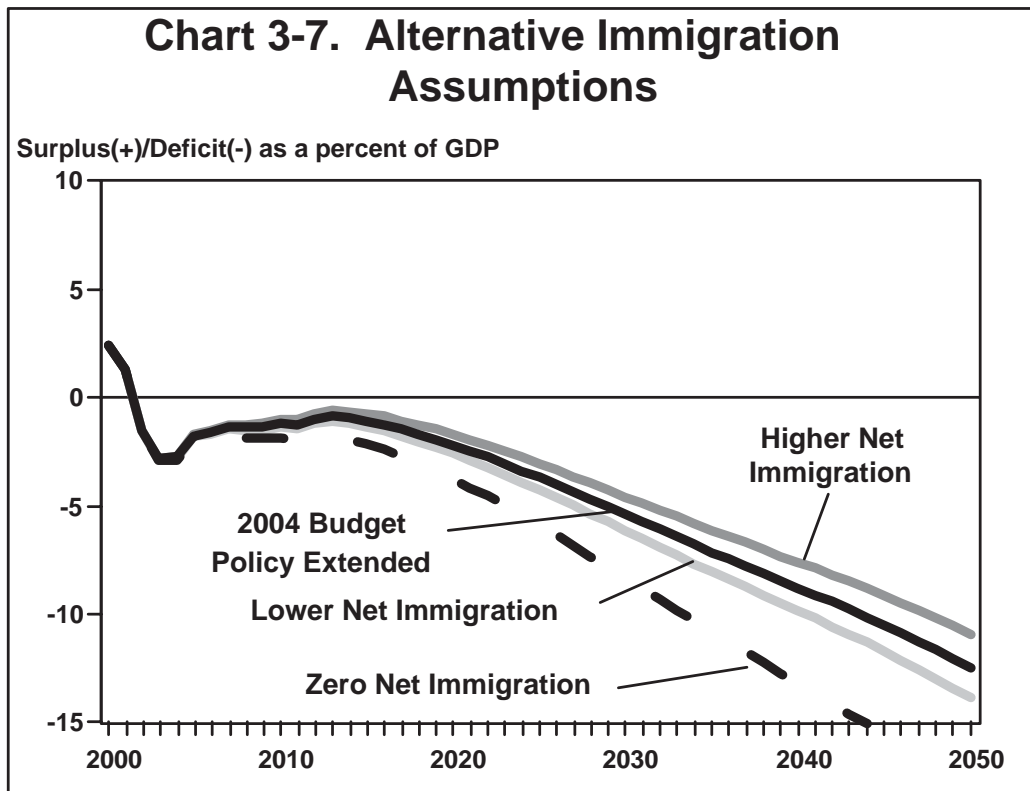
- The demographic projections assume that fertility will average around 1.9 births per woman in the future, slightly below the replacement rate needed to maintain a constant population.
- The rate of immigration is assumed to average around 900,000 per year in these projections. Higher immigration relieves some of the pressure on population from low fertility and means that total population continues to expand throughout

the projection period, although at a much slower rate than has prevailed historically in the United States.

- Mortality is projected to decline. The average female lifespan is projected to rise from 79.4 years in 2001 to 85.6 years by 2080, and the average male lifespan is projected to increase from 73.8 years in 2001 to 81.4 years by 2080. A technical panel to the Social Security trustees recently reported that the improvement in longevity might even be greater.







### ***Actuarial Projections for Social Security and Medicare***

Social Security and Medicare are the government's two largest entitlement programs. Both rely on payroll tax receipts from current workers and employers for at least part of their financing, while the programs' benefits largely go to those who are retired. The importance of these programs for the retirement security of current and future generations makes it essential to understand their long-range financial prospects. Al-

though Social Security and Medicare's HI program are currently in surplus, actuaries for both programs have calculated that they face long-run deficits. How best to measure the long-run imbalances in Social Security and in the consolidated Medicare program, including SMI as well as HI, is a challenging analytical question, but reasonable calculations suggest that each program embodies such a huge financial deficiency that it will be very difficult for the government as a whole to return to surplus without addressing each program's financial problems.

### Social Security: The Long-Range Challenge

Social Security provides retirement security and disability insurance for tens of millions of Americans through a system that is intended to be self-financing. The principle of self-financing is important because it compels corrections in the event that projected benefits consistently exceed dedicated receipts.

While Social Security is running surpluses today, it will begin running cash deficits within 20 years. Social Security's spending path is unsustainable under current law because of the retirement of the baby-boomers and demographic trends toward lower fertility rates and longer life spans. These trends imply that the number of workers available to support each retiree will decline from over 3 today to just around 2 in 2030, and that the government will not be able to meet current-law benefit obligations at current payroll tax rates.

The future size of Social Security's shortfall cannot be known with any precision, but a gap between Social Security receipts and outlays emerges under a wide range of reasonable forecasting assumptions. Long-range uncertainty underscores the importance of creating a system that is financially stable and self-contained. Otherwise, if the pessimistic assumptions turn out to be more accurate, the demands created by Social Security could compromise the rest of the budget and the nation's economic health.

The current structure of Social Security leads to substantial generational differences in the average rate of return people can expect from the program. While previous generations have fared extremely well, the average individual born today can expect to receive less than a two percent annual real rate of return on their payroll taxes. Moreover, such estimates overstate the expected rate of return for future retirees, because they assume no changes in current-law taxes or benefits even though such changes are inevitable to meet Social Security's financing shortfall. As an example, a 1995 analysis found that for an average worker born in 2000 a 1.7 percent rate of return would turn into 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 invest some of their payroll taxes in personal retirement accounts. The President's Commission to Strengthen Social Security presented various options that would include personal accounts within the Social Security framework.

*The 75-Year Horizon:* In their annual reports and related documents, the Social Security and Medicare trustees typically present calculations of the 75-year actuarial imbalance or deficiency for Social Security and Medicare. The calculations covers current workers and retirees, as well as those projected to join the program within the next 75 years (this is the so-called "open-group" calculation; the "closed-group" covers only current workers and retirees). These estimates measure the present discounted value of each program's future benefits net of future income. They are complementary to the flow projections described in the preceding section.

The present discounted value of the Social Security deficiency net of the trust fund balance was estimated to be about \$3 trillion at the beginning of 2002, and the comparable estimate for Medicare's HI trust fund

was \$5 trillion. But, as discussed above, this number does not account for the fact that 75 percent of SMI expenses are not covered by any specific financing source. From this perspective, the Medicare unfunded promise is around \$13 trillion. Even if the general fund contribution to SMI were to continue into the future and grow at the rate of inflation, the unfunded promise would be \$11 trillion. These estimates have been increasing in recent years as seen in Table 3-3. (The estimates in Table 3-3 are based on the intermediate economic and demographic assumptions used for the 2002 trustees' reports. These differ in some respects from the assumptions used for the long-run budget projections described in the preceding section, but the basic message of Table 3-3 would not change if OMB assumptions had been used for the calculations.)

### Medicare: The Long-Range Challenge

Medicare provides health insurance for tens of millions of Americans, including most of the nation's seniors. It is composed of two programs: Hospital Insurance (HI), which covers medical expenses relating to hospitalization, and Supplemental Medical Insurance (SMI), which pays for physicians' services and other related expenditures. HI is self-financing through payroll taxes, while SMI is financed partly through participants' premium payments, and partly through general revenue.

According to the Medicare Trustees' most recent report, projected spending for HI under current law will exceed taxes going into the HI trust fund beginning in 2016, and the fund is projected to be depleted by 2030. Looking at the long-run, the Medicare actuaries project a 75-year unfunded promise to Medicare's hospital insurance (HI), or Part A, trust fund of \$5 trillion. However, this measure tells only half the story because it does not consider Medicare's other trust fund—the Supplementary Medical Insurance Trust Fund (SMI), or Part B. This trust fund covers physician and outpatient services, which are projected to grow even faster than hospital services. Medicare beneficiary premiums only cover 25 percent of SMI costs. The other 75 percent of SMI expenses are not covered by any specific financing source. From this perspective, Medicare's total unfunded promise is about \$13 trillion. Even if the general fund contribution to SMI were to continue into the future and grow at the rate of inflation, the unfunded promise would be \$11 trillion.

The main reason for the projected future shortfall in Medicare is the substantial growth projected for total Medicare spending. This is partly for demographic reasons. Beginning within ten years, the number of Medicare beneficiaries is expected to rise very rapidly as the baby-boomers reach age 65 and become eligible for Medicare. Between 2010 and 2030, the number of persons age 65 and older is expected to rise from under 40 million to nearly 70 million. Meanwhile, per capita spending is also expected to continue rising rapidly. The growth in per beneficiary expenditures for SMI, like HI, is projected to exceed the growth rate of per capita GDP by a full percentage point. Together these factors push up total spending very sharply. As a percentage of GDP, Medicare outlays are projected by OMB to quadruple increasing from around 2 percent in 2002 to 9 percent by 2080, which is faster than the growth of either Social Security or Medicaid, the other large rapidly growing Federal entitlements.

The Administration is committed to working with the Congress to reform Medicare in a manner that does not make this unfunded promise any larger.

Limiting the calculations to 75 years understates the deficiencies, because the actuarial calculations omit the large deficits that continue to accrue beyond the 75th year. The understatement is significant, even though values beyond the 75th year are discounted by a large amount. The current deficiency in Social Security is essentially due to the excess benefits paid to past and current participants compared with their taxes. For current program participants, the present value of expected future benefits exceeds the present value of expected future taxes by about \$11 trillion. By contrast, future participants—those who are now under age 15 or not yet born—are projected to pay in present value about \$7 trillion more over the next 75 years than they will collect in benefits over that period. In fixing the horizon at 75 years, most of the taxes of these future participants are counted without a full accounting for their expected benefits, much of which will be received beyond the 75th year. For Social Security, the present value of benefits less taxes in the 76th year alone is nearly \$0.1 trillion, so the omission of these distant benefits amounts to several trillion dollars of present value.

*Medicare:* A significant portion of Medicare's deficiency is caused by the rapid expected increase in fu-

ture benefits due to rising health care costs. Some, perhaps most, of the projected increase in relative health care costs reflects improvements in the quality of care, although there is also evidence that medical errors and waste add unnecessarily to health care costs. The rapid growth in the number of medical malpractice cases and in the magnitude of the resulting awards and settlements has also contributed to rising health care costs. Even though the projected increases in Medicare spending are likely to contribute to longer life-spans and safer treatments, the financial implications remain the same. As long as medical costs continue to outpace the growth of other expenditures, as assumed in these projections, the financial pressure on the budget will mount, and that is reflected in the estimates shown in Tables 3–2 and 3–3.

For current participants, the difference between the discounted value of benefits and taxes plus premiums is nearly \$13 trillion, significantly larger than the similar gap for Social Security. For future participants over the next 75 years, however, Medicare benefits are projected to be roughly equal in magnitude to future taxes and premiums. Unlike Social Security, future taxes do not exceed benefits during this period, and the future generations' projected taxes do not reduce the overall

**Table 3-3. ACTUARIAL PRESENT VALUES OVER A 75-YEAR PROJECTION PERIOD**

(Benefit Payments in Excess of Earmarked Taxes and Premiums, in trillions of dollars)

|   | 2000        | 2001        | 2002        |
|---|-------------|-------------|-------------|
| <b>Social Security</b>  |             |             |             |
| Future benefits less future taxes for those age 15 and over .....                             | 9.6         | 10.5        | 11.2        |
| Future benefits less taxes for those age 14 and under and those not yet born .....            | -5.8        | -6.3        | -6.7        |
| Trust Fund Balance <sup>1</sup> .....   | -0.9        | -1.0        | -1.2        |
| <b>Net present value for past, present and future participants .....</b>                      | <b>2.9</b>  | <b>3.2</b>  | <b>3.4</b>  |
| <b>Medicare</b>   |             |             |             |
| Future benefits less future taxes and premiums for those age 15 and over .....                | 9.9         | 12.5        | 12.9        |
| Future benefits less taxes and premiums for those age 14 and under and those not yet born ... | -0.7        | 0.3         | 0.4         |
| Trust Fund Balance <sup>1</sup> .....   | -0.2        | -0.2        | -0.3        |
| <b>Net present value for past, present and future participants .....</b>                      | <b>9.0</b>  | <b>12.6</b> | <b>13.0</b> |
| <b>Social Security and Medicare</b>   |             |             |             |
| Future benefits less future taxes and premiums for those age 15 and over .....                | 19.5        | 23.0        | 24.1        |
| Future benefits less taxes and premiums for those age 14 and under and those not yet born ... | -6.5        | -6.0        | -6.3        |
| Trust Fund Balance <sup>1</sup> .....   | -1.1        | -1.3        | -1.5        |
| <b>Net present value for past, present and future participants .....</b>                      | <b>12.0</b> | <b>15.8</b> | <b>16.4</b> |
| <b>Addendum:</b>  |             |             |             |
| Actuarial deficiency as a percent of the discounted payroll tax base:                         |             |             |             |
| Social Security .....   | .....       | .....       | 1.87        |
| Medicare (including both HI and SMI) .....  | .....       | .....       | 5.23        |

<sup>1</sup> Reflects prior accumulated net cash flows including payments and taxes for those no longer alive.

deficiency, even though benefits beyond the 75th year are not counted. Extending the calculation beyond the 75th year would add many trillions of dollars in present value to Medicare's actuarial deficiency, just as it would for Social Security.

General fund revenues have historically covered about 75 percent of SMI program costs, with the rest being covered by premiums paid by the beneficiaries. In Table 3-3, only the receipts explicitly earmarked for financing these programs have been included. The intragovernmental transfer is not a dedicated source of funding, and the share of general revenues that would have to be devoted to SMI to close the gap increases substantially under current projections. Other government programs also have a claim on these funds, and SMI has no priority in the competition for future funding.

*The Trust Funds and the Actuarial Deficiency:* The current amounts in the Social Security and Medicare trust funds are offset in Table 3-3 against future benefits to measure the net actuarial short-falls in the two programs. This is an appropriate adjustment because the trust fund balances represent the past excess of taxes over benefits for these programs, but the government did not save those excess taxes in any economically significant sense, and the trust funds will not help the government as a whole meet its obligations to pay for future social security benefits.

These are subtle points, but important ones. First, the simple fact that a trust fund exists does not mean that the government necessarily saved the money recorded there. Although the government could have saved the Social Security and HI trust fund surpluses as they accumulated (in the sense of adding to national saving) this would have required it to use the trust fund surpluses to reduce the unified budget deficit (or

add to the unified surplus). In all likelihood, the government did not save these surpluses in this way. Indeed, the large unified budget deficits that prevailed during most of the time when the trust funds were increasing suggests strongly that it did not, although to know this for sure it would be necessary to know what the unified deficit would have been in the absence of those trust fund surpluses, and that is not really knowable.

Second, the assets in the trust funds are special purpose financial instruments issued by the Treasury Department. At the time Social Security redeems these instruments to pay future benefits, the Treasury will have to turn to the public capital markets to raise the funds to redeem the bonds and finance the benefits, just as if the trust funds had never existed. From the standpoint of overall government finances, the trust funds do not reduce the future burden of financing Social Security or Medicare benefits.

In any case, the trust funds remain small in size in comparison with the programs' future obligations and well short of what would be needed to pre-fund future benefits as indicated by the programs' actuarial deficiencies. Historically, Social Security and Medicare's HI program have been financed mostly on a pay-as-you-go basis, whereby workers' payroll taxes were immediately used to pay retiree benefits. For the most part, workers' taxes have not been used to pre-fund their own future benefits, and until relatively recently, taxes were not set at a level sufficient to pre-fund future benefits even had they been saved.

*The Importance of Long-Run Measures in Evaluating Policy Changes:* Consider a proposed policy change in which payroll taxes paid by younger workers were reduced by \$100 this year while the expected present value of these workers' future retirement benefits were also reduced by \$100. The actuarial deficiencies shown

in Table 3–3 would not be affected by such a plan: the present value of future benefit payments would decrease by the same amount as the reduction in revenue. On a cash flow basis, however, the lost revenue occurs now, while the decrease in future outlays is in the distant future beyond the budget window, and the federal government must increase its borrowing to make up for the lost revenue in the meantime. If policymakers only focus on the government's near-term borrowing needs, a reform such as this would appear to worsen the government's finances, whereas the policy actually has a neutral impact.

Now suppose that future outlays were instead reduced by a little more than \$100 in present value. In this case, the actuarial deficiency would actually decline, even though the government's borrowing needs would again increase. Focusing on the government's near-term borrowing alone, therefore, can lead to a bias against policies that could improve the federal government's overall fiscal condition. Taking a longer view of policy changes and considering other measures of the government's fiscal condition can correct for such mistakes.

### 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 its taxes, but they are not owned by the federal government and would not show up on a conventional balance sheet for the federal government. It is true, of course, that by encouraging economic growth in the private sector, the government augments future federal tax receipts. However, if the investments are not owned by the federal government, the fraction of their return that comes back to the government in higher taxes is far less than what a private investor would require before undertaking a similar investment.

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 typical balance sheet as a government asset, even though these investments may contribute to future tax receipts.

To show the importance of these kinds of issues, Table 3–4 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 including education and research and development. This may seem like a small fraction, but it represents a large volume of capital—\$6.7 trillion. The federal contribution is down from around 9 percent in the mid-1980s and from around 11 percent in 1960. Much of this reflects the shrinking size of defense cap-

ital stocks, which have declined from around 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 \$43 trillion in 2002, consisting of \$36 trillion in private physical capital and \$7 trillion in public physical capital; by comparison, GDP was about \$10 trillion in 2002. The federal government's contribution to this stock of capital includes its own physical assets plus \$1.1 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 goal 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 \$42 trillion in 2002, 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 proposed. Not all useful training occurs in a schoolroom

**Table 3-4. NATIONAL WEALTH**  
(As of the end of the fiscal year, in trillions of 2001 dollars)

|  | 1960        | 1965        | 1970        | 1975        | 1980        | 1985        | 1990        | 1995        | 2000        | 2001        | 2002        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>ASSETS</b>  |             |             |             |             |             |             |             |             |             |             |             |
| Publicly Owned Physical Assets:                      |             |             |             |             |             |             |             |             |             |             |             |
| Structures and Equipment .....                       | 2.0         | 2.3         | 2.9         | 3.5         | 3.7         | 3.9         | 4.3         | 4.7         | 5.4         | 5.5         | 5.5         |
| Federally Owned or Financed .....                    | 1.2         | 1.2         | 1.4         | 1.5         | 1.5         | 1.8         | 1.9         | 2.0         | 2.0         | 2.0         | 2.1         |
| Federally Owned .....                                | 1.0         | 1.0         | 1.1         | 1.0         | 1.0         | 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         | 0.5         | 0.7         | 0.8         | 0.8         | 1.0         | 1.0         | 1.1         |
| Funded by State and Local Governments .....          | 0.9         | 1.1         | 1.5         | 2.0         | 2.2         | 2.2         | 2.4         | 2.7         | 3.4         | 3.5         | 3.4         |
| Other Federal Assets .....                           | 0.7         | 0.7         | 0.7         | 0.8         | 1.3         | 1.4         | 1.1         | 0.8         | 1.2         | 1.2         | 1.2         |
| Subtotal .....                                       | 2.7         | 3.0         | 3.5         | 4.3         | 5.0         | 5.3         | 5.4         | 5.6         | 6.5         | 6.7         | 6.7         |
| Privately Owned Physical Assets:                     |             |             |             |             |             |             |             |             |             |             |             |
| Reproducible Assets .....                            | 7.1         | 8.1         | 10.0        | 12.8        | 16.5        | 17.4        | 19.7        | 21.5        | 25.9        | 26.4        | 27.4        |
| Residential Structures .....                         | 2.7         | 3.2         | 3.8         | 4.9         | 6.6         | 6.8         | 7.7         | 8.7         | 10.7        | 11.0        | 11.6        |
| Nonresidential Plant and Equipment .....             | 2.9         | 3.2         | 4.1         | 5.4         | 6.8         | 7.5         | 8.3         | 9.0         | 10.9        | 11.1        | 11.4        |
| Inventories .....                                    | 0.6         | 0.7         | 0.8         | 1.1         | 1.3         | 1.3         | 1.3         | 1.4         | 1.5         | 1.5         | 1.4         |
| Consumer Durables .....                              | 0.9         | 1.0         | 1.3         | 1.5         | 1.7         | 1.9         | 2.3         | 2.4         | 2.8         | 2.8         | 3.0         |
| Land .....   | 2.1         | 2.5         | 2.8         | 3.7         | 5.6         | 6.4         | 6.6         | 5.1         | 7.6         | 8.0         | 8.9         |
| Subtotal .....                                       | 9.1         | 10.6        | 12.8        | 16.4        | 22.2        | 23.8        | 26.3        | 26.6        | 33.5        | 34.4        | 36.3        |
| Education Capital:                                   |             |             |             |             |             |             |             |             |             |             |             |
| Federally Financed .....                             | 0.1         | 0.1         | 0.2         | 0.3         | 0.5         | 0.6         | 0.8         | 0.9         | 1.1         | 1.2         | 1.2         |
| Financed from Other Sources .....                    | 6.2         | 7.9         | 10.7        | 13.2        | 17.2        | 20.6        | 26.6        | 29.6        | 37.9        | 38.9        | 40.4        |
| Subtotal .....                                       | 6.2         | 8.0         | 10.9        | 13.5        | 17.7        | 21.2        | 27.3        | 30.5        | 39.1        | 40.1        | 41.6        |
| Research and Development Capital:                    |             |             |             |             |             |             |             |             |             |             |             |
| Federally Financed R&D .....                         | 0.2         | 0.3         | 0.5         | 0.6         | 0.6         | 0.7         | 0.8         | 0.9         | 1.0         | 1.0         | 1.1         |
| R&D Financed from Other Sources .....                | 0.1         | 0.2         | 0.3         | 0.4         | 0.5         | 0.7         | 0.9         | 1.1         | 1.5         | 1.6         | 1.7         |
| Subtotal .....                                       | 0.3         | 0.5         | 0.8         | 0.9         | 1.1         | 1.3         | 1.7         | 2.0         | 2.5         | 2.6         | 2.7         |
| <b>Total Assets</b> .....                            | <b>18.4</b> | <b>22.1</b> | <b>28.0</b> | <b>35.2</b> | <b>45.9</b> | <b>51.7</b> | <b>60.7</b> | <b>64.6</b> | <b>81.6</b> | <b>83.8</b> | <b>87.4</b> |
| Net Claims of Foreigners on U.S. (+) .....           | -0.1        | -0.2        | -0.2        | -0.1        | -0.4        | 0.0         | 0.8         | 1.5         | 2.9         | 2.8         | 3.2         |
| <b>Net Wealth</b> .....                              | <b>18.5</b> | <b>22.3</b> | <b>28.1</b> | <b>35.3</b> | <b>46.3</b> | <b>51.7</b> | <b>59.9</b> | <b>63.1</b> | <b>78.7</b> | <b>81.0</b> | <b>84.2</b> |
| <b>ADDENDA:</b>                                      |             |             |             |             |             |             |             |             |             |             |             |
| Per Capita Wealth (thousands of 2002 \$) .....       | 102.8       | 115.0       | 137.5       | 163.7       | 202.9       | 216.4       | 239.2       | 236.7       | 278.6       | 284.0       | 292.5       |
| Ratio of Wealth to GDP (in percent) .....            | 703.3       | 715.3       | 695.0       | 695.6       | 678.8       | 673.6       | 662.6       | 682.8       | 689.1       | 711.2       | 713.9       |
| Total Federally Funded Capital (trils 2002 \$) ..... | 2.1         | 2.4         | 2.8         | 3.2         | 3.8         | 4.4         | 4.6         | 4.6         | 5.3         | 5.4         | 5.5         |
| Percent of National Wealth .....                     | 11.4        | 10.7        | 9.8         | 9.1         | 8.3         | 8.6         | 7.7         | 7.3         | 6.7         | 6.7         | 6.6         |

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, which is why they are referred to as education capital rather than human capital. They are that part of human capital that can be attributed to 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>2</sup> That stock is estimated to have been \$2.7 trillion in 2002. Although this represents a

<sup>2</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.

large amount of research, it is a relatively small portion of total national wealth. Of this stock, about 40 percent was funded by the federal government.

*Liabilities:* When considering how much the United States owes as a nation, the debts that Americans owe to one another cancel out. In most cases, the debts of one American are the assets of another American, so these debts are not included in Table 3-4, because they are not a net liability of Americans as a nation. Table 3-4 is intended to show national totals only, but that does not mean that the level of debt is unimportant. The amount of debt owed by Americans to other Americans can exert both positive and negative effects on the economy. Americans' willingness and ability to borrow safely helped fuel the expansion of the 1990s, and continue to support consumption in the current recovery. In contrast, bad debts, which are not collectible, can cause serious problems for the banking system.

The only debts that appear in Table 3-4 are the debts Americans owe to foreigners. America's foreign debt has been increasing rapidly in recent years, because of the rising deficit in the U.S. current account. Although the current account deficit has been at record levels recently, the size of this debt remains small com-

Table 3-5. ECONOMIC AND SOCIAL INDICATORS

| General categories  | Specific measures  | 1960       | 1965       | 1970       | 1975       | 1980       | 1985       | 1990       | 1995       | 1999       | 2000       | 2001       | 2002     |
|---------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|
| <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   | \$28,328   | \$31,741   | \$32,582   | \$32,354   | \$32,837 |
|                     | Average annual percent change (5-year trend)   | 0.7        | 3.5        | 2.3        | 1.6        | 2.6        | 2.2        | 2.3        | 1.1        | 2.6        | 2.8        | 2.2        | 1.9      |
|                     | Median Income (2000 dollars):  |            |            |            |            |            |            |            |            |            |            |            |          |
|                     | All Households   | N/A        | N/A        | \$34,481   | \$34,219   | \$36,035   | \$37,059   | \$39,324   | \$39,306   | \$43,355   | \$43,162   | \$42,228   | N/A      |
|                     | Married Couple Families  | \$29,746   | \$34,620   | \$41,516   | \$43,113   | \$47,086   | \$48,798   | \$52,394   | \$54,284   | \$60,202   | \$60,748   | \$60,335   | N/A      |
|                     | Female Householder, Husband Absent   | \$15,032   | \$16,831   | \$20,107   | \$19,847   | \$21,177   | \$21,434   | \$22,237   | \$22,713   | \$25,209   | \$26,434   | \$25,745   | 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       | 29.6       | 29.3       | N/A      |
|                     | Poverty Rate (%) <sup>1</sup>  | 22.2       | 17.3       | 12.6       | 12.3       | 13.0       | 14.0       | 13.5       | 13.8       | 11.8       | 11.3       | 11.7       | N/A      |
| Economic Security   | Civilian Unemployment (%)  | 5.5        | 4.5        | 4.9        | 8.5        | 7.1        | 7.2        | 5.5        | 5.6        | 4.2        | 4.0        | 4.8        | 5.8      |
|                     | CPI-U (% Change)   | 1.7        | 1.6        | 5.8        | 9.1        | 13.5       | 3.5        | 5.4        | 2.8        | 2.2        | 3.4        | 2.8        | 1.6      |
| Employment          | Increase in Total Payroll Employment Previous 12 Months                                | -0.5       | 2.9        | -0.5       | 0.4        | 0.2        | 2.5        | 0.3        | 2.2        | 3.1        | 1.9        | -1.4       | 0.2      |
|                     | Managerial or Professional Jobs (% of civilian employment)                             | N/A        | N/A        | N/A        | N/A        | N/A        | 24.1       | 25.8       | 28.3       | 30.3       | 30.2       | 31.0       | 31.3     |
| Wealth Creation     | Net National Saving Rate (% of GDP)  | 10.2       | 12.1       | 8.2        | 6.6        | 7.5        | 6.1        | 4.6        | 4.7        | 6.0        | 5.9        | 3.3        | 2.0      |
| Innovation          | Patents Issued to U.S. Residents (thousands)   | 42.3       | 54.1       | 50.6       | 51.5       | 41.7       | 45.1       | 56.1       | 68.2       | 99.5       | 103.6      | 105.5      | N/A      |
|                     | Multifactor Productivity (average annual percent change)                               | 0.9        | 2.9        | 0.8        | 1.1        | 0.8        | 0.5        | 0.5        | 0.6        | 0.9        | 1.2        | 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     | 24,170     | 25,051     | 25,439     | 24,899     | N/A        | N/A      |
|                     | Sulfur Dioxide Emissions (thousand short tons)   | 22,227     | 26,750     | 31,161     | 28,011     | 25,905     | 23,658     | 23,678     | 19,189     | 19,349     | 18,201     | N/A        | N/A      |
|                     | Lead Emissions (thousand short tons)   | N/A        | N/A        | 221        | 160        | 74         | 23         | 5          | 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        | 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       | 22.4       | 22.3       | 22.7       | N/A      |
| Safe Communities    | Violent Crime Rate (per 100,000 population) <sup>2</sup>                               | 160        | 199        | 364        | 482        | 597        | 557        | 732        | 685        | 523        | 507        | 504        | 491      |
|                     | Murder Rate (per 100,000 population) <sup>2</sup>                                      | 5          | 5          | 8          | 10         | 10         | 8          | 9          | 8          | 6          | 6          | 6          | 6        |
|                     | Murders (per 100,000 Persons Age 14 to 17)   | N/A        | N/A        | N/A        | 5          | 6          | 5          | 10         | 11         | 6          | 5          | N/A        | N/A      |
| Health              | Infant Mortality (per 1000 Live Births) <sup>3</sup>                                   | 26.0       | 24.7       | 20.0       | 16.1       | 12.6       | 10.6       | 9.2        | 7.6        | 7.1        | 6.7        | 6.9        | 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        | 7.7        | 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       | 76.9       | N/A        | N/A      |
| Learning            | Cigarette Smokers (% population 18 and older)  | N/A        | 41.9       | 39.2       | 36.3       | 33.0       | 29.9       | 25.3       | 24.6       | 23.3       | 23.3       | 22.8       | 21.5     |
|                     | High School Graduates (% of population 25 and older)                                   | 44.6       | 49.0       | 55.2       | 62.5       | 68.6       | 73.9       | 77.6       | 81.7       | 83.4       | 84.1       | N/A        | 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       | 25.2       | 25.6       | N/A        | N/A      |
| Participation       | National Assessment of Educational Progress (c)  |            |            |            |            |            |            |            |            |            |            |            |          |
|                     | Mathematics High School Seniors  | N/A        | N/A        | N/A        | 302        | 299        | 301        | 305        | 307        | 308        | N/A        | N/A        | N/A      |
|                     | Science High School Seniors  | N/A        | N/A        | 305        | 293        | 286        | 288        | 290        | 295        | 295        | N/A        | N/A        | N/A      |
|                     | Individual Charitable Giving per Capita (2000 dollars) (by presidential election year) | 235 (1960) | 282 (1964) | 338 (1968) | 359 (1972) | 391 (1976) | 402 (1980) | 446 (1984) | 423 (1988) | 561 (1992) | 563 (1996) | 573 (2000) | N/A      |
|                     | 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       | 51.2       | N/A      |

<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, 1999 data are preliminary.

<sup>3</sup> Some data from the national educational assessments have been interpolated.

pared with the total stock of U.S. assets. It amounted to 3.7 percent of total assets in 2002.

Federal debt does not appear explicitly in Table 3-4 because most of it consists of claims held by Americans; only that portion of the Federal debt which is held by foreigners is included along with the other debts to foreigners. Comparing the federal government's net liabilities with total national wealth does, however, provide another indication of the relative magnitude of the imbalance in the government's accounts. Currently, federal net liabilities, as reported in Table 3-1, amount to 4.4 percent of net U.S. wealth as shown in Table 3-4. However, prospective liabilities are much larger share of national wealth.

### Trends in National Wealth

The net stock of wealth in the United States at the end of FY 2002 was about \$84 trillion, eight times the level of GDP. Since 1981, it has increased in real terms at an average annual rate of 2.8 percent per year. The net stock of private nonresidential plant and

equipment grew 2.3 percent per year from 1981 to 2002. However, private nonresidential fixed capital has increased much more rapidly since 1995—4.8 percent per year—reflecting the investment boom in the latter half of the 1990s.

The accumulation of education capital, as measured here, grew at an average rate of 5.3 percent per year in the 1960s and 1970s, about 0.8 percentage point faster than the average rate of growth in private physical capital during the same period. Since 1981, 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 about 4.3 percent per year since 1981.

### Other Federal Influences on Economic Growth

Federal investment decisions, as reflected in Table 3-4, obviously are important, but the federal government also contributes to wealth in ways that cannot be easily captured in a formal presentation. The Fed-

eral Reserve's monetary policy affects the rate and direction of capital formation in the short run, and Federal regulatory and tax policies also affect how capital is invested, as do the federal government's policies on credit assistance and insurance.

### **Social Indicators**

There are certain broad responsibilities that are unique to the federal government. Especially important are fostering healthy economic conditions including sound economic growth, promoting health and social welfare, and protecting the environment. Table 3–5 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 trends in these indicators turned around. The improvement in economic conditions has been widely noted, and 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 a third. The turnaround has been especially dramatic in the murder rate, which was lower in 2000–2002 than at any time since the 1960s. The 2001 recession has had an effect on some of these indicators. Unemployment has risen and real GDP growth has declined. But as the economy recovers much of the improvement shown in Table 3–5 is likely to be preserved.

## **PART IV—AN INTERACTIVE ANALYTICAL FRAMEWORK**

No single framework can encompass all of the factors that affect the financial condition of the federal government. Nor can any framework serve as a substitute for actual analysis. Nevertheless, the framework presented here offers a useful way to examine the financial aspects of federal policies that goes beyond the standard measures of outlays, receipts and the surplus/deficit. It includes information that might appear on a federal balance sheet, but goes beyond that to include long-run projections of the budget that can be used to show where future fiscal strains are most likely to appear. It also includes measures that indicate some of what society has gained economically and socially from Federal programs funded through the budget.

### **Relationship with FASAB Objectives**

The framework presented here meets the stewardship objective<sup>3</sup> for Federal financial reporting recommended by the Federal Accounting Standards Advisory Board (FASAB) 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 is an experimental approach for meeting this objective at the government-wide level.

**Connecting the Dots:** The presentation above consists of a series of tables and charts. Taken together, they serve some of the same functions as a business balance sheet. The schematic diagram, Chart 3–8, shows how the different pieces 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.

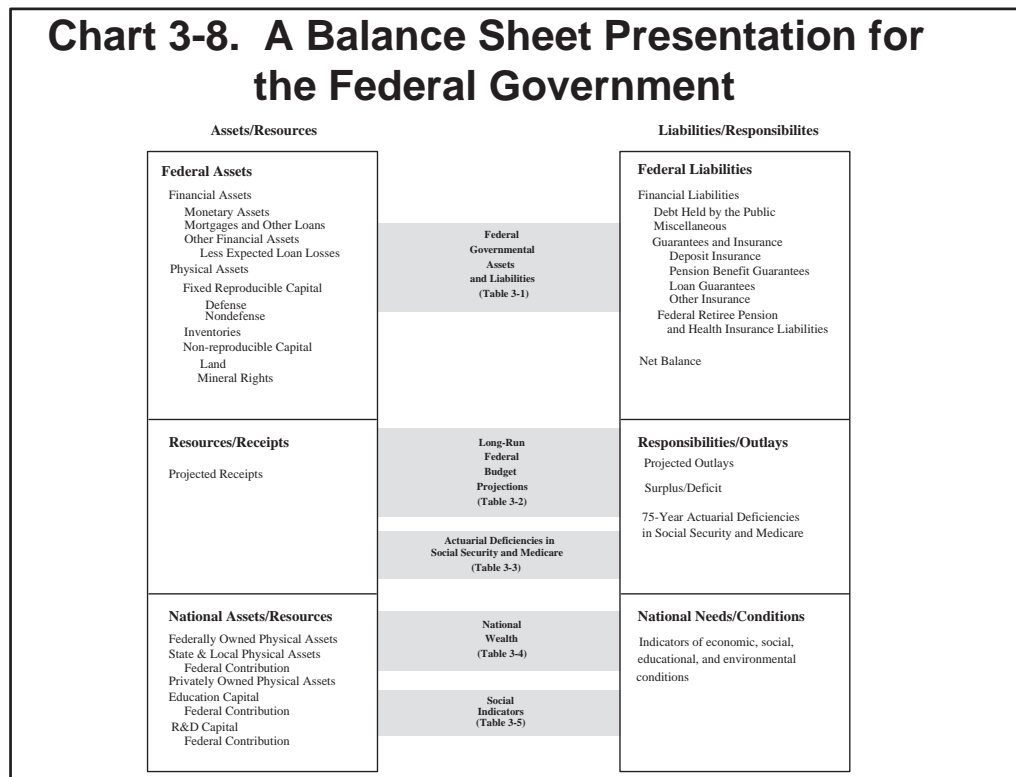
- Reading down the left-hand side of Chart 3–8 shows the range of federal resources, including assets the government owns, tax receipts it can expect to collect, and national wealth that provides the base for government revenues.

<sup>3</sup>Statement of Federal Financial Accounting Concepts, Number 1, *Objectives of Federal Financial Reporting*, September 2, 1993. Other objectives are budgetary integrity, operating performance, and systems and controls.



- 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 budg-

et outlays. This column ends with a set of indicators highlighting areas where government activity affects society or the economy.



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

### Long-Range Budget Projections

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

**Demographic and Economic Assumptions:** For the years 2003–2013, the assumptions are identical to those used in the budget. These budget assumptions reflect the President's policy proposals. The economic assumptions are extended beyond 2013 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 2002 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. Productivity growth is held constant at the av-

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

- CPI inflation holds stable at 2.3 percent per year; the unemployment rate is constant at 5.1 percent; and the yield on 10-year Treasury notes is steady at 5.6 percent, which are the final values at the end of the budget forecast for each of these variables.
- Real GDP per hour grows at the same constant rate as in the Administration's medium-term projections—2.2 percent per year—through 2080.
- U.S. population growth slows from around 1 percent per year to about half that rate by 2030, and even less after that point. Real GDP growth slows with the expected slowdown in population growth. These implications follow from the Trustees' intermediate demographic projections.

The economic and demographic 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.

**Budget Projections:** For the period through 2013, 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. Discretionary outlays grow at the rate of growth in nominal GDP. Social Security is projected by the Social Security actuaries using these long-range assumptions. Medicare benefits are projected based on the estimates in the 2002 Medicare trustees' report, adjusted for differences in the growth rate in GDP per capita. Federal pensions are derived from the most recent actuarial forecasts available at the time the budget is prepared, repriced using Administration inflation and wage 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.

### Federally Owned Assets and Liabilities

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

**Fixed Reproducible Capital:** Estimates were developed from the OMB historical data base for physical capital outlays and software purchases. The data base extends back to 1940 and was supplemented by data from other selected sources for 1915–1939. The source data are in current dollars. To estimate investment flows in constant dollars, it was necessary to deflate the nominal investment series. This was done using chain-weighted price indices for federal investment from the National Income and Product Accounts (see chapter 7).

**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.

**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 de-

posit insurance were also drawn from CBO's study, *The Economic Effects of the Savings and Loan Crisis*, issued January 1992.

**Pension Liabilities:** For 1979–2001, 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 2002 is a projection. The health insurance liability was estimated by the program actuaries for 1997–2001, and extrapolated back for earlier years.

### National Balance Sheet

**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 7. 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 2002.

**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 2002 using investment data from the National Income and Product Accounts.

**Education Capital:** The stock of education capital is computed by valuing the cost of replacing the total years of education embodied in the U.S. population 16 years of age and older at the current cost of providing schooling. The estimated cost includes both direct expenditures in the private and public sectors and an estimate of students' forgone earnings, i.e., it reflects the opportunity cost of education. Estimates of students' forgone earnings are based on the year-round, full-time earnings of 18–24 year olds with selected educational attainment levels. These year-round earnings are reduced by 25 percent because students are usually out of school three months of the year. For high school students, these adjusted earnings are further reduced by the unemployment rate for 16–17 year olds; for college students, by the unemployment rate for 20–24 year olds. Yearly earnings by age and educational attainment are from *Money Income in the United States*, series P60, published by the Bureau of the Census.

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

outlays for graduate and post-graduate education spending in HHS, Defense and Agriculture; and most outlays for vocational training.

Data on investment in education financed from other sources come from educational institution reports on the sources of their funds, published in U.S. Department of Education, *Digest of Education Statistics*. Nominal expenditures were deflated by the chain-weighted GDP price index 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 price index 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 depre-

ciate. Chapter 7 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.

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 3-4 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.

#### **Sources of Data and Assumptions for Estimating 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 agencies' web sites.



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**FEDERAL RECEIPTS AND COLLECTIONS**

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## 4. 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 2004 are estimated to be \$1922.0 billion, an increase of \$85.8 billion or 4.7 percent relative to 2003. Receipts are projected to grow at an average annual rate of 7.0 percent be-

tween 2004 and 2008, rising to \$2,520.9 billion. This growth in receipts is largely due to assumed increases in incomes resulting from both real economic growth and inflation. These estimates reflect an adjustment for revenue uncertainty of -\$25 billion in 2003 and -\$15 billion in 2004. As this description suggests, these latter amounts reflect an additional adjustment to receipts beyond what the economic and tax models forecast and have been made in the interest of cautious and prudent forecasting.

As a share of GDP, receipts are projected to decline from 17.9 percent in 2002 to 17.1 percent in 2003 and 17.0 percent in 2004. The receipts share of GDP is projected to increase annually thereafter, rising to 18.3 percent in 2008.

**Table 4-1. RECEIPTS BY SOURCE—SUMMARY**

(In billions of dollars)

| Source   | 2002 actual    | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Individual income taxes .....                  | 858.3          | 849.1          | 849.9          | 934.6          | 1,014.1        | 1,103.4        | 1,175.3        |
| Corporation income taxes .....                 | 148.0          | 143.2          | 169.1          | 229.3          | 233.8          | 237.8          | 243.7          |
| Social insurance and retirement receipts ..... | 700.8          | 726.6          | 764.5          | 810.9          | 845.8          | 883.6          | 922.2          |
| (On-budget) .....                              | (185.4)        | (195.0)        | (208.4)        | (221.4)        | (231.0)        | (239.1)        | (249.0)        |
| (Off-budget) .....                             | (515.3)        | (531.6)        | (556.2)        | (589.5)        | (614.8)        | (644.4)        | (673.2)        |
| Excise taxes .....                             | 67.0           | 68.4           | 70.9           | 73.3           | 75.6           | 77.8           | 80.0           |
| Estate and gift taxes .....                    | 26.5           | 20.2           | 23.4           | 21.1           | 23.2           | 20.8           | 21.2           |
| Customs duties .....                           | 18.6           | 19.1           | 20.7           | 21.2           | 23.9           | 26.0           | 27.6           |
| Miscellaneous receipts .....                   | 33.9           | 34.7           | 38.5           | 44.8           | 46.9           | 48.8           | 51.0           |
| Adjustment for revenue uncertainty .....       | .....          | -25.0          | -15.0          | .....          | .....          | .....          | .....          |
| <b>Total receipts</b> .....                    | <b>1,853.2</b> | <b>1,836.2</b> | <b>1,922.0</b> | <b>2,135.2</b> | <b>2,263.2</b> | <b>2,398.1</b> | <b>2,520.9</b> |
| (On-budget) .....                              | (1,337.9)      | (1,304.7)      | (1,365.9)      | (1,545.7)      | (1,648.4)      | (1,753.6)      | (1,847.7)      |
| (Off-budget) .....                             | (515.3)        | (531.6)        | (556.2)        | (589.5)        | (614.8)        | (644.4)        | (673.2)        |

**Table 4-2. EFFECT ON RECEIPTS OF CHANGES IN THE SOCIAL SECURITY TAXABLE EARNINGS BASE**

(In billions of dollars)

|   | Estimate |       |       |       |      |
|---|----------|-------|-------|-------|------|
|   | 2004     | 2005  | 2006  | 2007  | 2008 |
| <b>Social security (OASDI) taxable earnings base increases:</b> |          |       |       |       |      |
| \$87,000 to \$88,200 on Jan. 1, 2004 .....                      | 0.5      | 1.4   | 1.6   | 1.7   | 1.9  |
| \$88,200 to \$92,100 on Jan. 1, 2005 .....                      | .....    | 1.8   | 4.8   | 5.3   | 5.8  |
| \$92,100 to \$96,000 on Jan. 1, 2006 .....                      | .....    | ..... | 1.8   | 4.8   | 5.3  |
| \$96,000 to \$99,900 on Jan. 1, 2007 .....                      | .....    | ..... | ..... | 1.8   | 4.8  |
| \$99,900 to \$103,500 on Jan. 1, 2008 .....                     | .....    | ..... | ..... | ..... | 1.7  |

## ENACTED LEGISLATION

Several laws were enacted in 2002 that have an effect on governmental receipts. The major legislative changes affecting receipts are described below.

### JOB CREATION AND WORKER ASSISTANCE ACT OF 2002 (JCWAA)

In the fall of 2001, President Bush called on the Congress to enact an economic security bill designed to reinvigorate economic growth and assist workers affected by the economic downturn that followed the terrorist attacks of September 11, 2001. The Congress responded in early 2002 and on March 9 President Bush signed the Job Creation and Worker Assistance Act of 2002. In addition to providing increased spending for extended unemployment benefits and funding for the Temporary Assistance for Needy Families supplemental grant program, this Act provides tax incentives to encourage business investment, provides tax incentives to help an area of New York City referred to as the Liberty Zone recover from the September 11th terrorist attacks, and extends a number of tax incentives that had expired or were scheduled to expire. The major provisions of the Act that affect receipts are described below.

#### Business Tax Relief

**Provide a special depreciation allowance for certain property.**—Taxpayers are allowed to recover the cost of certain property used in a trade or business or for the production of income through annual depreciation deductions. The amount of the allowable depreciation deduction for a taxable year is generally determined under the modified accelerated cost recovery system, which assigns applicable recovery periods and depreciation methods to different types of property.

Effective for qualifying assets acquired after September 10, 2001 (a binding written contract for purchase must not have been in effect before September 11, 2001) and before September 11, 2004, this Act allows an additional first-year depreciation deduction equal to 30 percent of the adjusted basis of the property. The additional first-year depreciation deduction is allowed for both regular and alternative minimum tax purposes in the year the property is placed in service. The basis of the property and the depreciation deductions allowable in other years are adjusted to reflect the additional first-year depreciation deduction. Qualifying property includes tangible property with depreciation recovery periods of 20 years or less, certain software, water utility property, and qualified leasehold improvements. To qualify for the special depreciation allowance, the original use of the property must commence with the taxpayer after September 10, 2001 (except for certain sale-leaseback property) and the property must be placed in service before January 1, 2005 (January 1, 2006 for certain longer production period property). In addition, the limitation on first-year allow-

able depreciation for certain automobiles is increased by \$4,600.

**Allow five-year carryback of net operating losses.**—A net operating loss (NOL) generally is the amount by which a taxpayer's allowable deductions exceed the taxpayer's gross income. A carryback of an NOL generally results in a refund of Federal income taxes paid for the carryback year. A carryforward of an NOL generally reduces Federal income tax payments for the carryforward year. Under prior law, an NOL generally could be carried back two years and carried forward 20 years; however, NOL deductions could not reduce a taxpayer's alternative minimum taxable income (AMTI) by more than 90 percent.

For NOLs arising in taxable years ending in 2001 and 2002, this Act generally extends the carryback period to five years. In addition, this Act allows NOL deductions attributable to NOL carrybacks arising in taxable years ending in 2001 and 2002, as well as NOL carryforwards to these taxable years, to offset 100 percent of a taxpayer's AMTI.

#### Unemployment Assistance

**Allow special Reed Act transfers.**—The Federal Unemployment Tax (FUTA) paid by employers funds the administrative costs of the unemployment insurance system and related programs. State unemployment taxes are deposited into the Unemployment Trust Fund and used by States to pay unemployment benefits. Under current law, FUTA balances in excess of statutory ceilings are distributed to the States to pay unemployment benefits or the administrative costs of the system (these are known as Reed Act distributions). However, the Balanced Budget Act of 1997 limited Reed Act transfers to states to \$100 million after each of fiscal years 1999, 2000, and 2001, and limited the use of these \$100 million distributions to paying administrative expenses of unemployment compensation laws.

Under JCWAA the \$100 million limit on distributions from excess federal funds available at the end of fiscal year 2001, as well as the limitation on the use of the distributions, are repealed. This allows the Secretary of the Treasury to transfer excess FUTA balances as of the close of fiscal year 2001 into the account of each State in the Unemployment Trust Fund. Total transfers are capped at \$8 billion.

#### Tax Benefits for the New York Liberty Zone

**Expand eligibility for the work opportunity tax credit.**—This Act temporarily expands eligibility for the work opportunity tax credit to include: (1) employees who perform substantially all of their services in the New York Liberty Zone (a specified area of downtown Manhattan surrounding the site of the World Trade Center) for a business located in the New York Liberty Zone, and (2) employees who perform substantially all



their services in New York City for a business that relocated from the New York Liberty Zone to elsewhere in New York City as a result of the events of September 11, 2001. The credit is available for wages paid or incurred for work performed by eligible individuals after December 31, 2001 and before January 1, 2004, and applies to wages paid to both new hires and existing employees. In addition, the portion of each employer's work opportunity tax credit attributable to this new targeted group of employees is allowed against the alternative minimum tax (AMT).

***Provide a special depreciation allowance to certain property.***—Under this Act, certain qualifying assets used in the New York Liberty Zone are eligible for an additional first-year depreciation deduction equal to 30 percent of the adjusted basis of the property. The additional first-year depreciation deduction is allowed for both regular and alternative minimum tax purposes in the year the property is placed in service. The basis of the property and the depreciation deductions allowable in other years are adjusted to reflect the additional first-year depreciation deduction. Qualifying assets include tangible property with depreciation recovery periods of 20 years or less, certain software, water utility property, and certain real property. Nonresidential real property and residential rental property are eligible for the special depreciation deduction only to the extent such property rehabilitates real property damaged, or replaces real property destroyed or condemned, as a result of the terrorist attacks of September 11, 2001. Assets qualifying for the additional first-year depreciation allowance (described above under Business Tax Relief) and qualified New York Liberty Zone leasehold improvement property are not eligible for the New York Liberty Zone special depreciation allowance. To qualify for the special depreciation allowance, substantially all of the use of the property must be in the New York Liberty Zone, the original use of the property in the New York Liberty Zone must commence with the taxpayer after September 10, 2001 (except for certain sale-leaseback property), the taxpayer must acquire the property by purchase after September 10, 2001, a binding written contract for purchase of the property must not have been in effect before September 11, 2001, and the property must be placed in service on or before December 31, 2006 (December 31, 2009 for nonresidential real property and residential rental property).

***Authorize issuance of 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 this Act, an aggregate of \$8 billion of tax-exempt private activity bonds may be issued during calendar years 2002, 2003 and 2004 for the ac-

quisition, construction, reconstruction and renovation of nonresidential real property, residential rental property, and public utility property in the New York City Liberty Zone. Projects for which the bonds may be issued are limited to those approved by the Mayor of New York City or the Governor of New York State, each of whom may designate up to \$4 billion of the bonds. In addition, each of those officials may designate up to \$1 billion of the bonds to be used for the acquisition, construction, reconstruction and renovation of commercial real property located outside the Zone and within New York City, provided the property meets specified criteria. These bonds are not subject to the aggregate annual state private activity bond volume limit; several additional exceptions and modifications to the general rules applicable to the issuance of exempt-facility private activity bonds also apply.

***Allow one additional advance refunding for certain previously refunded bonds.***—Refunding bonds are used to redeem previously issued bonds. Different rules apply to “current” and “advance” refunding bonds. A current refunding occurs when the refunded debt is retired within 90 days of issuance of the refunding bonds. Tax-exempt bonds may be currently refunded an indefinite number of times. An advance refunding occurs when the refunded debt is not retired within 90 days after the refunding bonds are issued; instead, the proceeds of the refunding bonds are invested in an escrow account and held until a future date when the refunded debt may be retired. In general, governmental bonds and tax-exempt private activity bonds for charitable organizations (qualified 501 (c)(3) bonds) may be advance refunded one time.

This Act permits certain bonds for facilities located in New York City to be advance refunded one additional time. Eligible bonds include only those bonds for which all present-law advance refunding authority was exhausted before September 12, 2001, and with respect to which the advance refunding bonds authorized under present law were outstanding on September 11, 2001. In addition, at least 90 percent of the net proceeds of the refunded bonds must have been used to finance facilities located in New York City and the bonds must be: (1) governmental general obligation bonds of New York City; (2) governmental bonds issued by the Metropolitan Transportation Authority of the State of New York; (3) governmental bonds issued by the New York City Municipal Water Finance Authority; or (4) qualified 501 (c)(3) bonds issued by or on behalf of New York State or New York City to finance hospital facilities. The maximum aggregate amount of advance refunding bonds that may be issued in calendar years 2002, 2003, and 2004 is \$9 billion. Eligible advance refunding bonds must be designated by the Mayor of New York City or the Governor of New York State, each of whom may designate up to \$4.5 billion of the bonds.

***Increase expensing for certain business property.***—In lieu of depreciation, taxpayers with a suffi-

ciently small amount of annual investment (those that annually invest less than \$200,000) generally may elect to deduct up to \$24,000 (\$25,000 for taxable years beginning after 2002) of the cost of qualifying property placed in service during the taxable year. Effective for certain qualifying capital assets acquired and placed in service after September 10, 2001 and before January 1, 2007, this Act increases the amount that may be deducted by such businesses to the lesser of \$35,000 or the cost of the qualifying property. For property to qualify for the increased expensing: (1) substantially all of the use of the property must be in the New York Liberty Zone in the active conduct of a trade or business located in the Liberty Zone, and (2) the original use of the property in the Liberty Zone must commence with the taxpayer after September 10, 2001.

**Extend replacement period for certain involuntarily converted property.**—A taxpayer generally may elect not to recognize gain on property that is involuntarily converted if property similar or related in service or use is acquired within a designated replacement period. In general, the replacement period begins with the date of the disposition of the converted property and ends two years after the close of the first taxable year in which any part of the gain upon conversion is realized. The replacement period is extended to three years if the converted property is real property held for productive use in a trade or business, or for investment. This Act extends the replacement period to five years for property involuntarily converted within the New York Liberty Zone as a result of the terrorist attacks of September 11, 2001, if substantially all of the use of the replacement property is in New York City.

**Modify treatment of qualified leasehold improvement property.**—The depreciation deduction allowed for improvements made on leased property is determined under the modified accelerated cost recovery system, even if the recovery period assigned to the property is longer than the term of the lease. Leasehold improvements are depreciated using the straight-line method and a recovery period that corresponds to the type of real property being improved (39 years in the case of nonresidential real property). Under this Act, qualified leasehold improvement property placed in service in the New York Liberty Zone after September 10, 2001 and before January 1, 2007, and which is not subject to a written binding contract in effect before September 11, 2001, is to be depreciated over five years using the straight-line method. The alternative depreciation system recovery period for such property is nine years under this Act. Qualified New York City Liberty Zone leasehold improvement property is not eligible for the special depreciation allowance available to qualified New York Liberty Zone property or the special first-year depreciation allowance created by this Act and described above under Business Tax Relief.

## Miscellaneous and Technical Provisions

**Modify interest rate used in determining additional required contributions to defined benefit plans and Pension Benefit Guaranty Corporation (PBGC) variable rate premiums.**—Minimum and maximum funding requirements are imposed on defined benefit pension plans under current law. Minimum funding requirements generally are the amount needed to fund benefits earned during the year, plus the year's portion of the amortized cost of other liabilities. If a defined benefit plan is underfunded under a statutorily specified calculation, additional contributions are required. The PBGC also insures the benefits owed under defined benefit pension plans, requiring that employers pay premiums to the PBGC for this insurance coverage. If a plan is underfunded, additional premiums (referred to as variable rate premiums), based on the amount of unfunded vested benefits, are required. This Act expands the permissible range of the statutory interest rate used in calculating whether a defined benefit pension plan is underfunded, thereby affecting both the need for an employer to make additional contributions to a plan and the amount of those additional contributions. This Act also increases the interest rate used to determine the amount of unfunded vested benefits, thereby affecting the amount of variable rate premiums imposed. These interest rate changes are effective for plan years beginning after December 31, 2001 and before January 1, 2004.

**Allow teachers to deduct out-of-pocket classroom expenses.**—Under a permanent provision employees who incur unreimbursed, job-related expenses are allowed to deduct those expenses to the extent that when combined with other miscellaneous itemized deductions they exceeded 2 percent of adjusted gross income (AGI), but only if the taxpayer itemizes deductions (i.e., does not use the standard deduction). Effective for expenses incurred in taxable years beginning after December 31, 2001 and before January 1, 2004, this Act allows certain teachers and other elementary and secondary school professionals to treat up to \$250 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 qualify for the deduction.

**Modify other tax provisions.**—This Act also makes technical corrections to previously enacted legislation, removes the statutory impediment to providing copies of specified information returns to taxpayers electronically, expands the exclusion from income for qualified foster care payments, limits the use of the non-accrual experience method of accounting to the amount to be received for the performance of qualified professional services, and prohibits shareholders from increasing the basis of their stock in an S corporation by their pro rata share of income from the discharge of indebtedness

of the S corporation that is excluded from the S corporation's income.

### Expired or Expiring Provisions

**Extend alternative minimum tax relief for individuals.**—A temporary provision of prior law, which had permitted nonrefundable personal tax credits to offset both the regular tax and the alternative minimum tax (AMT), had expired for taxable years beginning after December 31, 2001. This Act extends minimum tax relief for nonrefundable personal tax credits two years, to apply to taxable years 2002 and 2003. The extension does not apply to the child credit, the earned income tax credit or the adoption credit, which were provided AMT relief through December 31, 2010 under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The refundable portion of the child credit and the earned income tax credit are also allowed against the AMT through December 31, 2010.

**Extend the work opportunity tax credit.**—The work opportunity tax credit provides an incentive for employers to hire individuals from certain targeted groups. The credit 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. This Act extends the credit, which had expired with respect to workers hired after December 31, 2001, making it available for workers hired before January 1, 2004.

**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. This Act extends the credit, which had expired with respect to individuals who began work after December 31, 2001, to apply to individuals who begin work before January 1, 2004.

**Extend Archer Medical Savings Accounts (MSAs)**—Self-employed individuals and employees of small firms are allowed to establish Archer MSAs; the number of accounts is capped at 750,000. In addition to other requirements, (1) individuals who establish Archer MSAs must be covered by a high-deductible health plan (and no other plan) with a deductible of at least \$1,700 but not greater than \$2,500 for policies covering

a single person and a deductible of at least \$3,350 but not greater than \$5,050 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 Archer MSA for a particular year. This Act extends the Archer MSA program, which was scheduled to expire on December 31, 2002, through December 31, 2003.

**Extend tax on failure to comply with mental health parity requirements applicable to group health plans.**—Under prior law, group health plans that provided both medical and surgical benefits and mental health benefits, could not impose aggregate lifetime or annual dollar limits on mental health benefits that were not imposed on substantially all medical and surgical benefits. An excise tax of \$100 per day (during the period of noncompliance) was imposed on an employer sponsoring a group plan that failed to meet these requirements. For a given taxable year, the tax was limited to the lesser of 10 percent of the employer's group health insurance expenses for the prior taxable year or \$500,000. The excise tax was applicable to plan years beginning on or after January 1, 1998 and expired with respect to benefits for services provided on or after December 31, 2002. This Act extends the excise tax to apply to benefits for services provided before January 1, 2004.

**Extend tax credit for purchase of electric vehicles.**—Under prior law, a 10-percent tax credit up to a maximum of \$4,000 was provided for the cost of a qualified electric vehicle. The full amount of the credit was available for purchases prior to January 1, 2002. The credit began to phase down in 2002 and was not available for purchases after 2004. This Act defers the phasedown of the credit for two years. The full amount of the credit is available for purchases in 2002 and 2003, but begins to phase down in 2004; the credit is not available for purchases after December 31, 2006.

**Extend deduction for qualified clean-fuel vehicles and qualified clean-fuel vehicle refueling property.**—Under prior law, certain costs of acquiring clean-fuel vehicles (vehicles that use certain clean-burning fuels) and property used to store or dispense clean-burning fuel, could be expensed and deducted when the property was placed in service. For qualified clean-fuel vehicles, the maximum allowable deduction was \$50,000 for a truck or van with a gross vehicle weight over 26,000 pounds, or a bus with seating capacity of at least 20 adults; \$5,000 for a truck or van with a gross vehicle weight between 10,000 and 26,000 pounds; and \$2,000 in the case of any other motor vehicle. The full amount of the deduction could be claimed for vehicles placed in service before January 1, 2002, but began to phase down for vehicles placed in service after December 31, 2001, and was not available after December 31, 2004. For qualified property used to store or dis-

pense clean-burning fuel, or used to recharge electric vehicles, the owner was allowed to deduct up to \$100,000 of the cost of the property at each location, provided the property was placed in service before January 1, 2005. This Act defers the phasedown of the deduction for clean-fuel vehicles by two years. The full amount of the deduction is available for vehicles placed in service in 2002 and 2003, begins to phase down in 2004, and is unavailable after December 31, 2006. The provision extends the placed-in-service date for clean-fuel vehicle refueling property by two years, making the deduction available for property placed in service prior to January 1, 2007.

***Extend tax credit for producing electricity from certain sources.***—Under prior law, taxpayers were 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 had to be sold to an unrelated third party and had to be produced during the first 10 years of production at a facility placed in service before January 1, 2002. This Act extends the credit to apply to electricity produced at a facility placed in service before January 1, 2004.

***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. Under prior law, for taxable years beginning after December 31, 1997 and before January 1, 2002, domestic oil and gas production from “marginal” properties was exempt from the 100-percent of net income limitation. This Act extends the exemption to apply to taxable years beginning after December 31, 2001 and before January 1, 2004.

***Repeal requirement that registered motor fuels terminals offer dyed fuel as a condition of registration.***—With limited exceptions, excise taxes are imposed on all highway motor fuels when they are removed from a registered terminal facility, unless the fuel is indelibly dyed and is destined for a nontaxable use. Terminal facilities are not permitted to receive and store non-tax-paid motor fuels unless they are registered with the Internal Revenue Service (IRS). Effective January 1, 2002, in order to be registered under prior law, a terminal had to offer for sale both dyed and undyed fuel (the “dyed-fuel mandate”). This Act repeals the dyed-fuel mandate effective January 1, 2002.

***Extend authority to issue Qualified Zone Academy Bonds.***—Prior law allowed state and local govern-

ments to issue “qualified zone academy bonds,” the interest on which was effectively paid by the Federal government in the form of an annual income tax credit. The proceeds of the bonds had to be used for teacher training, purchases of equipment, curriculum development, or rehabilitation and repairs at certain public school facilities. A nationwide total of \$400 million of qualified zone academy bonds were authorized to be issued in each of calendar years 1998 through 2001. In addition, unused authority arising in 1998 and 1999 could be carried forward for up to three years and unused authority arising in 2000 and 2001 could be carried forward for up to two years. This Act authorizes the issuance of an additional \$400 million of qualified zone academy bonds in each of calendar years 2002 and 2003.

***Extend tax incentives for employment and investment on Indian reservations.***—This Act extends for one year, through December 31, 2004, the employment tax credit for qualified workers employed on an Indian reservation and the accelerated depreciation rules for qualified property used in the active conduct of a trade or business within an Indian reservation.

For a given taxable year, the employment tax credit is equal to 20 percent of the amount by which qualified wages and health insurance costs paid by an employer exceed the amount paid by the employer in 1993. The amount of qualified wages and health insurance costs taken into account with respect to any employee for any taxable year may not exceed \$20,000. A qualified employee is an individual who is an enrolled member of an Indian tribe (or is the spouse of an enrolled member), lives on or near the reservation where he or she works, performs services that are all or substantially all within the Indian reservation, and receives wages from the employer that are less than or equal to \$30,000 (adjusted annually for inflation after 1994) when determined at an annual rate. The employment tax credit is not available for employees involved in certain gaming activities or who work in a building that houses certain gaming activities.

The accelerated depreciation recovery periods for qualified Indian reservation property are: 2 years for 3-year property, 3 years for 5-year property, 4 years for 7-year property, 6 years for 10-year property, 9 years for 15-year property, 12 years for 20-year property, and 22 years for nonresidential real property. Qualifying property must be used predominantly in the active conduct of a trade or business within an Indian reservation, cannot be used outside the reservation on a regular basis (except for qualified infrastructure property if the purpose of such property is to connect with qualified infrastructure property located within the reservation), and cannot be acquired from a related person. Property used to conduct or house certain gaming activities is not eligible for the accelerated depreciation recovery periods.

***Extend exceptions provided under subpart F for certain active financing income.***—Under the Sub-

part 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 includes 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. Under prior law, for taxable years beginning before 2002, certain income derived in the active conduct of a banking, financing, insurance, or similar business was excepted from Subpart F. This Act extends the exception for five years, to apply to taxable years beginning before January 1, 2007.

***Suspend temporarily the provision that disallows certain deductions of mutual life insurance companies.***—Life insurance companies may generally deduct policyholder dividends, while dividends to stockholders are not deductible. Section 809 of the Internal Revenue Code attempts to identify amounts returned by mutual life insurance companies to holders of participating policies in their role as owners of the company, and generally disallows a deduction for mutual company policyholder dividends (or otherwise increases taxable income by reducing the amount of end-of-year reserves) in an amount equal to the amount identified by section 809. The section 809 imputed amount is termed the company’s differential earnings amount, and equals the product of the individual company’s average equity base and an industry-wide computed differential earnings rate. The differential earnings rate is initially computed using the average mutual earnings rate for the second year preceding the current taxable year, but is later recomputed using the current year’s average mutual earnings rate. Any difference between the differential earnings amount and the recomputed differential earnings amount is taken into account in computing taxable income for the following taxable year. Effective for taxable years beginning in 2001, 2002, and 2003, this Act provides a zero differential earnings rate for purposes of computing the differential earnings amount and the recomputed differential earnings amount, thereby temporarily suspending the income imputation for mutual life insurance companies provided under section 809.

#### TRADE ACT OF 2002

This Act authorizes the President to enter into trade agreements with foreign countries regarding tariff and

non-tariff barriers whenever he determines that these barriers unduly burden or restrict U.S. foreign trade or adversely affect the U.S. economy. Expedited procedures for Congressional consideration of the legislation to implement these trade agreements, without amendment, are also authorized. Other provisions of the Act reauthorize the Customs Service, reauthorize and expand certain benefits under the Trade Adjustment Assistance program, extend and expand trade benefits to Andean countries, reauthorize duty-free treatment under the Generalized System of Preferences program for developing countries, and make other trade-related changes. The major provisions of the Act that affect receipts are described below.

***Provide refundable tax credit for the purchase of qualified health insurance by certain individuals.***—A refundable tax credit is provided to eligible individuals for the cost of qualified health insurance for the individual and qualifying family members. The credit is equal to 65 percent of the amount paid by certain individuals certified as eligible for Trade Adjustment Assistance or alternative Trade Adjustment Assistance, and certain retired workers whose pensions are paid by the Pension Benefit Guaranty Corporation and who are not eligible for Medicare. Payment of the credit is available on an advance basis (i.e. prior to the filing of the taxpayer’s return) pursuant to a program to be established by the Secretary of the Treasury no later than August 1, 2003. The credit first became available for months beginning December 2002.

***Extend and expand Andean trade preferences.***—This Act extends and enhances the Andean Trade Preference Act (ATPA), which expired on December 4, 2001, through December 31, 2006. The ATPA, which was enacted in 1991, was designed to provide economic alternatives for Bolivia, Columbia, Ecuador, and Peru in their fight against narcotics production and trafficking.

***Extend Generalized System of Preferences (GSP).***—Under GSP, duty-free access is provided to over 4,000 items from eligible developing countries that meet certain worker rights, intellectual property protection, and other criteria. This Act extends this program, which had expired after September 30, 2001, through December 31, 2006.

***Modify miscellaneous trade provisions.***—Other trade-related changes made by this Act include: (1) modification of benefits provided under the Caribbean Basin Trade Partnership Act and the Africa Growth and Opportunity Act, (2) an increase in the aggregate value of goods that U.S. residents traveling abroad may bring into the United States duty free, and (3) the provision of duty-free treatment to certain steam or vapor generating boilers used in nuclear facilities.

## ADMINISTRATION PROPOSALS

The President's plan provides tax incentives for charitable giving, strengthening education, investing in health care, and protecting the environment. It also provides tax incentives designed to increase energy production and promote energy conservation, temporarily extends provisions that are scheduled to expire, permanently extends the research and experimentation (R&E) tax credit, and permanently extends the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) that sunset on December 31, 2010. In addition, the President intends to work with the Congress to enact an economic growth package that will increase the momentum of the economic recovery and enhance long-term growth.

Last year's Budget announced the Administration's tax simplification project, which is focusing on immediately achievable reforms of the current tax system. Several proposals in this year's Budget result from this project. They include the proposals relating to: creating a uniform definition of a qualifying child, eliminating the phaseout of adoption tax benefits, repealing the restrictions on the use of qualified 501(c)(3) bonds in refinancing taxable debt and working capital debt and in providing residential rental housing, simplifying use of the orphan drug tax credit for pre-designation costs, excluding from income the value of employer-provided computers, consolidating IRAs into Lifetime Savings Accounts and Retirement Savings Accounts (LSAs/RSAs), consolidating defined contribution retirement plans into Employer Retirement Savings Accounts (ERSAs), allowing section 179 expensing elections to be made or revoked on amended returns, and conforming and simplifying the work opportunity tax credit and the welfare to work tax credit. Additional tax simplification proposals are under development and review and will be released during the coming year.

### ECONOMIC GROWTH PACKAGE

The President believes that it is crucial for the Congress to pass an economic growth package quickly that will reinvigorate the economic recovery and provide new jobs, reduce tax burdens, and strengthen investor confidence. The provisions of the Administration's proposal that affect receipts are described below.

**Accelerate 10-percent individual income tax rate bracket expansion.**—Under EGTRRA, effective for taxable years beginning before January 1, 2011, the 15-percent individual income tax rate bracket of prior law is split into two tax rate brackets of 10 and 15 percent. The 10-percent tax rate bracket applies to the first \$6,000 of taxable income for single taxpayers and married taxpayers filing separate returns (increasing to \$7,000 for taxable years beginning after December 31, 2007), the first \$10,000 of taxable income for heads of household, and the first \$12,000 of taxable income for married taxpayers filing joint returns (increasing to \$14,000 of taxable income for taxable years begin-

ning after December 31, 2007). Taxable income above these thresholds that was taxed at the 15-percent rate under prior law continues to be taxed at that rate. The income thresholds for the new tax rate brackets are adjusted annually for inflation, effective for taxable years beginning after December 31, 2008 and before January 1, 2011.

To spur consumer confidence and economic growth, the Administration proposes to accelerate the expansion of the 10-percent bracket scheduled for 2008 to 2003. Effective for taxable years beginning after December 31, 2002, the 10-percent tax rate bracket would apply to the first \$7,000 of taxable income for single taxpayers and married taxpayers filing separate returns, the first \$10,000 of taxable income for heads of household, and the first \$14,000 of taxable income for married taxpayers filing joint returns. The income thresholds for the 10-percent tax rate brackets would be adjusted annually for inflation, effective for taxable years beginning after December 31, 2003. As a result of the Administration's proposal to extend the EGTRRA provisions permanently, the expanded 10-percent individual income tax rate bracket would also apply to taxable years beginning after December 31, 2010.

**Accelerate reduction in individual income tax rates.**—In addition to splitting the 15-percent tax rate bracket of prior law into two tax rate brackets (see preceding discussion), EGTRRA replaces the four remaining statutory individual income tax rate brackets of prior law (28, 31, 36, and 39.6 percent) with a rate structure of 25, 28, 33, and 35 percent. The reduced tax rate structure is phased in over a period of six years, effective for taxable years beginning after December 31, 2000, as follows: the 28-percent rate is reduced to 27.5 percent for 2001, 27 percent for 2002 and 2003, 26 percent for 2004 and 2005, and 25 percent for 2006 through 2010; the 31 percent rate is reduced to 30.5 percent for 2001, 30 percent for 2002 and 2003, 29 percent for 2004 and 2005, and 28 percent for 2006 through 2010; the 36 percent rate is reduced to 35.5 percent for 2001, 35 percent for 2002 and 2003, 34 percent for 2004 and 2005, and 33 percent for 2006 through 2010; and the 39.6 percent rate is reduced to 39.1 percent for 2001, 38.6 percent for 2002 and 2003, 37.6 percent for 2004 and 2005, and 35 percent for 2006 through 2010. The income thresholds for these tax rate brackets are adjusted annually for inflation.

To improve the incentives to work, save and invest, the Administration proposes to accelerate the reductions in income tax rates scheduled for 2004 and 2006 to 2003. Effective for taxable years beginning after December 31, 2002, the 27-percent rate would be reduced to 25 percent, the 30-percent rate would be reduced to 28 percent, the 35-percent rate would be reduced to 33 percent, and the 38.6-percent rate would be reduced to 35 percent. These rates would remain in effect for taxable years beginning after December 31, 2010

as a result of the Administration's proposal to extend the EGTRRA provisions permanently.

**Accelerate 15-percent individual income tax rate bracket expansion for married taxpayers filing joint returns.**—The maximum taxable income in the 15-percent tax rate bracket for a married couple filing a joint return is 167 percent of the corresponding amount for an unmarried individual filing a single return. Therefore, a two-earner couple may have a greater individual income tax liability if they file a joint return than what it would be if they were not married and each filed a separate return. Under EGTRRA, the size of the 15-percent tax rate bracket for married taxpayers filing joint returns is increased over a four-year period, beginning after December 31, 2004. The increase is as follows: the maximum taxable income in the 15-percent tax rate bracket for married taxpayers filing joint returns increases to 180 percent of the corresponding amount for single taxpayers in taxable year 2005, 187 percent in taxable year 2006, 193 percent in taxable year 2007, and 200 percent in taxable years 2008, 2009, and 2010.

The Administration proposes to reduce the marriage penalty by increasing the maximum taxable amount in the 15-percent tax rate bracket for married taxpayers filing joint returns to 200 percent of the corresponding amount for single taxpayers, effective for taxable years beginning after December 31, 2002. As a result of the Administration's proposal to extend EGTRRA permanently, the expanded 15-percent tax rate bracket for married taxpayers would also apply to taxable years beginning after December 31, 2010.

**Accelerate increase in standard deduction for married taxpayers filing joint returns.**—The basic standard deduction amount for a married couple filing a joint return is 167 percent of the basic standard deduction for an unmarried individual filing a single return. Therefore, two single taxpayers have a combined standard deduction that exceeds the standard deduction of a married couple filing a joint return. Under EGTRRA, the standard deduction for married couples filing joint returns is increased to double the standard deduction for single taxpayers over a five-year period, beginning after December 31, 2004. The standard deduction for married taxpayers filing joint returns increases to 174 percent of the standard deduction for single taxpayers in taxable year 2005, 184 percent in taxable year 2006, 187 percent in taxable year 2007, 190 percent in taxable year 2008, and 200 percent in taxable years 2009 and 2010.

The Administration proposes to reduce the marriage penalty by increasing the standard deduction for married taxpayers filing joint returns to 200 percent of the standard deduction for single taxpayers, effective for taxable years beginning after December 31, 2002. As a result of the Administration's proposal to extend EGTRRA permanently, the increase in the standard

deduction for married taxpayers would also apply to taxable years beginning after December 31, 2010.

**Accelerate increase in child tax credit.**—Current law provides taxpayers a tax credit of up to \$600 for each qualifying child under the age of 17. The credit increases to \$700 for taxable years 2005 through 2008, \$800 for taxable year 2009, and \$1,000 for taxable year 2010. The credit declines to \$500 in taxable year 2011. The credit is reduced by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income 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. For taxable years before January 1, 2011, the credit offsets both the regular and the alternative minimum tax.

The child tax credit is refundable to the extent of 10 percent of the taxpayer's earned income in excess of \$10,500. The percentage increases to 15 percent for taxable years 2005 through 2010. The \$10,500 earned income threshold is indexed annually for inflation. Families with three or more children are allowed a refundable credit for the amount by which their social security payroll taxes exceed the refundable portion of their earned income tax credit, if that amount is greater than the refundable credit based on their earned income in excess of \$10,500. For taxable years beginning after December 31, 2010, the credit is nonrefundable unless the taxpayer has three or more children and social security taxes in excess of the refundable portion of the earned income tax credit.

To assist families with the costs of raising children, the Administration proposes to increase the amount of the child tax credit by \$400 to \$1,000 per child. The proposal would be effective for taxable years beginning after December 31, 2002. For 2003, the increased amount of the child tax credit would be paid in advance beginning in July on the basis of information on the taxpayer's 2002 tax return filed in 2003. Advance payments would be made in a manner similar to the distribution of advance payment checks in 2001. The Administration is also proposing to extend the EGTRRA provisions permanently. Thus, in taxable years beginning after December 31, 2010, the credit would be \$1,000, would offset the alternative minimum tax, and would be partially refundable for families with one or two children.

**Eliminate the double taxation of corporate earnings.**—For corporate stock held in taxable accounts, corporate profits may be taxed twice, once at the shareholder level and once at the corporate level. If the distribution is made through multiple corporations, profits may be taxed more than twice. In contrast, most other forms of capital income (i.e., interest payments, partnership income, and sole-proprietorship income) are taxed only once. The double taxation of corporate earnings contributes to a number of economic distortions. These include a tax bias that (a) discourages investing



in corporations in favor of investing in unincorporated forms of business and in consumer durables, (b) discourages financing corporate investment with equity in favor of financing with debt, and (c) discourages distributing earnings as dividends in favor of distributing earnings via share repurchases or retaining and reinvesting them. By reducing or eliminating these tax biases, the Administration's proposal allows markets, rather than taxes, to determine business investment and financing decisions. The Administration's proposal, which would be effective for taxable years beginning in 2003, would relieve the double tax on corporate profits by granting tax relief to shareholders. Shareholders would exclude from taxable income dividends that have been taxed at the corporate level. Excludable dividends would come from an excludable dividend account (EDA), which would reflect income on which the corporation had paid tax at the highest corporate tax rate. Relief from double taxation also would be extended to retained earnings through a shareholder basis adjustment. Shareholders would receive an increase in basis for amounts of taxed corporate earnings that are not paid out as a dividend. This would relieve the capital gains tax on the retained corporate earnings. The basis adjustment would treat the shareholder as if he or she had received a dividend and reinvested it in the corporation.

***Increase expensing for small business.***—In lieu of depreciation, a taxpayer with less than \$200,000 in annual investment may elect to deduct up to \$25,000 (\$24,000 in 2001 and 2002) of the cost of qualifying property placed in service during the taxable year. The amount that a small business may expense is reduced by the amount by which the cost of qualifying property exceeds \$200,000. An election for the increased deduction must generally be made on the taxpayer's initial tax return to which the election applies and the election can only be revoked with the consent of the Commissioner. The Administration proposes to increase the deduction to \$75,000 for taxpayers with less than \$325,000 in annual investment (with both limits indexed annually for inflation) and include off-the-shelf computer software as qualifying property. Additionally, the Administration proposes to allow expensing elections to be made or revoked on amended returns. The proposal would be effective for taxable years beginning on or after January 1, 2003.

***Provide minimum tax relief to individuals.***—To ensure that the benefits from the acceleration of the individual income tax reductions are not reduced by the AMT, the Administration proposes to increase the AMT exemption amount in 2003 and 2004 by \$8,000 for married taxpayers and by \$4,000 for single taxpayers, and maintain those exemption levels through 2005.

## TAX INCENTIVES

### Provide Incentives for Charitable Giving

***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 of cash in addition to claiming the standard deduction, effective for taxable years beginning after December 31, 2002. Nonitemizers would be allowed to deduct cash contributions that exceed \$250 (\$500 for married taxpayers filing jointly), up to a maximum deduction of \$250 (\$500 for married taxpayers filing jointly). The deduction floor and limits would be indexed for inflation after 2003. Deductible contributions would be subject to existing rules governing itemized charitable contributions, such as the substantiation requirements.

***Permit tax-free withdrawals from IRAs for charitable contributions.***—Under current law, eligible individuals may make deductible or non-deductible contributions to a traditional IRA. Pre-tax contributions and earnings in a traditional IRA are included in income when withdrawn. Effective for distributions after December 31, 2002, the Administration proposes to allow individuals who have attained age 65 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.

***Expand and increase the enhanced charitable deduction for contributions of food inventory.***—A taxpayer's deduction for charitable contributions of inventory generally is limited to the taxpayer's basis (typically cost) in the inventory. However, for certain contributions of inventory, C corporations may claim an enhanced deduction equal to the lesser of: (1) basis plus one half of the fair market value in excess of basis, or (2) two times basis. To be eligible for the enhanced deduction, the contributed property generally must be inventory of the taxpayer contributed to a charitable organization and the donee must (1) use the property consistent with the donee's exempt purpose solely for the care of the ill, the needy, or infants, (2) not transfer the property in exchange for money, other property, or services, and (3) provide the taxpayer a written statement that the donee's use of the property will be consistent with such requirements. To use the enhanced deduction, the taxpayer must establish that the fair market value of the donated item exceeds basis.



Under the Administration's proposal, which is designed to encourage contributions of food inventory to charitable organizations, any taxpayer engaged in a trade or business would be eligible to claim an enhanced deduction for donations of food inventory. The enhanced deduction for donations of food inventory would be increased to the lesser of: (1) fair market value, or (2) two times basis. However, to ensure consistent treatment of all businesses claiming an enhanced deduction for donations of food inventory, the enhanced deduction for qualified food donations by S corporations and non-corporate taxpayers would be limited to 10 percent of net income from the trade or business. A special provision would allow taxpayers with a zero or low basis in the qualified food donation (e.g., taxpayers that use the cash method of accounting for purchases and sales, and taxpayers that are not required to capitalize indirect costs) to assume a basis equal to 25 percent of fair market value. The enhanced deduction would be available only for donations of "apparently wholesome food" (food intended for human consumption that meets all quality and labeling standards imposed by Federal, state, and local laws and regulations, even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions). The fair market value of "apparently wholesome food" that cannot or will not be sold solely due to internal standards of the taxpayer or lack of market, would be determined by taking into account the price at which the same or substantially the same food items are sold by the taxpayer at the time of the contribution or, if not sold at such time, in the recent past. These proposed changes in the enhanced deduction for donations of food inventory would be effective for taxable years beginning after December 31, 2002.

**Reform excise tax based on investment income of private foundations.**—Under current law, private foundations that are exempt from Federal income tax are subject to a two-percent excise tax on their net investment income (one-percent if certain requirements are met). The excise tax on private foundations that are not exempt from Federal income tax, such as certain charitable trusts, is equal to the excess of the sum of the excise tax that would have been imposed if the foundation were tax exempt and the amount of the unrelated business income tax that would have been imposed if the foundation were tax exempt, over the income tax imposed on the foundation. To encourage increased charitable activity and simplify the tax laws, the Administration proposes to replace the two rates of tax on the net investment income of private foundations that are exempt from Federal income tax with a single tax rate of one percent. The excise tax on private foundations not exempt from Federal income tax would be equal to the excess of the sum of the one-percent excise tax that would have been imposed if the foundation were tax exempt and the amount of the unrelated business income tax what would have been imposed if the foundation were tax exempt, over

the income tax imposed on the foundation. The proposed change would be effective for taxable years beginning after December 31, 2002.

**Modify tax on unrelated business taxable income of charitable remainder trusts.**—A charitable remainder annuity trust is a trust that is required to pay, at least annually, a fixed dollar amount of at least five percent of the initial value of the trust to a non-charity for the life of an individual or for a period of 20 years or less, with the remainder passing to charity. A charitable remainder unitrust is a trust that generally is required to pay, at least annually, a fixed percentage of at least five percent of the fair market value of the trust's assets determined at least annually to a non-charity for the life of an individual or for a period of 20 years or less, with the remainder passing to charity. A trust does not qualify as a charitable remainder annuity trust if the annuity for a year is greater than 50 percent of the initial fair market value of the trust's assets. A trust does not qualify as a charitable remainder unitrust if the percentage of assets that are required to be distributed at least annually is greater than 50 percent. A trust does not qualify as a charitable remainder annuity trust or a charitable remainder unitrust unless the value of the remainder interest in the trust is at least 10 percent of the value of the assets contributed to the trust. Distributions from a charitable remainder annuity trust or charitable remainder unitrust, which are included in the income of the beneficiary for the year that the amount is required to be distributed, are treated in the following order as: (1) ordinary income to the extent of the trust's current and previously undistributed ordinary income for the trust's year in which the distribution occurred, (2) capital gains to the extent of the trust's current capital gain and previously undistributed capital gain for the trust's year in which the distribution occurred, (3) other income to the extent of the trust's current and previously undistributed other income for the trust's year in which the distribution occurred, and (4) corpus (trust principal).

Charitable remainder annuity trusts and charitable remainder unitrusts are exempt from Federal income tax; however, such trusts lose their income tax exemption for any year in which they have unrelated business taxable income. Any taxes imposed on the trust are required to be allocated to trust corpus. The Administration proposes to levy a 100-percent excise tax on the unrelated business taxable income of charitable remainder trusts, in lieu of removing the Federal income tax exemption for any year in which unrelated business taxable income is incurred. This change, which is a more appropriate remedy than loss of tax exemption, is proposed to become effective for taxable years beginning after December 31, 2002, regardless of when the trust was created.

**Modify basis adjustment to stock of S corporations contributing appreciated property.**—Under current law, each shareholder in an S corporation sepa-

rately accounts for his or her pro rata share of the S corporation's charitable contributions in determining his or her income tax liability. A shareholder's basis in the stock of the S corporation must be reduced by the amount of his or her pro rata share of the S corporation's charitable contribution. In order to preserve the benefit of providing a charitable contribution deduction for contributions of appreciated property and to prevent the recognition of gain on the contributed property on the disposition of the S corporation stock, the Administration proposes to allow a shareholder in an S corporation to increase his or her basis in the stock of an S corporation by an amount equal to the excess of the shareholder's pro rata share of the S corporation's charitable contribution over the stockholder's pro rata share of the adjusted basis of the contributed property. The proposal would be effective for taxable years beginning after December 31, 2002.

**Repeal the \$150 million limitation on qualified 501(c)(3) bonds.**—Current law contains a \$150 million limitation on the volume of outstanding, non-hospital, tax-exempt bonds for the benefit of any one 501(c)(3) organization. The limitation was repealed in 1997 for bonds issued after August 5, 1997, at least 95 percent of the net proceeds of which are used to finance capital expenditures incurred after that date. However, the limitation continues to apply to bonds more than five percent of the net proceeds of which finance or refinance working capital expenditures, or capital expenditures incurred on or before August 5, 1997. In order to simplify the tax laws and provide consistent treatment of bonds for 501(c)(3) organizations, the Administration proposes to repeal the \$150 million limitation in its entirety.

**Repeal restrictions on the use of qualified 501(c)(3) bonds for residential rental property.**—Tax-exempt, 501(c)(3) organizations generally may utilize tax-exempt financing for charitable purposes. However, existing law contains a special limitation under which 501(c)(3) organizations may not use tax-exempt financing to acquire existing residential rental property for charitable purposes unless the property is rented to low-income tenants or is substantially rehabilitated. In order to simplify the tax laws and provide consistent treatment of bonds for 501(c)(3) organizations, the Administration proposes to repeal the residential rental property limitation.

### Strengthen and Reform Education

**Provide refundable tax credit for certain costs of attending a different school for pupils assigned to failing public schools.**—Under the Administration's proposal, a refundable tax credit would be allowed for 50 percent of the first \$5,000 of qualifying elementary and secondary education expenses incurred during the taxable year with respect to enrollment of a qualifying student in a qualifying school. Qualifying students would be those who, for a given school year,

would normally attend a public school determined by the State as not having made "adequate yearly progress" under the terms of the Elementary and Secondary Education Act as amended by the No Child Left Behind Act of 2001. A qualifying student in one school year generally would qualify for an additional school year even if the school normally attended made adequate yearly progress by the beginning of the second school year. A qualifying school would be any public school making adequate yearly progress or private elementary or secondary school. Qualifying expenses generally would be tuition, required fees, and transportation costs incurred by the taxpayer in connection with the attendance at a qualifying school. The proposal would be effective with respect to expenses incurred beginning with the 2003–2004 school year through the 2007–2008 school year.

**Extend, increase and expand the above-the-line deduction for qualified out-of-pocket classroom expenses.**—Under current law, teachers who itemize deductions (do not use the standard deduction) and incur unreimbursed, job-related expenses are allowed to deduct those expenses to the extent that when combined with other miscellaneous itemized deductions they exceed two percent of AGI. Current law also allows certain teachers and other elementary and secondary school professionals to treat up to \$250 in annual qualified out-of-pocket classroom expenses as a non-itemized deduction (above-the-line deduction), effective for expenses incurred in taxable years beginning after December 31, 2001 and before January 1, 2004. Unreimbursed expenditures for certain books, supplies and equipment related to classroom instruction qualify for the above-the-line deduction. Expenses claimed as an above-the-line deduction cannot be claimed as an itemized deduction. The Administration proposes to extend the above-the-line deduction to apply to qualified out-of-pocket expenditures incurred after December 31, 2003, to increase the deduction to \$400, and to expand the deduction to apply to unreimbursed expenditures for certain professional training programs.

### 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, the individual has self-employment income, or the individual is eligible under the Trade Act of 2002 to purchase certain types of qualified health insurance. The Administration proposes to make health insurance more affordable for individuals not covered by an employer plan or a public program. Effective for taxable years beginning after December 31, 2003, a new refundable tax credit would be provided for the cost of health insurance purchased by individuals under age 65. The credit would provide a subsidy for a percentage of the

health insurance premium, up to a maximum includable premium. The maximum subsidy percentage would be 90 percent for low-income taxpayers and would phase down with income. The maximum credit would be \$1,000 for an adult and \$500 for a child. The credit would be phased out at \$30,000 for single taxpayers and \$60,000 for families purchasing a family policy.

Individuals could claim the tax credit for health insurance premiums paid as part of the normal tax-filing process. Alternatively, beginning July 1, 2005, the tax credit would be available in advance at the time the individual purchases health insurance. The advance credit would reduce the premium paid by the individual to the health insurer, and the health insurer would be reimbursed directly by the Department of Treasury for the amount of the advance credit. Eligibility for an advance credit would be based on an individual's prior year tax return. To qualify for the credit, a health insurance policy would have to include coverage for catastrophic medical expenses. Qualifying insurance could be purchased in the individual market. Qualifying health insurance could also be purchased through private purchasing groups, state-sponsored insurance purchasing pools, and high-risk pools. Such groups may help reduce health insurance costs and increase coverage options for individuals, including older and higher-risk individuals. Individuals would not be allowed to claim the credit and make a contribution to an Archer 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. However, the vast majority of the long-term care insurance market consists of individually purchased policies, for which no tax preference is provided 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 deduction would be effective for taxable years beginning after December 31, 2003 but would be phased in over four 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, 2003, 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 as a deferral to an employer's funded 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, 2003.

***Permanently extend and reform Archer Medical Savings Accounts.***—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 \$1,700 but not greater than \$2,500 for policies covering a single person and a deductible of at least \$3,350 but not greater than \$5,050 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, 2003, and to modify the program to make it more consistent with currently available health plans. Effective after December 31, 2003, 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 allowable 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, (5) allowing contributions to MSAs under cafeteria plans, and (6) permitting qualified plans to provide, without counting against the deductible, up to \$100 of coverage for allow-

able preventive services per covered individual each year. 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 caregivers 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, 2003, the Administration proposes to provide an additional personal exemption to taxpayers who care for certain qualified family members who reside with the taxpayer in the household maintained by the taxpayer. A taxpayer is considered to maintain a household only if he or she furnishes over half of the annual cost of maintaining the household. Qualified family members would include any individual with long-term care needs who is (1) the spouse of the taxpayer or an ancestor of the taxpayer or the spouse of such an ancestor and (2) a member of the taxpayer's household for the entire year. An individual would be considered to have long-term care needs if he or she were certified by a licensed physician (prior to the filing of a return claiming the exemption) as, for at least 180 consecutive days, unable to perform at least two activities of daily living without substantial assistance from another individual due to a loss of functional capacity; or, alternatively, (1) requiring substantial supervision to be protected from threats to his or her own health and safety due to severe cognitive impairment and (2) being unable to perform at least one activity of daily living or being unable to engage in age appropriate activities.

***Allow the orphan drug tax credit for certain pre-designation expenses.***—Current law provides a 50-percent credit for expenses related to human clinical testing of drugs for the treatment of certain rare diseases and conditions ("orphan drugs"). A taxpayer may claim the credit only for expenses incurred after the Food and Drug Administration (FDA) designates a drug as a potential treatment for a rare disease or condition. This creates an incentive to defer clinical testing for orphan drugs until the taxpayer receives the FDA's approval and increases complexity for taxpayers by treating pre-designation and post-designation clinical expenses differently. The Administration proposes to allow taxpayers to defer claiming the orphan drug tax credit until the drug receives FDA designation as a potential treatment for a rare disease or condition. The taxpayer would be permitted to claim the credit for pre-designation costs either in the year of approval, or to file an amended return to claim the credit for prior years. The proposal would be effective for qualified expenses incurred after December 31, 2002.

## Encourage Telecommuting

***Exclude from income the value of employer-provided computers, software and peripherals.***—Under current law, the value of computers and related equipment and services provided by an employer to an employee for home use is generally allocated between business and personal use. The business-use portion is excluded from the employee's income whereas the personal-use portion is subject to income and payroll taxes. In order to simplify recordkeeping, improve compliance, and encourage telecommuting, the Administration proposes to allow individuals to exclude from income the value of employer-provided computers and related equipment and services necessary to perform work for the employer at home. The employee would be required to make substantial use of the equipment to perform work for the employer. Substantial business use would include standby use for periods when work from home may be required by the employer, such as during work closures caused by the threat of terrorism, inclement weather, or natural disasters. The proposal would be effective for taxable years beginning after December 31, 2003.

## 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 2004, first-year credit authority equal to the amount provided for low-income rental housing tax credits would be made available to each state. That amount is equal to the greater of \$2 million or \$1.75 per capita (indexed annually for inflation after 2002). 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 five-year period beginning on the date of sale. Eligible homebuyers would be required to have incomes equal to 80 percent or less of area median income. Certain 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 qualified financial institutions, nonprofit organizations, or Indian tribes (qualified entities). Citizens or legal residents of the United States between the ages of 18 and 60 who cannot be claimed as a dependent on another taxpayer's return, are not students, and who meet certain income limitations would be eligible to establish and contribute to an IDA. A single taxpayer would be eligible to establish and contribute to an IDA if his or her modified AGI in the preceding taxable year did not exceed \$20,000 (\$30,000 for heads of household, and \$40,000 for married taxpayers filing a joint return). These thresholds would be indexed annually for inflation beginning in 2005. Qualified entities that set up and administer IDAs would be required to match, dollar-for-dollar, the first \$500 contributed by an eligible individual to an IDA in a taxable year. Qualified entities would be allowed a 100 percent tax credit for up to \$500 in annual matching contributions to each IDA, and a \$50 tax credit for each IDA maintained at the end of a taxable year with a balance of not less than \$100 (excluding the taxable year in which the account was established). 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 qualified entities and the earnings on those contributions would be tax-free. Withdrawals from the parallel account may be made only for qualified purposes (higher education, the first-time purchase of a home, business start-up, and qualified rollovers). Withdrawals from the IDA for other than qualified purposes may result in the forfeiture of some or all matching contributions and the earnings on those contributions. The proposal would be effective for contributions made after December 31, 2004 and before January 1, 2012, to the first 900,000 IDA accounts opened before January 1, 2010.

### 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 current 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. This proposal applies to conservation easements and similar sales of partial interest in land for conservation purposes, such as development rights and agricultural conservation easements. 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. Antiabuse provisions will ensure that the conservation purposes continue to be served. The provision would be effective for sales taking place on or after January 1, 2004.

### Increase Energy Production and Promote Energy Conservation

**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, 2004. The Administration proposes to extend the credit for electricity produced from wind and biomass to facilities placed in service before January 1, 2006. 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, 2003. Electricity produced at such facilities from newly eligible sources would be eligible for the credit only from January 1, 2003 through December 31, 2005, 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, 2003 through December 31, 2005, and at a rate equal to 30 percent of the generally applicable rate. The Administration also proposes to modify the rules relating to governmental financing of qualified facilities. There would be no percentage reduction in the credit for governmental financing attributable to tax-exempt bonds. Instead, such financing would reduce the credit only to the extent necessary to offset the value of the tax exemption. The rules relating to leased facilities would also be modified to permit the lessee, rather than the owner, to claim the credit.

**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) for use in a dwelling unit that the individual uses as a residence, provided the equipment is used exclusively for purposes other than heating swimming pools. 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, 2002 and before January 1, 2008 and to solar water heating equipment placed in service after December 31, 2002 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-1984 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, 2002.

**Provide tax credit for purchase of certain hybrid and fuel cell vehicles.**—Under current law, a 10-percent tax credit up to \$4,000 is provided for the cost of a qualified electric vehicle. The full amount of the credit is available for purchases prior to 2004. The credit begins to phase down in 2004 and is not available

after 2006. A qualified electric vehicle is a motor vehicle that is powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electric current, the original use of which commences with the taxpayer, and that is acquired for use by the taxpayer and not for resale. Electric vehicles and hybrid vehicles (those that have more than one source of power on board the vehicle) have the potential to reduce petroleum consumption, air pollution and greenhouse gas emissions. To encourage the purchase of such vehicles, the Administration is proposing the following tax credits: (1) A credit of up to \$4,000 would be provided for the purchase of qualified hybrid vehicles after December 31, 2002 and before January 1, 2008. The amount of the credit would depend on the percentage of maximum available power provided by the rechargeable energy storage system and the amount by which the vehicle's fuel economy exceeds the 2000 model year city fuel economy. (2) A credit of up to \$8,000 would be provided for the purchase of new qualified fuel cell vehicles after December 31, 2002 and before January 1, 2008. A minimum credit of \$4,000 would be provided, which would increase as the vehicle's fuel efficiency exceeded the 2000 model year city fuel economy, reaching a maximum credit of \$8,000 if the vehicle achieved at least 300 percent of the 2000 model year city fuel economy.

**Provide tax credit for energy produced from landfill gas.**—Taxpayers that produce gas from biomass (including landfill methane) are eligible for a tax credit equal to \$3 per barrel-of-oil equivalent (the amount of gas that has a British thermal unit content of 5.8 million), adjusted by an inflation adjustment factor for the calendar year in which the sale occurs. To qualify for the credit, the gas must be produced domestically from a facility placed in service by the taxpayer before July 1, 1998, pursuant to a written binding contract in effect before January 1, 1997. In addition, the gas must be sold to an unrelated person before January 1, 2008. The Administration proposes to extend the credit to apply to landfill methane produced from a facility (or portion of a facility) placed in service after December 31, 2002 and before January 1, 2011, and sold (or used to produce electricity that is sold) before January 1, 2011. The credit for fuel produced at landfills subject to EPA's 1996 New Source Performance Standards/Emissions Guidelines would be limited to two-thirds of the otherwise applicable amount beginning on January 1, 2008, if any portion of the facility for producing fuel at the landfill was placed in service before July 1, 1998, and beginning on January 1, 2003, in all other cases.

**Provide tax credit for combined heat and power property.**—Combined heat and power (CHP) systems are used to produce electricity (and/or mechanical power) and usable thermal energy from a single primary energy source. Depreciation allowances for CHP property vary by asset use and capacity. No income tax credit is provided under current law for investment

in CHP property. CHP systems utilize thermal energy that is otherwise wasted in producing electricity by more conventional methods and achieve a greater level of overall energy efficiency, thereby lessening the consumption of primary fossil fuels, lowering total energy costs, and reducing carbon emissions. To encourage increased energy efficiency by accelerating planned investments and inducing additional investments in such systems, the Administration is proposing a 10-percent investment credit for qualified CHP systems with an electrical capacity in excess of 50 kilowatts or with a capacity to produce mechanical power in excess of 67 horsepower (or an equivalent combination of electrical and mechanical energy capacities). A qualified CHP system would be required to produce at least 20 percent of its total useful energy in the form of thermal energy and at least 20 percent of its total useful energy in the form of electrical or mechanical power (or a combination thereof) and would also be required to satisfy an energy-efficiency standard. For CHP systems with an electrical capacity in excess of 50 megawatts (or a mechanical energy capacity in excess of 67,000 horsepower), the total energy efficiency would have to exceed 70 percent. For smaller systems, the total energy efficiency would have to exceed 60 percent. Investments in qualified CHP assets that are otherwise assigned cost recovery periods of less than 15 years would be eligible for the credit, provided that the taxpayer elects to treat such property as having a 22-year class life (and thus depreciates the property using a 15-year recovery period). The credit, which would be treated as an energy credit under the investment credit component of the general business credit, and could not be used in conjunction with any other credit for the same equipment, would apply to investments in CHP property placed in service after December 31, 2002 and before January 1, 2008.

**Provide excise tax exemption (credit) for ethanol.**—Under current law an income tax credit and an excise tax exemption are provided for ethanol and renewable source methanol used as a fuel. In general, the income tax credit for ethanol is 52 cents per gallon, but small ethanol producers (those producing less than 30 million gallons of ethanol per year) qualify for a credit of 62 cents per gallon on the first 15 million gallons of ethanol produced in a year. A credit of 60 cents per gallon is allowed for renewable source methanol. As an alternative to the income tax credit, gasohol blenders may claim a gasoline tax exemption of 52 cents for each gallon of ethanol and 60 cents for each gallon of renewable source methanol that is blended into qualifying gasohol. The rates for the ethanol credit and exemption are each reduced by 1 cent per gallon in 2005. The income tax credit expires on December 31, 2007 and the excise tax exemption expires on September 30, 2007. Neither the credit nor the exemption apply during any period in which motor fuel taxes dedicated to the Highway Trust Fund are limited to 4.3 cents per gallon. The Administration proposes to extend both the income tax credit and the excise tax exemption

through December 31, 2010. The current law rule providing that neither the credit nor the exemption apply during any period in which motor fuel taxes dedicated to the Highway Trust Fund are limited to 4.3 cents per gallon would be retained.

### Promote Trade

**Implement free trade agreements with Chile and Singapore.**—Free trade agreements are expected to be completed with Chile and Singapore in 2003, with ten-year implementation to begin in fiscal year 2004. These agreements will benefit U.S. producers and consumers, as well as strengthen the economies of Chile and Singapore. In addition, these agreements will establish precedents in our market opening efforts in two important and dynamic regions—Latin America and Southeast Asia.

### Improve Tax Administration

**Modify the IRS Restructuring and Reform Act of 1998 (RRA98).**—The proposed modification to RRA98 is comprised of six parts. The first part modifies employee infractions subject to mandatory termination and permits a broader range of available penalties. It strengthens taxpayer privacy while reducing employee anxiety resulting from unduly harsh discipline or unfounded allegations. The second part adopts measures to curb frivolous submissions and filings that are intended to impede or delay tax administration. The third part allows the IRS to terminate installment agreements when taxpayers fail to make timely tax deposits and file tax returns on current liabilities. The fourth part streamlines jurisdiction over collection due process cases in the Tax Court, thereby simplifying procedures and reducing the cycle time for certain collection due process cases. The fifth part permits taxpayers to enter into installment agreements that do not guarantee full payment of liability over the life of the agreement. It allows the IRS to enter into agreements with taxpayers who desire to resolve their tax obligations but cannot make payments large enough to satisfy their entire liability and for whom an offer in compromise is not a viable alternative. The sixth part eliminates the requirement that the IRS Chief Counsel provide an opinion for any accepted offer-in-compromise of unpaid tax (including interest and penalties) equal to or exceeding \$50,000. This proposal requires that the Treasury Secretary establish standards to determine when an opinion is appropriate.

**Initiate IRS cost saving measures.**—The Administration has two proposals to improve IRS efficiency and performance from current resources. The first proposal modifies the way that Financial Management Services (FMS) recovers its transaction fees for processing IRS levies by permitting FMS to retain a portion of the amount collected before transmitting the balance to the IRS, thereby reducing government transaction costs. The offset amount would be included as part of the



15-percent limit on levies against income and would also be credited against the taxpayer's liability. The second proposal extends the April filing date for electronically filed tax returns by at least ten days to help encourage the growth of electronic filing.

**Repeal section 132 of the Revenue Act of 1978 and amend the tax code to authorize the Secretary of the Treasury to issue rules to address inappropriate nonqualified deferred compensation arrangements.**—Section 132 currently prohibits the Internal Revenue Service from issuing new regulations on many aspects of nonqualified deferred compensation arrangements, restricting the ability of the IRS to respond effectively to these arrangements. Under the Administration's proposal, that prohibition would be removed and the Secretary of the Treasury would be given express authority to issue new rules. It is expected that new guidance would address when an individual's access to compensation is considered subject to substantial limitation, the extent to which company assets may be designated as available to meet deferred compensation obligations, and when an arrangement is treated as funded.

**Permit private collection agencies to engage in specific, limited activities to support IRS collection efforts.**—The resource and collection priorities of the IRS do not permit it to continually pursue all outstanding tax liabilities. Many taxpayers are aware of their outstanding tax liabilities but have failed to pay them. The use of private collection agencies, or PCAs, to support IRS collection efforts would enable the Government to reach these taxpayers to obtain payment while allowing the IRS to focus its own enforcement resources on more complex cases and issues. PCAs would not have any enforcement power, and they would be strictly prohibited from threatening enforcement action or violating any taxpayer confidentiality protection or other taxpayer right. The IRS would be required to closely monitor PCA activities and performance, including the protection of taxpayer rights. PCAs would be compensated out of the revenue collected through their activities, although compensation would be based on quality of service, taxpayer satisfaction, and case resolution, in addition to collection results.

**Combat abusive tax avoidance transactions.**—Although the vast majority of taxpayers and practitioners do their best to comply with the law, some actively promote or engage in transactions structured to generate tax benefits never intended by Congress. Such abusive transactions harm the public fisc, erode the public's respect for the tax laws, and consume valuable IRS resources. The Administration has proposed a number of regulatory and legislative changes designed to significantly enhance the current enforcement regime and curtail the use of abusive tax avoidance transactions. These proposed changes include (1) the modification of the definition of a reportable transaction, (2) the issuance of a coordinated set of disclosure, reg-

istration and investor list maintenance rules, (3) the imposition of new or increased penalties for the failure to disclose and register reportable transactions and for the failure to report an interest in a foreign financial account, (4) the prevention of "income separation" transactions structured to create immediate tax losses or to convert current ordinary income into deferred capital gain, and (5) the denial of foreign tax credits with respect to any foreign withholding taxes if the underlying property was not held for a specified minimum period of time. A number of administrative proposals already have been carried out by the Treasury Department and the IRS.

**Limit related party interest deductions.**—Current law (section 163(j) of the Internal Revenue Code) denies U.S. tax deductions for certain interest expenses paid to a related party where (1) the corporation's debt-equity ratio exceeds 1.5 to 1.0, and (2) net interest expenses exceed 50 percent of the corporation's adjusted taxable income (computed by adding back net interest expense, depreciation, amortization, depletion, and any net operating loss deduction). If these thresholds are exceeded, no deduction is allowed for interest in excess of the 50-percent limit that is paid to a related party and that is not subject to U.S. tax. Any interest that is disallowed in a given year is carried forward indefinitely and may be deductible in a subsequent taxable year. A three-year carryforward for any excess limitation (the amount by which interest expense for a given year falls short of the 50-percent limit) is also allowed. Because of the opportunities available under current law to inappropriately reduce U.S. tax on income earned on U.S. operations through the use of foreign related-party debt, the Administration proposes to tighten the interest disallowance rules of section 163(j).

### Reform Unemployment Insurance

**Reform unemployment insurance administrative financing.**—Current law funds the administrative costs of the unemployment insurance system and related programs out of the Federal Unemployment Tax (FUTA) paid by employers. FUTA is set at 0.8 percent of the first \$7,000 in covered wages, which includes a 0.2 percent surtax scheduled to expire in 2007. State unemployment taxes are deposited into the Unemployment Trust Fund and used by States to pay unemployment benefits. Under current law, FUTA balances in excess of statutory ceilings are distributed to the States to pay unemployment benefits or the administrative costs of the system (these are known as Reed Act transfers). The Administration has a comprehensive proposal to reform the administrative financing of this system. It proposes to eliminate the FUTA surtax in 2005, and make additional rate cuts to achieve a net FUTA tax rate of 0.2 percent in 2009. The proposal will transfer administrative funding control to the States in 2006 and allow them to use their benefit taxes to pay these costs. In addition, the Administration supports special distributions of \$2.7 billion in Reed Act funds on Octo-



ber 1, 2006 and October 1, 2007, to be used for administrative expenses in the transition.

### OTHER PROPOSALS

**Deposit full amount of excise tax imposed on gasohol in the Highway Trust Fund.**—Under current law, an 18.4-cents-per-gallon excise tax is imposed on gasoline. In general, 18.3 cents per gallon of the gasoline excise tax is deposited in the Highway Trust Fund and 0.1 cent per gallon is deposited in the Leaking Underground Storage Tank (LUST) Trust Fund. In the case of gasohol, which is taxed at a reduced rate, 2.5 cents per gallon is retained in the General Fund of the Treasury, 0.1 cent per gallon is deposited in the LUST Trust Fund, and the balance of the reduced rate is deposited in the Highway Trust Fund. The Administration believes that it is appropriate that the entire amount of the excise tax on gasohol (except for the 0.1 cent per gallon deposited in the LUST Trust Fund) be deposited in the Highway Trust Fund. Effective for collections after September 30, 2003, the Administration proposes to transfer the 2.5 cents per gallon of the gasohol excise tax that is currently retained in the General Fund of the Treasury to the Highway Trust Fund.

**Increase Indian gaming activity fees.**—The National Indian Gaming Commission regulates and monitors gaming operations conducted on Indian lands. Since 1998, the Commission has been prohibited from collecting more than \$8 million in annual fees from gaming operations to cover the costs of its oversight responsibilities. The Administration proposes to amend the current fee structure so that the Commission can adjust its activities to the growth in the Indian gaming industry.

### SIMPLIFY THE TAX LAWS

**Establish uniform definition of a qualifying child.**—The tax code provides assistance to families with children through the dependent exemption, head-of-household filing status, child tax credit, child and dependent care tax credit, and earned income tax credit (EITC). However, because each provision defines an eligible “child” differently, taxpayers must wade through pages of bewildering rules and instructions, resulting in confusion and error. The Administration proposes to harmonize the definition of qualifying child across these five related tax benefits, thereby reducing both compliance and administrative costs. Under the Administration’s proposal, a qualifying child must meet the following three tests: (1) Relationship—The child must be the taxpayer’s biological or adopted child, stepchild, sibling, or step-sibling, a descendant of one of these individuals, or a foster child. (2) Residence—The child must live with the taxpayer in the same principal home in the United States for more than half of the year. (3) Age—The child must be under age 19, a full-time student if over 18 and under 24, or totally and perma-

nently disabled. Neither the support nor gross income tests of current law would apply to qualifying children who meet these three tests. In addition, taxpayers would no longer be required to meet a household maintenance test when claiming the child and dependent care tax credit. Current law requirements that a child be under age 13 for the dependent care credit and under age 17 for the child tax credit, would be maintained. Taxpayers generally could continue to claim individuals who do not meet the proposed relationship, residency, or age tests as dependents if they meet the requirements under current law, and no other taxpayer claims the same individual.

**Simplify adoption tax provisions.**—Under current law, for taxable years beginning before January 1, 2011, the following tax benefits are provided to taxpayers who adopt children: (1) a nonrefundable tax credit for qualified expenses incurred in the adoption of a child, up to a certain limit, and (2) the exclusion from gross income of qualified adoption expenses paid or reimbursed by an employer under an adoption assistance program, up to a certain limit. Taxpayers may not claim the credit for expenses that are excluded from gross income. In 2003, the limitation on qualified adoption expenses for both the credit and the exclusion is \$10,160. Taxpayers who adopt children with special needs may claim the full \$10,160 credit or exclusion even if adoption expenses are less than this amount. Taxpayers may carry forward unused credit amounts for up to five years. When modified adjusted gross income exceeds \$152,390 (in 2003), both the credit amount and the amount excluded from gross income are reduced pro-rata over the next \$40,000 of modified adjusted gross income. The maximum credit and exclusion and the income at which the phase-out range begins are indexed annually for inflation. For taxable years beginning after December 31, 2010, taxpayers will be able to claim the credit only if they incur expenses for the adoption of children with special needs. For these taxpayers the qualified expense limit will be \$6,000, the credit will be reduced pro-rata between \$75,000 and \$115,000 of modified adjusted gross income, and the credit amount and phase-out range will not be indexed annually for inflation. Taxpayers may not exclude employer-provided adoption assistance from gross income for taxable years beginning after December 31, 2010.

To reduce marginal tax rates and simplify computations of tax liabilities, the Administration is proposing to eliminate the income phaseout of the adoption tax credit and exclusion. The proposal would be effective for taxable years beginning after December 31, 2002. The broader eligibility criteria, larger qualifying expense limitations, and the employer exclusion would apply in taxable years beginning after December 31, 2010 as a result of the Administration’s proposal to extend the EGTRRA provisions permanently.

**Expand tax-free savings opportunities.**—Under current law, individuals can contribute to traditional

IRAs, nondeductible IRAs, and Roth IRAs, each subject to different sets of rules. For example, contributions to traditional IRAs are deductible, while distributions are taxed; contributions to Roth IRAs are taxed, but distributions are excluded from income. In addition, eligibility to contribute is subject to various age and income limits. While primarily intended for retirement saving, withdrawals for certain education, medical, and other non-retirement expenses are penalty free. The eligibility and withdrawal restrictions for these accounts complicate compliance and limit incentives to save.

The Administration proposes to replace current law IRAs with two new savings accounts: a Lifetime Savings Accounts (LSA) and a Retirement Savings Account (RSA). Regardless of age or income, individuals could make annual nondeductible contributions of \$7,500 to an LSA and \$7,500 (or earnings if less) to an RSA. Distributions from an LSA would be excluded from income and, unlike current law, could be made at anytime for any purpose without restriction. Distributions from an RSA would be excluded from income after attaining age 58 or in the event of death or disability. All other distributions would be included in income (to the extent they exceed basis) and subject to an additional tax. Distributions would be deemed to come from basis first. The proposal would be effective for contributions made after December 31, 2002 and future year contribution limits would be indexed for inflation.

Existing Roth IRAs would be renamed RSAs and would be subject to the new rules for RSAs. Existing traditional and nondeductible IRAs could be converted into an RSA by including the conversion amount (excluding basis) in gross income, similar to a current-law Roth conversion. However, no income limit would apply to the ability to convert. Taxpayers who convert IRAs to RSAs could spread the included conversion amount over several years. Existing traditional or nondeductible IRAs that are not converted to RSAs could not accept any new contributions. New traditional IRAs could be created to accommodate rollovers from employer plans, but they could not accept any new individual contributions. Individuals wishing to roll an amount directly from an employer plan to an RSA could do so by including the rollover amount (excluding basis) in gross income (i.e., “converting” the rollover, similar to a current law Roth conversion).

**Consolidate employer-based savings accounts.**—Current law provides multiple types of tax-preferred employer-based savings accounts to encourage savings for retirement. The accounts have similar goals but are subject to different sets of rules regulating eligibility, contribution limits, tax treatment, and withdrawal restrictions. For example, 401(k) plans for private employers, SIMPLE 401(k) plans for small employers, 403(b) plans for 501(c)(3) organizations and public schools, and 457 plans for State and local governments are all subject to different rules. To qualify for tax benefits, plans must satisfy multiple requirements. Among the requirements, the plan may not discriminate in favor of highly

compensated employees (HCEs) with regard either to coverage or to amount or availability of contributions or benefits. Rules covering employer-based savings accounts are among the lengthiest and most complicated sections of the tax code and associated regulations. This complexity imposes substantial costs on employers, participants, and the government, and likely has inhibited the adoption of retirement plans by employers, especially small employers.

The Administration proposes to consolidate 401(k), SIMPLE 401(k), 403(b), and 457 plans, as well as SIMPLE IRAs and SARSEPs, into a single type of plan—Employee Retirement Savings Accounts (ERSAs)—that would be available to all employers. Defined-contribution plan qualification rules would be simplified, while maintaining their intent. In particular, top-heavy rules would be repealed and ERSA non-discrimination rules would be simplified and include a new ERSA non-discrimination safe-harbor. For example, under one of the safe-harbor options, a plan would satisfy the non-discrimination rules if it provided a 50-percent match on elective contributions up to six percent of compensation. By creating a simplified and uniform set of rules, the proposal would substantially reduce complexity. The proposal would be effective for taxable years beginning after December 31, 2003.

## EXPIRING PROVISIONS

### Temporarily Extend Expiring Provisions

**Extend and modify the work opportunity tax credit and the welfare-to-work tax credit.**—Under present law, the work opportunity tax credit provides incentives for hiring 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 credit is available for a qualified individual who begins work before January 1, 2004.

Under present law, the welfare-to-work tax credit provides an incentive for hiring certain recipients of long-term family assistance. The credit is 35 percent of up to \$10,000 of eligible wages in the first year of employment and 50 percent of wages up to \$10,000 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. This credit is available for qualified individuals who begin work before January 1, 2004.

The Administration proposes to simplify employment incentives by combining the credits into one credit and making the rules for computing the combined credit simpler. The credits would be combined by creating a new welfare-to-work targeted group under the work opportunity tax credit. The minimum employment peri-

ods and credit rates for the first year of employment under the present work opportunity tax credit would apply to welfare-to-work employees. The maximum amount of eligible wages would continue to be \$10,000 for welfare-to-work employees and \$6,000 for other targeted groups. In addition, the second year 50-percent credit currently available under the welfare-to-work credit would continue to be available for welfare-to-work employees under the modified work opportunity tax credit. Qualified wages would be limited to cash wages. The work opportunity tax credit would also be simplified by eliminating the need to determine family income for qualifying ex-felons (one of the present targeted groups). The modified work opportunity tax credit would apply to individuals who begin work after December 31, 2003 and before January 1, 2006.

**Extend minimum tax relief for individuals.**—A temporary provision of current law permits nonrefundable personal tax credits to offset both the regular tax and the alternative minimum tax, for taxable years beginning before January 1, 2004. 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 credits for two years, to apply to taxable years 2004 and 2005. The proposed extension does not apply to the child credit, the earned income credit or the adoption credit, which were provided AMT relief through December 31, 2010 under the Economic Growth and Tax Relief Reconciliation Act of 2001. The refundable portion of the child credit and the earned income tax credit are also allowed against the AMT through December 31, 2010.

A temporary provision of current law increased the AMT exemption amounts to \$35,750 for single taxpayers, \$49,000 for married taxpayers filing a joint return and surviving spouses, and \$24,500 for married taxpayers filing a separate return and estates and trusts. Effective for taxable years beginning after December 31, 2004, the AMT exemption amounts will decline to \$33,750 for single taxpayers, \$45,000 for married taxpayers filing a joint return and surviving spouses, and \$22,500 for married taxpayers filing a separate return and estates and trusts. The Administration proposes to extend the temporary, higher exemption amounts through taxable year 2005.

**Extend the District of Columbia (DC) Enterprise Zone.**—The DC Enterprise Zone includes the DC Enterprise Community and District of Columbia census tracts with a poverty rate of at least 20 percent. Businesses in the zone are eligible for: (1) a wage credit equal to 20 percent of the first \$15,000 in annual wages paid to qualified employees who reside within the District of Columbia; (2) \$35,000 in increased section 179 expensing; and (3) in certain circumstances, tax-exempt bond financing. In addition, a capital gains exclusion

is allowed for certain investments held more than five years and made within the DC Zone, or within any District of Columbia census tract with a poverty rate of at least 10 percent. The DC Zone incentives apply for the period from January 1, 1998 through December 31, 2003. The Administration proposes to extend the DC Zone incentives for two years, making the incentives applicable through December 31, 2005.

**Extend the first-time homebuyer credit for the District of Columbia.**—A one-time, nonrefundable \$5,000 credit is available to purchasers of a principal residence in the District of Columbia who have not owned a residence in the District during the year preceding the purchase. The credit phases out for taxpayers with modified adjusted gross income between \$70,000 and \$90,000 (\$110,000 and \$130,000 for joint returns). The credit does not apply to purchases after December 31, 2003. The Administration proposes to extend the credit for two years, making the credit available with respect to purchases after December 31, 2003 and before January 1, 2006.

**Extend authority to issue Qualified Zone Academy Bonds.**—Current 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 have to be used for teacher training, purchases of equipment, curriculum development, or rehabilitation and repairs at certain public school facilities. A nationwide total of \$400 million of qualified zone academy bonds were authorized to be issued in each of calendar years 1998 through 2003. In addition, unused authority arising in 1998 and 1999 can be carried forward for up to three years and unused authority arising in 2000 through 2003 can 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 each of calendar years 2004 and 2005; unused authority could be carried forward for up to two years. Reporting of issuance would be required.

**Extend deduction for corporate donations of computer technology.**—The charitable contribution deduction that may be claimed by corporations 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. Under current law, an augmented deduction is provided for contributions of computer technology and equipment to public libraries and to U.S. schools for educational purposes in grades K-12. The Administration proposes to extend the deduction, which expires with respect to donations made after December 31, 2003, to apply to donations made before January 1, 2006.

**Allow net operating losses to offset 100 percent of alternative minimum taxable income.**—Under current law (and under law in effect prior to 2001) net operating loss (NOL) deductions cannot reduce a taxpayer's alternative minimum taxable income (AMTI) by more than 90 percent. Under JCWAA this limitation was temporarily waived. The Administration's proposal would extend this waiver through 2005. NOL carrybacks arising in taxable years ending in 2003, 2004, and 2005, or carryforwards to these years, would offset 100 percent of a taxpayer's AMTI.

**Extend IRS user fees.**—The Administration proposes to extend for two years, through September 30, 2005, IRS authority to charge fees for written responses to questions from individuals, corporations, and organizations related to their tax status or the effects of particular transactions for tax purposes. Under current law, these fees are scheduled to expire effective with requests made after September 30, 2003.

**Extend abandoned mine reclamation fees.**—Collections from abandoned mine reclamation fees are allocated to States for reclamation grants. Current fees of 35 cents per ton for surface mined coal, 15 cents per ton for underground mined coal, and 10 cents per ton for lignite coal are scheduled to expire on September 30, 2004. Abandoned land problems are expected to exist in certain States after all the money from the collection of fees under current law is expended. The Administration proposes to extend these fees until the most significant abandoned mine land problems are fixed. The Administration also proposes to modify the authorization language to allocate more of the receipts collected toward restoration of abandoned coal mine land.

### Permanently Extend Expiring Provisions

**Permanently extend provisions expiring in 2010.**—Most of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 sunset on December 31, 2010. The Administration proposes to permanently extend these provisions.

**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.

**Repeal the disallowance of certain deductions of mutual life insurance companies.**—Life insurance companies may generally deduct policyholder dividends, while dividends to stockholders are not deductible. Section 809 of the Internal Revenue Code attempts to identify amounts returned by mutual life insurance companies to holders of participating policies in their role as owners of the company, and generally disallows a deduction for mutual company policyholder dividends (or otherwise increases taxable income by reducing the amount of end-of-year reserves) in an amount equal to the amount identified under section 809. The section 809 imputed amount is termed the company's differential earnings amount, and equals the product of the individual company's average equity base and an industry-wide computed differential earnings rate. The average equity base is computed using the company's surplus and capital, adjusted for non-admitted financial assets, the excess of statutory reserves over tax reserves, certain other reserves, and by 50 percent of the provision for policyholder dividends payable in the following year. The differential earnings rate equals the excess of an imputed stock earnings rate (the average stock earnings rate for the prior three years of the 50 largest domestic stock life insurance companies, adjusted by a factor roughly equal to 0.90555) over the average earnings rate of all domestic mutual life insurance companies. The differential earnings rate equals zero if the average mutual earnings rate exceeds the imputed stock earnings rate. The differential earnings rate is initially computed using the average mutual earnings rate for the second year preceding the current taxable year, but is later recomputed using the current year's average mutual earnings rate. Any difference between the differential earnings amount and the recomputed differential earnings amount is taken into account in computing taxable income for the following taxable year. Section 809 has been criticized as being theoretically unsound, overly complex, inaccurate in its measurement of income, unfair, and increasingly irrelevant. The Job Creation and Worker Assistance Act of 2002 suspended the operation of section 809 for three years, 2001 through 2003. The Administration proposes to permanently repeal section 809.

**RESPOND TO FOREIGN SALES  
CORPORATION/EXTRATERRITORIAL  
INCOME DECISIONS**

World Trade Organization (WTO) panels have ruled that the extraterritorial income (ETI) exclusion provisions and the foreign sales corporation (FSC) provisions constitute prohibited export subsidies under the WTO rules. To comply with the WTO ruling and honor the United States' WTO obligations, the current-law ETI provisions would be repealed. At the same time, meaningful changes to our tax law are required to preserve

the competitiveness of U.S. businesses operating in the global marketplace. The Administration is proposing reform of the U.S. international tax rules, with a particular focus on reforming those aspects of the current-law rules that can operate to tax active forms of business income earned abroad before it has been repatriated and that can operate to limit the use of the foreign tax credit in a manner that causes the double taxation of income earned abroad. The Administration intends to work closely with the Congress to reform the U.S. international tax rules to ensure the competitiveness of American workers and businesses.

**Table 4-3. EFFECT OF PROPOSALS ON RECEIPTS**

(In millions of dollars)

|  | Estimate       |                 |                |                |                |                |                 |                 |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | 2003           | 2004            | 2005           | 2006           | 2007           | 2008           | 2004-2008       | 2004-2013       |
| <b>Economic Growth Package:</b>  |                |                 |                |                |                |                |                 |                 |
| Accelerate 10-percent individual income tax rate bracket expansion .....   | -978           | -7,782          | -6,112         | -6,117         | -6,495         | -4,275         | -30,781         | -47,194         |
| Accelerate reduction in individual income tax rates .....  | -5,808         | -35,693         | -17,470        | -4,939         | .....          | .....          | -58,102         | -58,102         |
| Accelerate marriage penalty relief .....   | -2,776         | -27,134         | -14,680        | -7,642         | -3,595         | -1,735         | -54,786         | -55,210         |
| Accelerate increase in child tax credit <sup>1</sup> .....   | -13,527        | -5,060          | -10,735        | -8,534         | -8,532         | -8,502         | -41,363         | -53,306         |
| Eliminate the double taxation of corporate earnings .....  | -3,801         | -24,874         | -22,062        | -28,218        | -31,126        | -33,952        | -140,232        | -360,324        |
| Increase expensing for small business .....  | -1,023         | -1,652          | -1,776         | -1,912         | -1,601         | -1,431         | -8,372          | -14,583         |
| Provide minimum tax relief to individuals .....  | -3,141         | -8,534          | -10,353        | -6,931         | .....          | .....          | -25,818         | -25,818         |
| <b>Total economic growth package .....</b>   | <b>-31,054</b> | <b>-110,729</b> | <b>-83,188</b> | <b>-64,293</b> | <b>-51,349</b> | <b>-49,895</b> | <b>-359,454</b> | <b>-614,537</b> |
| <b>Tax Incentives:</b>   |                |                 |                |                |                |                |                 |                 |
| <b>Provide incentives for charitable giving:</b>   |                |                 |                |                |                |                |                 |                 |
| Provide charitable contribution deduction for nonitemizers .....   | -199           | -1,358          | -1,067         | -1,128         | -1,177         | -1,214         | -5,944          | -12,571         |
| Permit tax-free withdrawals from IRAs for charitable contributions .....   | -66            | -437            | -361           | -376           | -382           | -388           | -1,944          | -4,076          |
| Expand and increase the enhanced charitable deduction for contributions of food inventory .....  | -19            | -54             | -59            | -66            | -72            | -79            | -330            | -872            |
| Reform excise tax based on investment income of private foundations .....  | -16            | -264            | -172           | -178           | -186           | -198           | -998            | -2,192          |
| Modify tax on unrelated business taxable income of charitable remainder trusts .....   | -1             | -3              | -4             | -4             | -4             | -4             | -19             | -51             |
| Modify basis adjustment to stock of S corporations contributing appreciated property .....   | .....          | -12             | -11            | -14            | -16            | -19            | -72             | -216            |
| Repeal the \$150 million limitation on qualified 501(c)(3) bonds .....   | -2             | -6              | -9             | -10            | -9             | -9             | -43             | -82             |
| Repeal restrictions on the use of qualified 501(c)(3) bonds for residential rental property .....  | .....          | -2              | -6             | -11            | -17            | -24            | -60             | -276            |
| <b>Strengthen and reform education:</b>  |                |                 |                |                |                |                |                 |                 |
| Provide refundable tax credit for certain costs of attending a different school for pupils assigned to failing public schools <sup>2</sup> ..... | .....          | -13             | -29            | -38            | -42            | -46            | -168            | -192            |
| Extend, increase and expand the above-the-line deduction for qualified out-of-pocket classroom expenses .....                                    | .....          | -23             | -229           | -240           | -249           | -260           | -1,001          | -2,352          |
| <b>Invest in health care:</b>  |                |                 |                |                |                |                |                 |                 |
| Provide refundable tax credit for the purchase of health insurance <sup>3</sup> ....   | .....          | -324            | -1,449         | -889           | -409           | -139           | -3,210          | -1,550          |
| Provide an above-the-line deduction for long-term care insurance premiums .....  | .....          | -112            | -559           | -984           | -1,923         | -3,063         | -6,641          | -28,255         |
| Allow up to \$500 in unused benefits in a health flexible spending arrangement to be carried forward to the next year .....                      | .....          | -367            | -640           | -723           | -782           | -830           | -3,342          | -8,385          |
| Provide additional choice with regard to unused benefits in a health flexible spending arrangement .....   | .....          | -19             | -33            | -39            | -45            | -52            | -188            | -595            |
| Permanently extend and reform Archer MSAs .....  | .....          | -26             | -284           | -432           | -486           | -549           | -1,777          | -5,134          |
| Provide an additional personal exemption to home caregivers of family members .....  | .....          | -70             | -465           | -437           | -422           | -417           | -1,811          | -3,892          |
| Allow the orphan drug tax credit for certain pre-designation expenses ..   | .....          | .....           | .....          | -1             | -1             | -1             | -3              | -8              |
| <b>Encourage telecommuting:</b>  |                |                 |                |                |                |                |                 |                 |
| Exclude from income the value of employer-provided computers, software and peripherals .....   | .....          | -35             | -51            | -53            | -54            | -56            | -249            | -554            |
| <b>Increase housing opportunities:</b>   |                |                 |                |                |                |                |                 |                 |
| Provide tax credit for developers of affordable single-family housing .....  | .....          | -7              | -78            | -315           | -750           | -1,316         | -2,466          | -16,133         |

Table 4-3. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

|  | Estimate     |               |               |               |                |                |                |                 |
|--|--------------|---------------|---------------|---------------|----------------|----------------|----------------|-----------------|
|  | 2003         | 2004          | 2005          | 2006          | 2007           | 2008           | 2004-2008      | 2004-2013       |
| <b>Encourage saving:</b>   |              |               |               |               |                |                |                |                 |
| Establish Individual Development Accounts (IDAs) .....   |              |               | -124          | -267          | -319           | -300           | -1,010         | -1,347          |
| <b>Protect the environment:</b>  |              |               |               |               |                |                |                |                 |
| Permanently extend expensing of brownfields remediation costs .....  |              | -185          | -282          | -268          | -257           | -248           | -1,240         | -2,356          |
| Exclude 50 percent of gains from the sale of property for conservation purposes .....                                |              | -21           | -44           | -46           | -48            | -50            | -209           | -531            |
| <b>Increase energy production and promote energy conservation:</b>   |              |               |               |               |                |                |                |                 |
| Extend and modify the tax credit for producing electricity from certain sources .....                                | -124         | -264          | -355          | -209          | -90            | -92            | -1,010         | -1,492          |
| Provide tax credit for residential solar energy systems .....  | -4           | -7            | -10           | -18           | -25            | -11            | -71            | -71             |
| Modify treatment of nuclear decommissioning funds .....  | -14          | -251          | -180          | -191          | -201           | -212           | -1,035         | -2,260          |
| Provide tax credit for purchase of certain hybrid and fuel cell vehicles .....                                       | -44          | -154          | -316          | -524          | -793           | -631           | -2,418         | -3,202          |
| Provide tax credit for energy produced from landfill gas .....   | -5           | -28           | -65           | -88           | -99            | -112           | -392           | -707            |
| Provide tax credit for combined heat and power property .....  | -45          | -71           | -66           | -64           | -77            | -14            | -292           | -250            |
| Provide excise tax exemption (credit) for ethanol <sup>4</sup> .....   |              |               |               |               |                |                |                |                 |
| <b>Promote trade:</b>  |              |               |               |               |                |                |                |                 |
| Implement free trade agreements with Chile and Singapore <sup>5</sup> .....  |              | -25           | -51           | -68           | -80            | -92            | -316           | -913            |
| <b>Improve tax administration:</b>   |              |               |               |               |                |                |                |                 |
| Implement IRS administrative reforms .....   |              | 78            | 54            | 56            | 57             | 59             | 304            | 624             |
| Permit private collection agencies to engage in specific, limited activities to support IRS collection efforts ..... |              | 46            | 128           | 111           | 94             | 97             | 476            | 1,008           |
| Combat abusive tax avoidance transactions .....  | 12           | 45            | 83            | 98            | 99             | 103            | 428            | 1,007           |
| Limit related party interest deductions .....  | 10           | 104           | 190           | 239           | 293            | 351            | 1,177          | 3,987           |
| <b>Reform unemployment insurance:</b>  |              |               |               |               |                |                |                |                 |
| Reform unemployment insurance administrative financing <sup>5</sup> .....  |              |               | -1,068        | -1,439        | -3,368         | -2,016         | -7,891         | -13,401         |
| <b>Total tax incentives</b> .....  | <b>-517</b>  | <b>-3,865</b> | <b>-7,612</b> | <b>-8,616</b> | <b>-11,840</b> | <b>-11,832</b> | <b>-43,765</b> | <b>-107,290</b> |
| <b>Other Proposals:</b>  |              |               |               |               |                |                |                |                 |
| Deposit full amount of excise tax imposed on gasohol in the Highway Trust Fund <sup>5</sup> .....                    |              |               |               | 558           | 576            | 590            | 1,724          | 4,912           |
| Increase Indian gaming activity fees .....   |              |               | 3             | 4             | 4              | 5              | 16             | 41              |
| <b>Total other proposals</b> .....   |              |               | <b>3</b>      | <b>562</b>    | <b>580</b>     | <b>595</b>     | <b>1,740</b>   | <b>4,953</b>    |
| <b>Simplify the Tax Laws:</b>  |              |               |               |               |                |                |                |                 |
| Establish uniform definition of a qualifying child .....   | -2           | -43           | -23           | -24           | -28            | -19            | -137           | -211            |
| Simplify adoption tax provisions .....   | -4           | -36           | -37           | -39           | -40            | -42            | -194           | -429            |
| Expand tax-free savings opportunities .....  | 1,390        | 10,572        | 4,803         | 1,915         | -648           | -1,822         | 14,820         | 2,002           |
| Consolidate employer-based savings accounts .....  | -5           | -185          | -253          | -263          | -276           | -292           | -1,269         | -3,011          |
| <b>Total simplify the tax laws</b> .....   | <b>1,379</b> | <b>10,308</b> | <b>4,490</b>  | <b>1,589</b>  | <b>-992</b>    | <b>-2,175</b>  | <b>13,220</b>  | <b>-1,649</b>   |
| <b>Expiring Provisions:</b>  |              |               |               |               |                |                |                |                 |
| <b>Temporarily extend expiring provisions:</b>   |              |               |               |               |                |                |                |                 |
| Combined work opportunity/welfare-to-work tax credit .....   |              | -54           | -201          | -268          | -181           | -96            | -800           | -873            |
| Minimum tax relief for individuals .....   |              | -260          | -7,286        | -10,343       |                |                | -17,889        | -17,889         |
| DC tax incentives .....  |              | -53           | -116          | -58           | -1             | -4             | -232           | -357            |
| Authority to issue Qualified Zone Academy Bonds .....  |              | -6            | -18           | -34           | -52            | -64            | -174           | -514            |
| Deduction for corporate donations of computer technology .....   |              | -74           | -127          | -52           |                |                | -253           | -253            |
| Net operating loss offset of 100 percent of AMTI .....   | -639         | -3,028        | -2,274        | -1,442        | 420            | 367            | -5,957         | -4,890          |
| IRS user fees .....  |              | 68            | 81            | 6             |                |                | 155            | 155             |
| Abandoned mine reclamation fees .....  |              |               | 308           | 313           | 319            | 325            | 1,265          | 2,978           |
| <b>Permanently extend expiring provisions:</b>   |              |               |               |               |                |                |                |                 |
| Provisions expiring in 2010:   |              |               |               |               |                |                |                |                 |
| Marginal individual income tax rate reductions .....   |              |               |               |               |                |                |                | -286,952        |
| Child tax credit <sup>6</sup> .....  |              |               |               |               |                |                |                | -46,893         |
| Marriage penalty relief <sup>7</sup> .....   |              |               |               |               |                |                |                | -20,654         |
| Education incentives .....   | -2           | -11           | -19           | -27           | -33            | -42            | -132           | -4,685          |
| Repeal of estate and generation-skipping transfer taxes, and modification of gift taxes .....                        | 46           | -292          | -810          | -1,319        | -1,540         | -1,736         | -5,697         | -125,991        |
| Modifications of IRAs and pension plans .....  |              |               |               |               |                |                |                | -11,236         |
| Other incentives for families and children .....   |              |               |               |               |                |                |                | -2,029          |
| Other provisions:  |              |               |               |               |                |                |                |                 |
| Research and experimentation (R&E) tax credit .....  |              | -1,005        | -3,278        | -5,187        | -6,291         | -7,129         | -22,890        | -67,922         |

**Table 4-3. EFFECT OF PROPOSALS ON RECEIPTS—Continued**  
(In millions of dollars)

|   | Estimate       |                 |                 |                |                |                |                 |                   |
|---|----------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|-------------------|
|   | 2003           | 2004            | 2005            | 2006           | 2007           | 2008           | 2004-2008       | 2004-2013         |
| Suspension of disallowance of certain deductions of mutual life insurance companies ..... |                | -123            | -137            | -65            | -36            | -24            | -385            | -472              |
| <b>Total expiring provisions .....</b>  | <b>-595</b>    | <b>-4,838</b>   | <b>-13,877</b>  | <b>-18,476</b> | <b>-7,395</b>  | <b>-8,403</b>  | <b>-52,989</b>  | <b>-588,477</b>   |
| <b>Total effect of proposals .....</b>  | <b>-30,787</b> | <b>-109,124</b> | <b>-100,184</b> | <b>-89,234</b> | <b>-70,996</b> | <b>-71,710</b> | <b>-441,248</b> | <b>-1,307,000</b> |

<sup>1</sup> Affects both receipts and outlays. Only the receipt effect is shown here. The outlay effect is \$300 million for 2003, \$1,074 million for 2004, \$4,783 million for 2005, \$4,272 million for 2006, \$4,195 million for 2007, \$4,142 million for 2008, \$18,466 million for 2004-2008, and \$25,239 million for 2004-2013.

<sup>2</sup> Affects both receipts and outlays. Only the receipt effect is shown here. The outlay effect is \$213 million for 2004, \$543 million for 2005, \$714 million for 2006, \$796 million for 2007, \$886 million for 2008, \$3,152 million for 2004-2008, and \$3,626 million for 2004-2013.

<sup>3</sup> Affects both receipts and outlays. Only the receipt effect is shown here. The outlay effect is \$3,546 million for 2005, \$8,166 million for 2006, \$9,251 million for 2007, \$9,827 million for 2008, \$30,790 million for 2004-2008, and \$87,608 million for 2004-2013.

<sup>4</sup> Policy proposal with a receipt effect of zero.

<sup>5</sup> Net of income offsets.

<sup>6</sup> Affects both receipts and outlays. Only the receipt effect is shown here. The outlay effect is \$20,781 million for 2004-2013.

<sup>7</sup> Affects both receipts and outlays. Only the receipt effect is shown here. The outlay effect is \$3,744 million for 2004-2013.

Table 4-4. RECEIPTS BY SOURCE

(In millions of dollars)

| Source   | 2002<br>Actual | Estimate       |                |                |                  |                  |                  |
|--|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
|  |                | 2003           | 2004           | 2005           | 2006             | 2007             | 2008             |
| <b>Individual income taxes (federal funds):</b>                |                |                |                |                |                  |                  |                  |
| Existing law .....   | 858,345        | 877,211        | 953,641        | 1,028,720      | 1,094,670        | 1,162,565        | 1,235,568        |
| Proposed Legislation (PAYGO) .....                             |                | -28,158        | -103,761       | -94,164        | -80,615          | -59,204          | -60,220          |
| <b>Total individual income taxes</b> .....                     | <b>858,345</b> | <b>849,053</b> | <b>849,880</b> | <b>934,556</b> | <b>1,014,055</b> | <b>1,103,361</b> | <b>1,175,348</b> |
| <b>Corporation income taxes:</b>                               |                |                |                |                |                  |                  |                  |
| Federal funds:   |                |                |                |                |                  |                  |                  |
| Existing law .....   | 148,037        | 145,799        | 173,659        | 233,213        | 240,064          | 244,618          | 252,020          |
| Proposed Legislation (PAYGO) .....                             |                | -2,613         | -4,599         | -3,895         | -6,243           | -6,859           | -8,336           |
| Total Federal funds corporation income taxes .....             | 148,037        | 143,186        | 169,060        | 229,318        | 233,821          | 237,759          | 243,684          |
| Trust funds:   |                |                |                |                |                  |                  |                  |
| Hazardous substance superfund .....                            | 7              |                |                |                |                  |                  |                  |
| <b>Total corporation income taxes</b> .....                    | <b>148,044</b> | <b>143,186</b> | <b>169,060</b> | <b>229,318</b> | <b>233,821</b>   | <b>237,759</b>   | <b>243,684</b>   |
| <b>Social insurance and retirement receipts (trust funds):</b> |                |                |                |                |                  |                  |                  |
| Employment and general retirement:                             |                |                |                |                |                  |                  |                  |
| Old-age and survivors insurance (Off-budget) .....             | 440,541        | 454,405        | 475,436        | 503,931        | 525,531          | 550,896          | 575,470          |
| Disability insurance (Off-budget) .....                        | 74,780         | 77,160         | 80,732         | 85,572         | 89,241           | 93,548           | 97,722           |
| Hospital insurance .....                                       | 149,049        | 152,275        | 159,784        | 170,037        | 177,525          | 186,262          | 194,827          |
| Railroad retirement:   |                |                |                |                |                  |                  |                  |
| Social Security equivalent account .....                       | 1,652          | 1,643          | 1,674          | 1,695          | 1,718            | 1,730            | 1,750            |
| Rail pension and supplemental annuity .....                    | 2,525          | 2,349          | 2,237          | 2,228          | 2,259            | 2,279            | 2,303            |
| Total employment and general retirement .....                  | 668,547        | 687,832        | 719,863        | 763,463        | 796,274          | 834,715          | 872,072          |
| On-budget .....  | 153,226        | 156,267        | 163,695        | 173,960        | 181,502          | 190,271          | 198,880          |
| Off-budget .....   | 515,321        | 531,565        | 556,168        | 589,503        | 614,772          | 644,444          | 673,192          |
| Unemployment insurance:  |                |                |                |                |                  |                  |                  |
| Deposits by States <sup>1</sup> .....                          | 20,911         | 27,312         | 33,195         | 37,076         | 39,002           | 40,078           | 41,146           |
| Proposed Legislation (PAYGO) .....                             |                |                |                |                |                  | -563             | -234             |
| Federal unemployment receipts <sup>1</sup> .....               | 6,613          | 6,777          | 6,872          | 7,212          | 7,849            | 8,560            | 7,182            |
| Proposed Legislation (PAYGO) .....                             |                |                |                | -1,336         | -1,800           | -3,650           | -2,288           |
| Railroad unemployment receipts <sup>1</sup> .....              | 95             | 141            | 139            | 119            | 119              | 115              | 106              |
| Total unemployment insurance .....                             | 27,619         | 34,230         | 40,206         | 43,071         | 45,170           | 44,540           | 45,912           |
| Other retirement:  |                |                |                |                |                  |                  |                  |
| Federal employees' retirement—employee share .....             | 4,533          | 4,479          | 4,433          | 4,314          | 4,277            | 4,264            | 4,218            |
| Non-Federal employees retirement <sup>2</sup> .....            | 61             | 52             | 46             | 42             | 39               | 36               | 33               |
| Total other retirement .....                                   | 4,594          | 4,531          | 4,479          | 4,356          | 4,316            | 4,300            | 4,251            |
| <b>Total social insurance and retirement receipts</b> .....    | <b>700,760</b> | <b>726,593</b> | <b>764,548</b> | <b>810,890</b> | <b>845,760</b>   | <b>883,555</b>   | <b>922,235</b>   |
| On-budget .....  | 185,439        | 195,028        | 208,380        | 221,387        | 230,988          | 239,111          | 249,043          |
| Off-budget .....   | 515,321        | 531,565        | 556,168        | 589,503        | 614,772          | 644,444          | 673,192          |
| <b>Excise taxes:</b>   |                |                |                |                |                  |                  |                  |
| Federal funds:   |                |                |                |                |                  |                  |                  |
| Alcohol taxes .....  | 7,764          | 7,840          | 7,979          | 8,087          | 8,168            | 8,262            | 8,384            |
| Proposed Legislation (PAYGO) .....                             |                |                | -57            | -78            | -19              |                  |                  |
| Tobacco taxes .....  | 8,274          | 8,158          | 8,015          | 7,923          | 7,824            | 7,725            | 7,633            |
| Transportation fuels tax .....                                 | 814            | 869            | 939            | 1,009          | 290              | 293              | 296              |
| Proposed Legislation (PAYGO) .....                             |                |                | -643           | -711           |                  |                  |                  |
| Telephone and teletype services .....                          | 5,829          | 6,205          | 6,611          | 7,002          | 7,408            | 7,827            | 8,265            |
| Other Federal fund excise taxes .....                          | 1,336          | 1,815          | 1,745          | 1,770          | 1,822            | 1,880            | 1,948            |
| Proposed Legislation (PAYGO) .....                             |                | -16            | -207           | -94            | -159             | -186             | -198             |
| Total Federal fund excise taxes .....                          | 24,017         | 24,871         | 24,382         | 24,908         | 25,334           | 25,801           | 26,328           |
| Trust funds:   |                |                |                |                |                  |                  |                  |
| Highway .....  | 32,603         | 32,815         | 34,269         | 35,337         | 36,524           | 37,586           | 38,568           |



Table 4-4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

| Source  | 2002<br>Actual   | Estimate         |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             |
| Proposed Legislation (PAYGO) .....                          |                  |                  | 643              | 698              | 717              | 724              | 720              |
| Airport and airway .....                                    | 9,031            | 9,381            | 10,218           | 10,910           | 11,537           | 12,157           | 12,803           |
| Aquatic resources .....                                     | 386              | 393              | 417              | 430              | 441              | 452              | 464              |
| Black lung disability insurance .....                       | 567              | 561              | 574              | 603              | 622              | 634              | 648              |
| Inland waterway .....                                       | 95               | 88               | 89               | 90               | 91               | 91               | 92               |
| Vaccine injury compensation .....                           | 109              | 124              | 124              | 126              | 127              | 129              | 130              |
| Leaking underground storage tank .....                      | 181              | 183              | 189              | 194              | 198              | 204              | 207              |
| Proposed Legislation (PAYGO) .....                          |                  |                  |                  |                  |                  |                  | -1               |
| Total trust funds excise taxes .....                        | 42,972           | 43,545           | 46,523           | 48,388           | 50,257           | 51,977           | 53,631           |
| <b>Total excise taxes .....</b>                             | <b>66,989</b>    | <b>68,416</b>    | <b>70,905</b>    | <b>73,296</b>    | <b>75,591</b>    | <b>77,778</b>    | <b>79,959</b>    |
| <b>Estate and gift taxes:</b>                               |                  |                  |                  |                  |                  |                  |                  |
| Federal funds .....   | 26,507           | 20,209           | 23,913           | 22,025           | 24,561           | 22,226           | 22,525           |
| Proposed Legislation (PAYGO) .....                          |                  |                  | -534             | -927             | -1,347           | -1,474           | -1,360           |
| <b>Total estate and gift taxes .....</b>                    | <b>26,507</b>    | <b>20,209</b>    | <b>23,379</b>    | <b>21,098</b>    | <b>23,214</b>    | <b>20,752</b>    | <b>21,165</b>    |
| <b>Customs duties:</b>                                      |                  |                  |                  |                  |                  |                  |                  |
| Federal funds .....   | 17,884           | 18,252           | 19,892           | 20,341           | 22,937           | 25,032           | 26,536           |
| Proposed Legislation (PAYGO) .....                          |                  |                  | -34              | -69              | -91              | -107             | -123             |
| Trust funds .....   | 718              | 800              | 855              | 928              | 1,006            | 1,081            | 1,147            |
| <b>Total customs duties .....</b>                           | <b>18,602</b>    | <b>19,052</b>    | <b>20,713</b>    | <b>21,200</b>    | <b>23,852</b>    | <b>26,006</b>    | <b>27,560</b>    |
| <b>MISCELLANEOUS RECEIPTS:<sup>1 3</sup></b>                |                  |                  |                  |                  |                  |                  |                  |
| Miscellaneous taxes .....                                   | 92               | 95               | 97               | 99               | 100              | 102              | 104              |
| Proposed Legislation (PAYGO) .....                          |                  |                  |                  | 3                | 4                | 4                | 5                |
| United Mine Workers of America combined benefit fund .....  | 124              | 152              | 116              | 109              | 103              | 96               | 90               |
| Deposit of earnings, Federal Reserve System .....           | 23,683           | 23,565           | 27,078           | 33,283           | 35,206           | 36,993           | 39,134           |
| Defense cooperation .....                                   | 12               | 6                | 7                | 7                | 7                | 8                | 8                |
| Fees for permits and regulatory and judicial services ..... | 7,280            | 8,359            | 8,720            | 8,495            | 8,590            | 8,763            | 8,737            |
| Proposed Legislation (PAYGO) .....                          |                  |                  |                  | 308              | 313              | 319              | 325              |
| Fines, penalties, and forfeitures .....                     | 2,812            | 2,597            | 2,609            | 2,623            | 2,640            | 2,662            | 2,681            |
| Gifts and contributions .....                               | 246              | 210              | 200              | 197              | 198              | 199              | 198              |
| Refunds and recoveries .....                                | -323             | -275             | -287             | -294             | -295             | -303             | -310             |
| <b>Total miscellaneous receipts .....</b>                   | <b>33,926</b>    | <b>34,709</b>    | <b>38,540</b>    | <b>44,830</b>    | <b>46,866</b>    | <b>48,843</b>    | <b>50,972</b>    |
| <b>Adjustment for revenue uncertainty<sup>4</sup> .....</b> |                  | <b>-25,000</b>   | <b>-15,000</b>   |                  |                  |                  |                  |
| <b>Total budget receipts .....</b>                          | <b>1,853,173</b> | <b>1,836,218</b> | <b>1,922,025</b> | <b>2,135,188</b> | <b>2,263,159</b> | <b>2,398,054</b> | <b>2,520,923</b> |
| On-budget .....   | 1,337,852        | 1,304,653        | 1,365,857        | 1,545,685        | 1,648,387        | 1,753,610        | 1,847,731        |
| Off-budget .....  | 515,321          | 531,565          | 556,168          | 589,503          | 614,772          | 644,444          | 673,192          |
| <b>MEMORANDUM</b>   |                  |                  |                  |                  |                  |                  |                  |
| Federal funds .....   | 1,108,949        | 1,065,477        | 1,112,176        | 1,274,830        | 1,366,039        | 1,461,380        | 1,543,891        |
| Trust funds .....   | 464,990          | 474,018          | 511,003          | 530,431          | 553,840          | 576,262          | 602,856          |
| Interfund transactions .....                                | -236,087         | -234,842         | -257,322         | -259,576         | -271,492         | -284,032         | -299,016         |
| <b>Total on-budget .....</b>                                | <b>1,337,852</b> | <b>1,304,653</b> | <b>1,365,857</b> | <b>1,545,685</b> | <b>1,648,387</b> | <b>1,753,610</b> | <b>1,847,731</b> |
| <b>Off-budget (trust funds) .....</b>                       | <b>515,321</b>   | <b>531,565</b>   | <b>556,168</b>   | <b>589,503</b>   | <b>614,772</b>   | <b>644,444</b>   | <b>673,192</b>   |
| <b>Total .....</b>  | <b>1,853,173</b> | <b>1,836,218</b> | <b>1,922,025</b> | <b>2,135,188</b> | <b>2,263,159</b> | <b>2,398,054</b> | <b>2,520,923</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.

<sup>4</sup> These amounts reflect an additional adjustment to receipts beyond what the economic and tax models forecast and have been made in the interest of cautious and prudent forecasting.



## 5. USER CHARGES 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. These collections are classified as user charges, and they include the sale of postage stamps and electricity, charges for admittance to national parks, premiums for deposit insurance, and proceeds from the sale of assets, such as rents and royalties for the right to extract oil from the Outer Continental Shelf.

Depending on the laws that authorize the collections, they are credited to expenditure accounts as “offsetting collections,” or to receipt accounts as “offsetting receipts.” The budget refers to these amounts as “offsetting” 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>

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. When earmarked, 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.

Offsetting collections and receipts include most user charges, which are discussed below, as well as some amounts that are not user charges. Table 5–1 summarizes these transactions. For 2004, total offsetting collections and receipts from the public are estimated to be \$234.6 billion, and total user charges are estimated to be \$176.3 billion.

The following section discusses user charges and the Administration’s user charge proposals. The subsequent section displays more information on offsetting collections and receipts. The offsetting collections and receipts by agency are displayed in Table 21–1, “Outlays to the Public, Net and Gross,” which appears in Chapter 21 of this volume.

**Table 5–1. GROSS OUTLAYS, USER CHARGES, OTHER OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, AND NET OUTLAYS**

(In billions of dollars)

|   | 2002<br>Actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 2003     | 2004    |
| Gross outlays .....   | 2,233.0        | 2,378.0  | 2,464.0 |
| Offsetting collections and receipts from the public:                |                |          |         |
| User charges <sup>1</sup> .....                                     | 155.3          | 167.7    | 173.5   |
| Other .....   | 66.6           | 69.9     | 61.1    |
| Subtotal, offsetting collections and receipts from the public ..... | 222.0          | 237.6    | 234.6   |
| Net outlays .....   | 2,011.0        | 2,140.4  | 2,229.4 |

<sup>1</sup> Total user charges are shown below. They include user charges 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 charges, see Table 5–2, “Total User Charge Collections.”

|   |       |       |       |
|---|-------|-------|-------|
| Total user charges:                                       |       |       |       |
| Offsetting collections and receipts from the public ..... | 155.3 | 167.7 | 173.5 |
| Receipts .....  | 2.4   | 2.7   | 2.8   |
| Total, User charges .....                                 | 157.8 | 170.4 | 176.3 |

<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 24: “Budget System and Concepts and Glossary” in this volume.

## USER CHARGES

### I. Introduction and Background

The Federal Government may charge those who benefit directly from a particular activity or those subject to regulation. Based on the definition used in this chapter, Table 5–2 shows that user charges were \$157.8 billion in 2002, and are estimated to increase to \$170.4 billion in 2003 and to \$176.3 billion in 2004, growing to an estimated \$198.4 billion in 2008, including the user charges proposals that are shown in Table 5–3. This table shows that the Administration is proposing to increase user charges by an estimated \$2.1 billion in 2004, growing to an estimated \$2.6 billion in 2008.

*Definition.* The term “user charge” as used here is more broadly defined than the “user fee” concept used in this chapter in prior years. User charges are fees, charges, and assessments levied on individuals or organizations directly benefiting from, or subject to regulation by, a government program or activity. In addition, the payers of the charge must be limited to those benefiting from, or subject to regulation by, the program or activity, and may not include the general public or a broad segment of the public (such as those who pay income taxes or customs duties).

- Examples of business-type or market-oriented user charges include charges for the sale of postal services (the sale of stamps), electricity (e.g., sales by the Tennessee Valley Authority), proceeds from the sale of goods by defense commissaries, payments for Medicare voluntary supplemental medical insurance, life insurance premiums for veterans, recreation fees for parks, the sale of weather maps and related information by the Department of Commerce, and proceeds from the sale of assets (property, plant, and equipment) and natural resources (such as timber, oil, and minerals).
- Examples of regulatory and licensing user charges include charges for regulating the nuclear energy industry, bankruptcy filing fees, immigration fees, food inspection fees, passport fees, and patent and trademark fees.

The broader “user charges” concept adopted this year aligns these estimates with the concept that establishes policy for charging prices to the public for the sale or use of goods, services, property, and resources (see OMB Circular No. A-25, “User Charges,” July 8, 1993).

User charges do not include all offsetting collections and receipts from the public, such as repayments received from credit programs; interest, dividends, and other earnings; payments from one part of the Federal Government to another; or cost sharing contributions. Nor do they include earmarked taxes (such as taxes paid to social insurance programs or excise taxes on gasoline), or customs duties, fines, penalties, and forfeitures.

*Alternative definitions.* The definition used in this chapter is useful because it is similar to the definition used in OMB Circular No. A-25, “User Charges,” which

provides policy guidance to Executive Branch agencies on setting prices for user charges. Alternative definitions may be used for other purposes. Much of the discussion of user charges below—their purpose, when they should be levied, and how the amount should be set—applies to these alternatives as well.

Other definitions of user charges could, for example:

- be narrower than the one used here, by limiting the definition to proceeds from the sale of goods and services (and excluding the sale of assets), and by limiting the definition to include only proceeds that are earmarked to be used specifically to finance the goods and services being provided. This is the definition of user fees used in previous chapters on this subject and 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.)
- be even narrower than the user fee concept described above, by excluding regulatory fees and focusing solely on business-type transactions.
- be broader than the one used in this chapter by including beneficiary- or liability-based excise taxes, such as gasoline taxes.<sup>2</sup>

*What is the purpose of user charges?* The purpose of user charges is to improve the efficiency and equity of certain Government activities, and to reduce the burden on taxpayers to finance activities whose benefits accrue to a relatively limited number of people, or to impose a charge on activities that impose a cost on the public.

User charges 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 charges 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 charges 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

<sup>2</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. In addition to gasoline taxes, examples of beneficiary-based taxes include taxes on airline tickets, which finance air traffic control activities and airports. An example of a liability-based tax is the excise tax that formerly helped fund the hazardous substance superfund in the Environmental Protection Agency. This tax was paid by industry groups to finance environmental cleanup activities related to the industry activity but not necessarily caused by the payer of the fee.

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 organizations, then the program should be financed by charges 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 charges.

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

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

***What should be the amount of the fee?*** For programs that have private beneficiaries, the amount of the charge 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 charges that cover the full cost to the Government, including both direct and indirect costs.<sup>3</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 charges in the budget.*** As shown in Table 5-1, most user charges are classified

<sup>3</sup>Policies for setting user charges are promulgated in OMB Circular No. A-25: "User Charges" (July 8, 1993).

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 \$2.8 billion in 2004 are classified this way and are included in the totals described in Chapter 4. "Federal Receipts." They are classified as receipts because they are regulatory charges collected by the Federal Government by the exercise of its sovereign powers. Examples include filing fees in the United States courts, agricultural quarantine inspection fees, and passport fees.

The remaining user charges, an estimated \$173.5 billion in 2004, 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 \$126.5 billion of user charges for 2004 are credited directly to expenditure accounts, and are generally available for expenditure when they are collected, without further action by the Congress. An estimated \$47.0 billion of user charges for 2004 are deposited in offsetting receipt accounts, and are available to be spent only according to the legislation that established the charges.

As a further classification, the accompanying Tables 5-2 and 5-3 identify the charges as discretionary or mandatory. These classifications are terms from the Budget Enforcement Act of 1990 as amended and are used frequently in the analysis of the budget. "Discretionary" in this chapter refers to charges generally controlled through annual appropriations acts and under the jurisdiction of the appropriations committees in the Congress. These charges offset discretionary spending under the discretionary caps. "Mandatory" refers to charges controlled by permanent laws and under the jurisdiction of the authorizing committees. These charges 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 24, "Budget System and Concepts and Glossary."

## II. Current User Charges

As shown in Table 5-2, total user charge collections (including those proposed in this budget) are estimated to be \$176.3 billion in 2004, increasing to \$198.4 billion in 2008. User charge collections by the Postal Service and for Medicare premiums are the largest and are estimated to be more than half of total user charge collections in 2004.

Table 5-2. TOTAL USER CHARGE COLLECTIONS

(In millions of dollars)

|   | 2002<br>Actual | Estimates      |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>Receipts</b>   |                |                |                |                |                |                |                |
| Agricultural quarantine inspection fees .....   | 231            | 331            | 285            | 266            | 272            | 279            | 287            |
| Abandoned mine reclamation fund .....   | 287            | 296            | 302            | 308            | 313            | 319            | 325            |
| Corps of Engineers, Harbor maintenance fees .....   | 653            | 733            | 787            | 858            | 934            | 1,008          | 1,072          |
| Other (includes immigration, passport, and consular fees; filing fees for the U.S. courts; and other fees) .....                        | 1,257          | 1,359          | 1,428          | 1,439          | 1,395          | 1,420          | 1,240          |
| Subtotal, receipts .....  | 2,428          | 2,719          | 2,802          | 2,871          | 2,914          | 3,026          | 2,924          |
| <b>Offsetting Collections and Receipts from the Public</b>  |                |                |                |                |                |                |                |
| <b>Discretionary</b>  |                |                |                |                |                |                |                |
| Department of Agriculture: Food safety inspection and other fees .....  | 264            | 262            | 394            | 400            | 408            | 417            | 428            |
| Department of Commerce: Patent and trademark, fees for weather services, and other fees .....   | 1,444          | 1,833          | 1,810          | 1,930          | 2,126          | 2,291          | 2,463          |
| Department of Defense: Commissary and other fees .....  | 8,692          | 8,864          | 9,179          | 8,057          | 8,079          | 8,105          | 8,134          |
| Department of Energy: Federal Energy Regulation Commission, power marketing, and other fees .....                                       | 826            | 1,294          | 1,053          | 1,072          | 1,092          | 1,116          | 1,143          |
| Department of Health and Human Services: Food and Drug Administration, Centers for Medicare and Medicaid Services, and other fees ..... | 757            | 874            | 948            | 962            | 977            | 995            | 1,015          |
| Department of Homeland Security, border and transportation security fees and other fees .....   | 1,149          | 2,441          | 2,523          | 2,570          | 2,622          | 2,680          | 2,748          |
| Department of the Interior: Minerals Management Service and other fees .....  | 312            | 304            | 309            | 314            | 322            | 328            | 336            |
| Department of Justice: Antitrust and other fees .....   | 348            | 399            | 422            | 430            | 438            | 448            | 459            |
| Department of State: Passport and other fees .....  | 455            | 813            | 997            | 1,016          | 1,036          | 1,059          | 1,086          |
| Department of Transportation: Railroad safety, navigation, and other fees .....   | 177            | 266            | 193            | 196            | 201            | 206            | 211            |
| Department of the Treasury: Sale of commemorative coins and other fees .....  | 1,191          | 1,415          | 1,463          | 1,490          | 1,520          | 1,554          | 1,594          |
| Department of Veterans Affairs: Medical care and other fees .....   | 989            | 1,615          | 2,140          | 2,240          | 2,419          | 2,618          | 2,832          |
| Social Security Administration, State supplemental fees, supplemental security income .....   | 100            | 111            | 120            | 127            | 135            | 143            | 152            |
| Federal Communications Commission: Regulatory fees and costs of auctions .....  | 297            | 336            | 351            | 358            | 365            | 373            | 383            |
| Federal Trade Commission: Regulatory fees .....   | 69             | 166            | 177            | 180            | 184            | 188            | 193            |
| Nuclear Regulatory Commission: Regulatory fees .....  | 476            | 499            | 546            | 556            | 568            | 580            | 595            |
| Securities and Exchange Commission: Regulatory fees .....   | 1,013          | 1,332          | 1,542          | 1,837          | 2,171          | 1,142          | 1,173          |
| All other agencies, discretionary user charges .....  | 340            | 553            | 573            | 587            | 597            | 610            | 626            |
| Subtotal, discretionary user charges .....  | 18,899         | 23,377         | 24,740         | 24,322         | 25,260         | 24,853         | 25,571         |
| <b>Mandatory</b>  |                |                |                |                |                |                |                |
| Department of Agriculture: Crop insurance and other fees .....  | 1,524          | 3,846          | 3,480          | 3,364          | 3,420          | 3,223          | 3,417          |
| Department of Defense: Commissary surcharge and other fees .....  | 1,411          | 746            | 600            | 549            | 556            | 431            | 389            |
| Department of Energy: Proceeds from the sale of energy, nuclear waste disposal fees, and other fees .....                               | 4,899          | 4,947          | 5,155          | 5,160          | 5,006          | 4,576          | 4,668          |
| Department of Health and Human Services: Medicare Part B insurance premiums, and other fees, .....                                      | 25,986         | 28,303         | 31,033         | 32,860         | 34,557         | 36,374         | 38,790         |
| Department of Homeland Security: Customs, immigration, flood insurance, and other fees .....  | 4,647          | 5,619          | 5,530          | 5,632          | 5,830          | 6,037          | 6,254          |
| Department of the Interior: Recreation and other fees .....   | 2,171          | 2,770          | 2,584          | 2,856          | 2,655          | 2,637          | 2,701          |
| Department of Justice: Immigration and other fees .....   | 275            | 333            | 349            | 354            | 359            | 364            | 370            |
| Department of Labor: Insurance premiums to guaranty private pensions .....  | 2,382          | 1,826          | 2,378          | 2,497          | 2,584          | 2,673          | 2,769          |
| Department of the Treasury: Customs, bank regulation, and other fees .....  | 664            | 674            | 693            | 710            | 727            | 744            | 751            |
| Department of Veterans Affairs: Veterans life insurance and other fees .....  | 2,074          | 1,820          | 1,685          | 1,642          | 1,600          | 1,560          | 1,525          |
| Office of Personnel Management: Federal employee health and life insurance fees .....   | 8,210          | 9,067          | 9,916          | 10,630         | 11,366         | 12,140         | 13,065         |
| Federal Deposit Insurance Corporation: Deposit insurance fees .....   | 3,925          | 2,059          | 2,323          | 2,518          | 3,677          | 4,112          | 4,394          |
| National Credit Union Administration: Credit union share insurance and other fees .....   | 519            | 573            | 605            | 565            | 583            | 619            | 667            |
| Postal Service: Fees for postal services .....  | 64,957         | 69,437         | 70,159         | 70,897         | 71,586         | 72,376         | 73,065         |
| Tennessee Valley Authority: Proceeds from the sale of energy .....  | 6,959          | 6,986          | 7,196          | 7,459          | 7,697          | 7,904          | 8,047          |
| Undistributed Offsetting Receipts: Sale of spectrum licenses, OCS receipts, and other fees .....  | 5,025          | 4,380          | 4,189          | 14,230         | 13,282         | 8,396          | 8,098          |
| All other agencies, mandatory user charges .....  | 818            | 956            | 857            | 2,123          | 2,137          | 894            | 909            |
| Subtotal, mandatory user charges .....  | 136,446        | 144,342        | 148,732        | 164,046        | 167,622        | 165,060        | 169,879        |
| Subtotal, user charges that are offsetting collections and receipts from the public .....   | 155,345        | 167,719        | 173,472        | 188,368        | 192,882        | 189,913        | 195,450        |
| <b>Total, User charges</b> .....  | <b>157,773</b> | <b>170,438</b> | <b>176,274</b> | <b>191,239</b> | <b>195,796</b> | <b>192,939</b> | <b>198,374</b> |

### III. User Charge Proposals

As shown in Table 5–3, the Administration is proposing new or increased user charges that would increase collections by an estimated \$2.1 billion in 2004, increasing to \$2.6 billion in 2008.

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

##### 1. Offsetting collections

#### Department of Agriculture

*Animal and Plant Health Inspection Service.*—Legislation will be proposed to establish user fees for APHIS costs for animal welfare inspections, such as for animal research centers, humane societies, and kennels.

*Grain Inspection, Packers and Stockyards Administration.*—The Administration proposes to collect a license fee to cover the cost of administering GIPSA's packers and stockyards program and a user fee to cover the cost of the standardization program.

*Food Safety and Inspection Service.*—The Administration proposes a new user fee for the Department of Agriculture's Food Safety and Inspection Service (FSIS). Under the proposed fee, the meat, poultry and egg industries would be required to reimburse the Federal Government for the full cost of extra shifts for inspection services. FSIS would recover 100 percent of inspection costs from establishments for additional, complete work shifts beyond a primary approved shift.

#### Department of Commerce

*Patent and Trademark Office.*—The Administration proposes legislation to restructure patent fees and adjust trademark fees in support of the objectives of PTO's strategic plan to enhance examination quality, improve the efficiency of the patent and trademark examination systems, and better reflect the agency's costs.

#### Department of Health and Human Services

*Fees for the review of new drugs for animals.*—The Administration is proposing the authorization of fees for the review of new drugs for animals. The Food and Drug Administration's review of these drugs is required before they are available on the market. Spending financed by these fees would be in addition to regular appropriations.

*Medicare duplicate or unprocessable claims.*—The Administration proposes new user fees for providers submitting duplicate or unprocessable claims. The Centers for Medicare and Medicaid Services (CMS) 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 fee for duplicate or unprocessable claims would heighten provider awareness of these issues and increase efficiency by deterring this action.

*Medicare appeals fee.*—Sections 521 and 522 of the Benefit Improvements Protection Act (BIPA) of 2000 require CMS to reform the current Medicare appeals process. The Administration proposes a modest filing

fee for providers who submit Medicare appeals to Qualified Independent Contractors, which represent a new level of adjudication. This proposal would heighten provider awareness of reformed appeals processes and requirements as well as deter appeals submitted with inaccurate or insufficient information.

#### Department of State

*Machine readable visa (MRV) fees.*—Both the PATRIOT Act and the Border Security Act have placed additional, costly requirements upon the State Department to update databases, interview more visa applicants, gather biometric information in the visa interview process and input that biometric information into shared databases, adjudicate a larger number of applications annually, and reduce the amount of consular activities that may be performed by foreign service nationals. Only cleared Americans may perform certain consular tasks. This is all at a time when visa applications have decreased by more than 2 million since 2001, thereby reducing receipts by an anticipated shortfall of \$200 million in 2004. In July 2002, there was an increase in the MRV fee from \$65 to \$100. Rather than request an additional appropriation in 2004, the Administration proposes another MRV fee increase to cover the shortfall. However, prior to any new fee increase, the Department of State must evaluate in a revised cost-of-service study the likely effects of an increase.

#### Department of Veterans Affairs

*Establish an annual enrollment fee for PL 7 and PL 8 veterans (non-disabled, higher income).*—Legislation will be proposed to establish an annual enrollment fee of \$250 for Priority Level 7 and 8 veterans. The increased receipts will allow the Department of Veterans Affairs to refocus the medical care system on caring for its core population, which is service-connected and lower-income veterans.

#### Corps of Engineers

*Fees transferred from the Power Marketing Administrations.*—Beginning in 2003, the Administration proposes that financing of the operation and maintenance costs of the Corps of Engineers in the Southeastern, Southwestern, and Western service areas of the Power Marketing Administrations be funded by receipts from the Power Marketing Administrations in these areas. These receipts are derived from the sale of power and related services. This proposal transfers Power Marketing Administration receipts to the Corps of Engineers equivalent to its operating and maintenance costs for the facilities in these areas. The Bonneville Power Administration already funds certain Corps of Engineers' hydropower facilities in this fashion.

#### Environmental Protection Agency

*Extension of pesticide maintenance fee.*—As authorized by the Federal Insecticide, Fungicide, and Rodenticide Act, EPA currently collects a maintenance fee to fund a portion of its pesticide reregistration and tolerance reassessment activities. The authorization to

Table 5-3. USER CHARGE PROPOSALS

(Estimated collections in millions of dollars)

|   | 2003       | 2004         | 2005         | 2006         | 2007         | 2008         | 2004-2008     |
|---|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>DISCRETIONARY</b>  |            |              |              |              |              |              |               |
| <i>1. Offsetting collections.</i>   |            |              |              |              |              |              |               |
| <b>Department of Agriculture</b>  |            |              |              |              |              |              |               |
| Animal and Plant Health Inspection Service .....  |            | 8            | 8            | 8            | 8            | 8            | 40            |
| Grain Inspection, Packers and Stockyards Administration .....                                     |            | 29           | 30           | 30           | 31           | 32           | 152           |
| Food Safety and Inspection Service .....  |            | 122          | 122          | 122          | 122          | 122          | 610           |
| <b>Department of Commerce</b>   |            |              |              |              |              |              |               |
| Patent and Trademark Office .....   | 207        | 201          | 182          | 209          | 238          | 267          | 1,097         |
| <b>Department of Health and Human Services</b>  |            |              |              |              |              |              |               |
| Fees for the review of new drugs for animals .....  |            | 5            | 5            | 5            | 5            | 5            | 25            |
| Medicare duplicate or unprocessable claims .....  | 60         | 195          | 195          | 195          | 195          | 195          | 975           |
| Medicare paper claims .....   | 70         |              |              |              |              |              |               |
| Medicare appeals fee .....  |            | 6            | 6            | 6            | 6            | 6            | 30            |
| <b>Department of State</b>  |            |              |              |              |              |              |               |
| Machine readable visa fees .....  | 67         | 271          | 280          | 289          | 300          | 311          | 1,451         |
| <b>Department of Veterans Affairs</b>   |            |              |              |              |              |              |               |
| Establish an annual enrollment fee for PL 7 and PL 8 veterans (non-disabled, higher income) ..... |            | 230          | 241          | 265          | 292          | 321          | 1,349         |
| <b>Corps of Engineers</b>   |            |              |              |              |              |              |               |
| Fees transferred from the Power Marketing Administrations in the Department of Energy .....       | 149        | 145          | 148          | 151          | 154          | 158          | 756           |
| <b>Environmental Protection Agency</b>  |            |              |              |              |              |              |               |
| Extension of pesticide maintenance fee .....  |            | 8            | 8            | 8            |              |              | 24            |
| <b>Commodity Futures Trading Commission</b>   |            |              |              |              |              |              |               |
| Fees on each round-turn commodities futures and options transactions .....                        | 33         |              |              |              |              |              |               |
| <i>2. Offsetting receipts</i>   |            |              |              |              |              |              |               |
| <b>Environmental Protection Agency</b>  |            |              |              |              |              |              |               |
| Abolish cap on pre-manufacturing notification fees .....  | 4          | 4            | 8            | 8            | 8            | 8            | 36            |
| <b>Nuclear Regulatory Commission</b>  |            |              |              |              |              |              |               |
| Extend NRC fees at their 2005 level for 2006 and later .....                                      |            |              |              | 367          | 374          | 384          | 1,125         |
| Subtotal, discretionary user charges proposals .....  | 590        | 1,224        | 1,233        | 1,663        | 1,733        | 1,817        | 7,670         |
| <b>MANDATORY</b>  |            |              |              |              |              |              |               |
| <i>1. Offsetting collections</i>  |            |              |              |              |              |              |               |
| <b>Federal Deposit Insurance Corporation</b>  |            |              |              |              |              |              |               |
| Deposit insurance fees .....  |            | -453         | -764         | -231         | 59           | 39           | -1,350        |
| <i>2. Offsetting receipts</i>   |            |              |              |              |              |              |               |
| <b>Department of Agriculture</b>  |            |              |              |              |              |              |               |
| Forest Service recreation and entrance fees .....   |            |              | 37           | 50           | 50           | 55           | 192           |
| <b>Department of Energy</b>   |            |              |              |              |              |              |               |
| Arctic National Wildlife Refuge, collections for research and development .....                   |            |              | 1,200        |              |              |              | 1,200         |
| Transfer certain Power Marketing Administrations fees to the Corps of Engineers .....             | -149       | -145         | -148         | -151         | -154         | -158         | -756          |
| <b>Department of Homeland Security</b>  |            |              |              |              |              |              |               |
| Border and transportation security conveyance and passenger fee .....                             |            | 305          | 320          | 336          | 353          | 371          | 1,685         |
| Border and transportation security merchandise processing fee .....                               |            | 1,093        | 1,170        | 1,252        | 1,339        | 1,433        | 6,287         |
| <b>Department of the Interior</b>   |            |              |              |              |              |              |               |
| Recreation fees .....   |            |              | 39           | 40           | 42           | 43           | 164           |
| Bureau of Land Management land sale authority .....   |            | 10           | 25           | 34           | 42           | 50           | 161           |
| Arctic National Wildlife Refuge, collection for payments to Alaska .....                          |            |              | 1,201        | 1            | 101          | 1            | 1,304         |
| Arctic National Wildlife Refuge, rents .....  |            |              | 1            | 1            | 101          | 1            | 104           |
| <b>Federal Communications Commission</b>  |            |              |              |              |              |              |               |
| Spectrum license user fees .....  |            |              | 10           | 25           | 50           | 100          | 185           |
| Analog spectrum fee .....   |            |              |              |              | 500          | 500          | 1,000         |
| Extend auction authority .....  |            |              |              |              | -2,000       | -2,000       | -4,000        |
| Subtotal, mandatory user charges proposals .....  | -149       | 810          | 3,091        | 1,357        | 483          | 435          | 6,176         |
| <i>3. Governmental receipts</i>   |            |              |              |              |              |              |               |
| <b>Department of the Interior</b>   |            |              |              |              |              |              |               |
| Extend abandoned mine reclamation fees .....  |            |              | 308          | 313          | 319          | 325          | 1,265         |
| National Indian Gaming Commission activity fees .....   |            |              | 3            | 4            | 4            | 5            | 16            |
| <b>Department of the Treasury</b>   |            |              |              |              |              |              |               |
| Extend Internal Revenue Service user fees .....   |            | 68           | 81           | 6            |              |              | 155           |
| Subtotal, governmental receipts user charges proposals .....                                      |            | 68           | 392          | 323          | 323          | 330          | 1,436         |
| <b>Total, user charge proposals .....</b>   | <b>441</b> | <b>2,102</b> | <b>4,716</b> | <b>3,343</b> | <b>2,539</b> | <b>2,582</b> | <b>15,282</b> |



collect these fees was scheduled to expire at the end of fiscal year 2001 but was extended through appropriations language through fiscal year 2002. The Administration is proposing to extend the authority to collect these fees at \$8 million annually through fiscal year 2006.

### **Commodity Futures Trading Commission**

*Fees on each round-turn commodities futures and options transaction.*—The Commodity Futures Trading Commission (CFTC) regulates U.S. futures and options markets. It strives to protect investors by preventing fraud and abuse and ensuring adequate disclosure information. The President's 2003 Budget proposed a fee on each round-turn commodities futures and options transaction. This proposal recognized that market participants derive direct benefit from CFTC's oversight, which provides legal certainty and contributes to the integrity and soundness of the markets. The fee is not proposed for 2004 and may be reconsidered after additional analysis.

#### *2. Offsetting receipts*

### **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 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 Nuclear Regulatory Commission (NRC) assess license and annual fees that recover approximately 92 percent of its budget authority in 2008, less the appropriation from the Nuclear Waste Fund. Licensees are required to reimburse NRC for its services, because licensees benefit from such services.

Under OBRA, as amended, 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 year. If the 90 percent requirement is not extended beyond 2005, fees would drop from an estimated \$558 million in 2005 to \$202 million in 2006. With an extension at 90 percent, fees would be an estimated \$569 million in 2006, an increase of \$367 million.

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

### *1. Offsetting collections*

### **Federal Deposit Insurance Corporation**

*Deposit insurance fees.*—The Federal Deposit Insurance Corporation (FDIC) insures deposits in bank and

savings associations (thrifts) through the Bank Insurance Fund (BIF) and the Savings Association Fund (SAIF). The 2004 Budget proposes to merge the BIF and the SAIF, which offer an identical product. The FDIC is required to maintain a designated reserve ratio (DRR, the ratio of insurance fund reserves to total insured deposits) of 1.25 percent. If insurance fund reserves fall below the DRR, the FDIC must charge sufficient premiums to restore the reserve ratio to 1.25 percent. The Administration's 2004 Budget assumes that some premium fees will be required to maintain the DRR in 2004 and beyond. A merged fund is projected to reduce the need for FDIC-insured depository institutions to increase premium payments over the near-term.

### *2. Offsetting receipts*

### **Department of Agriculture**

*Forest Service recreation and entrance fees.*—The Administration proposes to permanently extend 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 Energy**

*Arctic National Wildlife Refuge, collections for research and development.*—The budget includes a proposal to authorize the Department of the Interior to conduct environmentally responsible oil and gas exploration and development within a small area of the Arctic National Wildlife Refuge, sometimes referred to as the "1002 Area," located in northern Alaska. The Department of the Interior estimates that recoverable oil from this area is between 5.7 and 16 billion barrels of oil. The budget assumes that the first oil and gas lease sale would be held in 2005 and would result in \$2.4 billion in new revenues. Beginning in 2005 the budget would dedicate one-half of the first lease sale, \$1.2 billion, to fund increased research and development on renewable energy technology by the Department of Energy over a seven-year period. All oil and gas revenues from the 1002 Area would be shared fifty percent with the State of Alaska, including the estimated \$2 million annual rental payments.

*Transfer certain Power Marketing Administration fees to the Corps of Engineers.*—Beginning in 2003, the Administration proposes that financing of the operation and maintenance costs of the Corps of Engineers in the Southeastern, Southwestern, and Western service areas of the Power Marketing Administration be funded by receipts from the Power Marketing Administrations in these areas. This proposal is discussed under the Corps of Engineers above.

## Department of Homeland Security

*Border and transportation security conveyance, passenger, and merchandise processing fees.*—The Administration proposes the reauthorization of two user fees: the border security conveyance and passenger fees; and the merchandise processing fee. The Border and Transportation Security Directorate currently collects nine different conveyance and passenger user fees under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 and related statutes and a merchandise processing fee established by the Omnibus Budget Reconciliation Act (OBRA) of 1986, all of which are set to expire on September 30, 2003.

## Department of the Interior

*Recreation fees.*—The Administration proposal gives permanent authority for bureaus in the Department of the Interior (DOI) to collect and spend the receipts from entrance and other recreation fees. DOI's National Park Service, Fish and Wildlife Service, and Bureau of Land Management are currently authorized to do so through 2004 under the recreation fee demonstration program.

*Bureau of Land Management land sale authority.*—The Administration will propose legislation to amend BLM's land sale authority under the Federal Land Transaction Facilitation Act (FLTFA) to: (1) allow BLM to use updated management plans to identify areas suitable for disposal, (2) allow a portion of the receipts to be used by BLM for restoration projects, and (3) cap receipt retention at \$100 million per year. BLM is currently limited to selling lands that had been identified for disposal in land use plans that were in effect prior to enactment of FLTFA. Use of the receipts is currently limited to the purchase of other lands for conservation purposes.

*Arctic National Wildlife Refuge collections for payments to Alaska.*—The budget includes a proposal to authorize the Department of the Interior to conduct environmentally responsible oil and gas exploration and development within a small area of the Arctic National Wildlife Refuge, sometimes referred to as the "1002 Area," located in northern Alaska. This proposal is discussed under the Department of Energy above.

## Federal Communications Commission

*Spectrum license user fees.*—To continue to promote efficient spectrum use, the Administration proposes new authority for the FCC to set user fees on unauctioned spectrum licenses, based on public-interest and spectrum-management principles. Fee collections are estimated to begin in 2005 and total \$1.9 billion in the first ten years.

*Analog spectrum fee.*—To encourage television broadcasters to vacate the analog spectrum after 2006, as required by law, the Administration proposes author-

izing the FCC to establish an annual lease fee totaling \$500 million for the use of analog spectrum by commercial broadcasters beginning in 2007. Upon return of their analog spectrum license to the FCC, individual broadcasters will be exempt from the fee, and fee collections would decline.

*Extend auction authority.*—The Administration will propose legislation to extend indefinitely the FCC's authority to auction spectrum licenses, which expires in 2007. Reductions in estimated receipts in 2007 and 2008 resulting from possible shifting of spectrum auctions from 2007 into later years are more than offset by higher estimated receipts for those auctions in 2009 and 2010 as well as future new auctions. Estimated additional receipts from this proposal are \$2.2 billion over the next ten years.

### 3. Governmental receipts

## Department of the Interior

*Extend abandoned mine reclamation fees.*—Collections from abandoned mine reclamation fees are allocated to States for reclamation grants. Current fees of 35 cents per ton for surface mined coal, 15 cents per ton for underground mined coal, and 10 cents per ton for lignite coal are scheduled to expire on September 30, 2004. Abandoned land problems are expected to exist in certain States after all the money from the collection of fees under current law is expended. The Administration proposes to extend these fees until the most significant abandoned mine land problems are fixed. The Administration also proposes to modify the authorization language to allocate more of the receipts collected toward restoration of abandoned coal mine land.

*National Indian Gaming Commission activity fees.*—The National Indian Gaming Commission regulates and monitors gaming operations conducted on Indian lands. Since 1998, the Commission has been prohibited from collecting more than \$8 million in annual fees from gaming operations to cover the costs of its oversight responsibilities. The Administration proposes to amend the current fee structure so that the Commission can adjust its activities to the growth in the Indian gaming industry.

## Department of the Treasury

*Extend Internal Revenue Service user fees.*—The Administration proposes to extend for two years, through September 30, 2005, the IRS's authority to charge fees for written responses to questions from individuals, corporations, and organizations related to their tax status or the effects of particular transactions for tax purposes. Under current law, these fees are scheduled to expire effective with requests made after September 30, 2003.

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**OTHER OFFSETTING COLLECTIONS AND RECEIPTS**

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Table 5-4 shows the distribution of user charges and other offsetting collections and receipts according to whether they are offsetting collections credited to expenditure accounts or offsetting receipts. The table shows that total offsetting collections and receipts from the public are estimated to be \$234.6 billion in 2004. Of these, an estimated \$152.2 billion are offsetting collections credited to appropriation accounts and an estimated \$82.4 billion are deposited in offsetting receipt accounts.

Information on the user charges presented in Table 5-4 is available in Tables 5-2 and 5-3 and the discussion that accompanies those tables. Major offsetting collections deposited in expenditure accounts that are not user charges are pre-credit reform loan repayments and collections from States to supplement payments in the supplemental security income program. Major offsetting

receipts that are not user charges include military assistance program sales and interest income.

Table 5-5 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 \$492.6 billion in 2004—\$410.2 billion are intragovernmental transactions, and \$82.4 billion are from the public, shown in the table as proprietary receipts from the public and offsetting governmental receipts.

As noted above, offsetting collections and receipts by agency are also displayed in Table 21-1, “Outlays to the Public, Net and Gross,” which appears in Chapter 21 of this volume.

**Table 5-4. OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC**  
(In millions of dollars)

|  | 2002<br>Actual | Estimate       |                |
|--|----------------|----------------|----------------|
|  |                | 2003           | 2004           |
| <b>Offsetting collections credited to expenditure accounts:</b>                                |                |                |                |
| User charges:  |                |                |                |
| Postal service stamps and other postal fees .....  | 64,597         | 69,437         | 70,159         |
| Defense Commissary Agency .....  | 4,983          | 5,100          | 5,174          |
| Federal employee contributions for employees and retired employees health benefits funds ..... | 6,495          | 7,283          | 8,051          |
| Sale of energy:  |                |                |                |
| Tennessee Valley Authority .....   | 6,959          | 6,986          | 7,196          |
| Bonneville Power Administration .....  | 3,650          | 3,807          | 4,010          |
| All other user charges <sup>1</sup> .....  | 27,128         | 30,775         | 31,921         |
| Subtotal, user charges .....   | 113,812        | 123,388        | 126,511        |
| Other collections credited to expenditure accounts:  |                |                |                |
| Pre-credit reform loan repayments .....  | 16,132         | 13,526         | 13,763         |
| Supplemental security income (collections from the States) .....                               | 3,735          | 3,949          | 4,056          |
| Other collections .....  | 10,008         | 8,637          | 7,829          |
| Subtotal, other collections .....  | 29,875         | 26,112         | 25,648         |
| Subtotal, collections credited to expenditure accounts .....                                   | 143,687        | 149,500        | 152,159        |
| <b>Offsetting receipts:</b>  |                |                |                |
| User charges:  |                |                |                |
| Medicare premiums .....  | 25,952         | 28,269         | 30,998         |
| Outer Continental Shelf rents, bonuses, and royalties .....                                    | 5,024          | 4,300          | 3,989          |
| All other user charges <sup>1</sup> .....  | 10,557         | 11,762         | 11,974         |
| Subtotal, user charges deposited in receipt accounts .....                                     | 41,533         | 44,331         | 46,961         |
| Other collections deposited in receipt accounts:   |                |                |                |
| Military assistance program sales .....  | 11,225         | 12,259         | 11,974         |
| Interest income .....  | 12,449         | 12,873         | 14,025         |
| All other collections deposited in receipt accounts .....                                      | 13,084         | 18,617         | 9,464          |
| Subtotal, other collections deposited in receipt accounts .....                                | 36,758         | 43,749         | 35,463         |
| Subtotal, collections deposited in receipt accounts .....                                      | 78,291         | 88,080         | 82,424         |
| <b>Total, offsetting collections and receipts from the public .....</b>                        | <b>221,978</b> | <b>237,580</b> | <b>234,583</b> |
| <b>Total, offsetting collections and receipts excluding off-budget .....</b>                   | <b>156,902</b> | <b>167,993</b> | <b>164,286</b> |
| <b>ADDENDUM:</b>   |                |                |                |
| User charges that are offsetting collections and receipts <sup>2</sup> .....                   | 155,345        | 167,719        | 173,472        |
| Other offsetting collections and receipts from the public .....                                | 66,633         | 69,861         | 61,111         |
| <b>Total, offsetting collections and receipts from the public .....</b>                        | <b>221,978</b> | <b>237,580</b> | <b>234,583</b> |

<sup>1</sup>For additional detail on items classified as user charges, see Table 5-2.

<sup>2</sup>Excludes user charges that are classified on the receipts side of the budget. For total user charges, see Table 5-1 or Table 5-2.

Table 5-5. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

| Source   | 2002<br>Actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>INTRAGOVERNMENTAL TRANSACTIONS</b>                            |                |          |         |         |         |         |         |
| <b>On-budget receipts:</b>                                       |                |          |         |         |         |         |         |
| Federal intrafund transactions:                                  |                |          |         |         |         |         |         |
| Distributed by agency:   |                |          |         |         |         |         |         |
| Interest from the Federal Financing Bank .....                   | 2,040          | 2,268    | 2,482   | 2,316   | 2,137   | 2,001   | 1,941   |
| Proposed Legislation (non-PAYGO) .....                           |                | -23      | -72     | -123    | -150    | -148    | -133    |
| Interest on Government capital in enterprises .....              | 1,244          | 1,022    | 1,062   | 1,473   | 1,357   | 1,414   | 1,243   |
| General fund payments to retirement and health benefits funds:   |                |          |         |         |         |         |         |
| DoD retiree health care fund .....                               |                | 15,111   | 16,470  | 18,040  | 19,787  | 21,689  | 23,757  |
| Other .....  | 3,363          | 2,402    | 2,522   | 2,676   | 2,759   | 2,685   | 2,430   |
| Proposed Legislation (non-PAYGO) .....                           |                |          |         | 8       | 21      | 36      | 51      |
| Undistributed by agency:   |                |          |         |         |         |         |         |
| Employing agency contributions:                                  |                |          |         |         |         |         |         |
| DoD retiree health care fund .....                               |                | 7,656    | 8,374   | 8,880   | 9,437   | 10,029  | 10,656  |
| Total Federal intrafunds .....                                   | 6,647          | 28,436   | 30,838  | 33,270  | 35,348  | 37,706  | 39,945  |
| Trust intrafund transactions:                                    |                |          |         |         |         |         |         |
| Distributed by agency:   |                |          |         |         |         |         |         |
| Payments to railroad retirement .....                            | 5,149          | 21,586   | 4,027   | 6,597   | 6,291   | 6,582   | 6,690   |
| Other .....  |                | 1        | 1       | 1       | 1       | 1       | 1       |
| Total trust intrafunds .....                                     | 5,149          | 21,587   | 4,028   | 6,598   | 6,292   | 6,583   | 6,691   |
| Total intrafund transactions .....                               | 11,796         | 50,023   | 34,866  | 39,868  | 41,640  | 44,289  | 46,636  |
| Interfund transactions:  |                |          |         |         |         |         |         |
| Distributed by agency:   |                |          |         |         |         |         |         |
| Federal fund payments to trust funds:                            |                |          |         |         |         |         |         |
| Contributions to insurance programs:                             |                |          |         |         |         |         |         |
| Military retirement fund .....                                   | 17,047         | 17,928   | 18,617  | 19,269  | 19,944  | 20,643  | 21,365  |
| Supplementary medical insurance .....                            | 78,319         | 80,905   | 94,518  | 96,192  | 101,018 | 106,365 | 113,409 |
| Proposed Legislation (non-PAYGO) .....                           |                |          |         | -25     | -8      |         |         |
| Hospital insurance .....   | 11,693         | 8,460    | 9,028   | 9,505   | 10,191  | 11,007  | 12,150  |
| Railroad social security equivalent fund .....                   | 94             | 114      | 105     | 114     | 116     | 122     | 129     |
| Rail industry pension fund .....                                 | 242            | 330      | 292     | 300     | 309     | 321     | 334     |
| Civilian supplementary retirement contributions .....            | 22,368         | 22,747   | 23,036  | 23,335  | 23,740  | 24,245  | 24,748  |
| Proposed Legislation (non-PAYGO) .....                           |                | 2,059    | 2,085   | 2,300   | 2,495   | 2,600   | 2,799   |
| Unemployment insurance .....                                     | 718            | 1,188    | 641     | 512     | 507     | 518     | 537     |
| Other contributions .....  | 540            | 481      | 511     | 513     | 515     | 518     | 516     |
| Subtotal .....   | 131,021        | 134,212  | 148,833 | 152,015 | 158,827 | 166,339 | 175,987 |
| Miscellaneous payments .....                                     | 1,429          | 1,026    | 1,674   | 1,462   | 1,509   | 1,491   | 1,547   |
| Proposed Legislation (non-PAYGO) .....                           |                |          | 2,468   |         |         |         |         |
| Subtotal .....   | 132,450        | 135,238  | 152,975 | 153,477 | 160,336 | 167,830 | 177,534 |
| Trust fund payments to Federal funds:                            |                |          |         |         |         |         |         |
| Quinquennial adjustment for military service credits .....       |                |          |         |         |         |         |         |
| Other .....  | 1,139          | 1,142    | 1,128   | 1,185   | 1,225   | 1,255   | 1,285   |
| Proposed Legislation (non-PAYGO) .....                           |                |          | 1,851   | -444    | -433    | -429    | -423    |
| Subtotal .....   | 1,139          | 1,142    | 2,979   | 741     | 792     | 826     | 862     |
| Total interfunds distributed by agency .....                     | 133,589        | 136,380  | 155,954 | 154,218 | 161,128 | 168,656 | 178,396 |
| Undistributed by agency:   |                |          |         |         |         |         |         |
| Employer share, employee retirement (on-budget):                 |                |          |         |         |         |         |         |
| Civil service retirement and disability insurance .....          | 10,731         | 9,975    | 10,739  | 11,565  | 12,555  | 13,235  | 13,856  |
| CSRD from Postal Service .....                                   | 6,763          | 7,026    | 7,221   | 7,479   | 7,584   | 7,822   | 8,233   |
| Proposed Legislation (PAYGO) .....                               |                | -3,490   | -2,658  | -2,851  | -2,873  | -3,065  | -3,411  |
| Hospital insurance (contribution as employer) <sup>1</sup> ..... | 2,191          | 2,333    | 2,402   | 2,533   | 2,639   | 2,747   | 2,902   |
| Proposed Legislation (non-PAYGO) .....                           |                |          |         |         |         |         |         |
| Postal employer contributions to FHI .....                       | 722            | 684      | 683     | 706     | 728     | 751     | 776     |
| Military retirement fund .....                                   | 12,935         | 12,084   | 12,546  | 12,915  | 13,318  | 13,765  | 14,155  |
| Other Federal employees retirement .....                         | 147            | 145      | 149     | 153     | 157     | 161     | 165     |

Table 5-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

| Source   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Total employer share, employee retirement (on-budget) .....      | 33,489         | 28,757         | 31,082         | 32,500         | 34,108         | 35,416         | 36,676         |
| Interest received by on-budget trust funds .....                 | 76,494         | 73,901         | 75,589         | 78,229         | 81,730         | 85,495         | 89,573         |
| Proposed Legislation (non-PAYGO) .....                           |                | 24             | -57            | -37            | -35            | -27            | -31            |
| Total interfund transactions undistributed by agency .....       | 109,983        | 102,682        | 106,614        | 110,692        | 115,803        | 120,884        | 126,218        |
| Total interfund transactions .....                               | 243,572        | 239,062        | 262,568        | 264,910        | 276,931        | 289,540        | 304,614        |
| Total on-budget receipts .....                                   | 255,368        | 289,085        | 297,434        | 304,778        | 318,571        | 333,829        | 351,250        |
| <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 .....               | 13,553         | 13,046         | 13,379         | 14,415         | 15,344         | 16,645         | 18,156         |
| Proposed Legislation (non-PAYGO) .....                           |                |                | 628            |                |                |                |                |
| Undistributed by agency:   |                |                |                |                |                |                |                |
| Employer share, employee retirement (off-budget) .....           | 9,292          | 9,493          | 10,023         | 10,794         | 11,482         | 12,159         | 13,043         |
| Interest received by off-budget trust funds .....                | 76,819         | 83,576         | 88,698         | 96,769         | 106,122        | 116,995        | 129,253        |
| Total off-budget receipts: .....                                 | 99,664         | 106,115        | 112,728        | 121,978        | 132,948        | 145,799        | 160,452        |
| <b>Total intragovernmental transactions .....</b>                | <b>355,032</b> | <b>395,200</b> | <b>410,162</b> | <b>426,756</b> | <b>451,519</b> | <b>479,628</b> | <b>511,702</b> |
| <b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>                      |                |                |                |                |                |                |                |
| <b>Distributed by agency:</b>                                    |                |                |                |                |                |                |                |
| Interest:  |                |                |                |                |                |                |                |
| Interest on foreign loans and deferred foreign collections ..... | 612            | 598            | 592            | 584            | 567            | 591            | 506            |
| Interest on deposits in tax and loan accounts .....              | 341            | 225            | 450            | 700            | 700            | 700            | 700            |
| Other interest (domestic—civil) <sup>2</sup> .....               | 11,443         | 12,015         | 12,951         | 14,008         | 14,620         | 15,270         | 16,022         |
| Total interest .....   | 12,396         | 12,838         | 13,993         | 15,292         | 15,887         | 16,561         | 17,228         |
| Dividends and other earnings .....                               | 52             | 35             | 32             | 32             | 32             | 32             | 32             |
| Royalties and rents .....  | 1,497          | 1,964          | 1,901          | 1,969          | 1,956          | 1,914          | 1,947          |
| Sale of products:  |                |                |                |                |                |                |                |
| Sale of timber and other natural land products .....             | 322            | 211            | 220            | 220            | 236            | 248            | 258            |
| Sale of minerals and mineral products .....                      | 20             | 24             | 32             | 36             | 40             | 43             | 44             |
| Sale of power and other utilities .....                          | 644            | 684            | 679            | 691            | 717            | 728            | 739            |
| Proposed Legislation (PAYGO) .....                               |                | -149           | -145           | -145           | -151           | -154           | -158           |
| Other <sup>2</sup> .....   | 115            | 81             | 70             | 71             | 71             | 72             | 73             |
| Total sale of products .....                                     | 1,101          | 851            | 856            | 870            | 913            | 937            | 956            |
| Fees and other charges for services and special benefits:        |                |                |                |                |                |                |                |
| Medicare premiums and other charges (trust funds) .....          | 25,952         | 28,269         | 30,998         | 32,861         | 34,534         | 36,339         | 38,755         |
| Proposed Legislation (non-PAYGO) .....                           |                |                |                | -35            | -12            |                |                |
| Nuclear waste disposal revenues .....                            | 712            | 736            | 743            | 749            | 754            | 756            | 767            |
| Veterans life insurance (trust funds) .....                      | 185            | 183            | 171            | 155            | 140            | 127            | 114            |
| Other <sup>2</sup> .....   | 3,674          | 3,649          | 4,320          | 4,263          | 4,492          | 4,741          | 5,003          |
| Proposed Legislation (PAYGO) .....                               |                |                |                | 76             | 90             | 92             | 98             |
| Total fees and other charges .....                               | 30,523         | 32,837         | 36,232         | 38,069         | 39,998         | 42,055         | 44,737         |
| Sale of Government property:                                     |                |                |                |                |                |                |                |
| Sale of land and other real property <sup>2</sup> .....          | 123            | 299            | 106            | 107            | 114            | 135            | 160            |
| Proposed Legislation (PAYGO) .....                               |                |                | 10             | 25             | 34             | 42             | 50             |
| Military assistance program sales (trust funds) .....            | 11,225         | 12,259         | 11,974         | 10,882         | 10,849         | 11,044         | 11,243         |
| Other .....  | 759            | 127            | 80             | 55             | 52             | 9              | 1              |
| Total sale of Government property .....                          | 12,107         | 12,685         | 12,170         | 11,069         | 11,049         | 11,230         | 11,454         |
| Realization upon loans and investments:                          |                |                |                |                |                |                |                |
| Negative subsidies and downward reestimates .....                | 6,216          | 9,586          | 813            | 866            | 893            | 924            | 959            |
| Repayment of loans to foreign nations .....                      | 71             | 85             | 88             | 94             | 108            | 25             | 28             |

Table 5-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

| Source  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Other .....   | 105            | 92             | 88             | 84             | 80             | 78             | 75             |
| Total realization upon loans and investments .....                                  | 6,392          | 9,763          | 989            | 1,044          | 1,081          | 1,027          | 1,062          |
| Recoveries and refunds <sup>2</sup> .....   | 3,580          | 5,867          | 5,335          | 3,638          | 3,548          | 3,655          | 3,762          |
| Proposed Legislation (PAYGO) .....  |                |                | 14             | 30             | -56            | -109           | -114           |
| Miscellaneous receipt accounts <sup>2</sup> .....                                   | 1,622          | 1,852          | 1,876          | 1,893          | 1,922          | 1,942          | 1,965          |
| Total proprietary receipts from the public distributed by agency .....              | 69,270         | 78,692         | 73,398         | 73,906         | 76,330         | 79,244         | 83,029         |
| <b>Undistributed by agency:</b>   |                |                |                |                |                |                |                |
| Other interest: Interest received from Outer Continental Shelf escrow account ..... | 1              |                |                |                |                |                |                |
| Rents, bonuses, and royalties:  |                |                |                |                |                |                |                |
| Outer Continental Shelf rents and bonuses .....                                     | 197            | 569            | 615            | 499            | 481            | 583            | 418            |
| Outer Continental Shelf royalties .....   | 4,827          | 3,731          | 3,374          | 3,996          | 4,674          | 4,761          | 4,778          |
| Arctic National Wildlife Refuge:  |                |                |                |                |                |                |                |
| Arctic National Wildlife Refuge .....   |                |                |                |                |                |                |                |
| Proposed Legislation (PAYGO) .....  |                |                |                | 2,402          | 2              | 202            | 2              |
| Sale of major assets .....  |                |                |                | 323            |                |                |                |
| Total proprietary receipts from the public undistributed by agency .....            | 5,025          | 4,300          | 3,989          | 7,220          | 5,157          | 5,546          | 5,198          |
| <b>Total proprietary receipts from the public<sup>3</sup> .....</b>                 | <b>74,295</b>  | <b>82,992</b>  | <b>77,387</b>  | <b>81,126</b>  | <b>81,487</b>  | <b>84,790</b>  | <b>88,227</b>  |
| <b>OFFSETTING GOVERNMENTAL RECEIPTS</b>   |                |                |                |                |                |                |                |
| <b>Distributed by agency:</b>   |                |                |                |                |                |                |                |
| Defense cooperation .....   | 12             | 12             | 12             | 12             | 12             | 12             | 12             |
| Regulatory fees <sup>2</sup> .....  | 3,908          | 4,854          | 3,339          | 3,436          | 3,519          | 3,609          | 3,700          |
| Proposed Legislation (non-PAYGO) .....  |                | 63             | 4              | 8              | 8              | 8              | 8              |
| Proposed Legislation (PAYGO) .....  |                |                | 1,398          | 1,490          | 1,588          | 1,692          | 1,804          |
| Other .....   | 75             | 79             | 84             | 85             | 85             | 88             | 89             |
| <b>Undistributed by agency:</b>   |                |                |                |                |                |                |                |
| Spectrum auction proceeds .....   | 1              | 80             | 200            | 8,200          | 8,100          | 4,300          | 4,300          |
| Proposed Legislation (PAYGO) .....  |                |                |                | 10             | 25             | -1,450         | -1,400         |
| Total offsetting governmental receipts .....  | 3,996          | 5,088          | 5,037          | 13,241         | 13,337         | 8,259          | 8,513          |
| <b>Total offsetting receipts .....</b>  | <b>433,323</b> | <b>483,280</b> | <b>492,586</b> | <b>521,123</b> | <b>546,343</b> | <b>572,677</b> | <b>608,442</b> |

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

|                     | 2002<br>Actual | Estimate |        |        |        |        |        |
|---------------------|----------------|----------|--------|--------|--------|--------|--------|
|                     |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| On-budget:          |                |          |        |        |        |        |        |
| Federal Funds ..... | 35,631         | 40,725   | 32,309 | 35,247 | 33,928 | 35,219 | 36,043 |
| Trust Funds .....   | 38,581         | 42,185   | 44,995 | 45,795 | 47,473 | 49,483 | 52,094 |
| Off-budget .....    | 83             | 82       | 83     | 84     | 86     | 88     | 90     |





## 6. TAX EXPENDITURES

The Congressional Budget Act of 1974 (Public Law 93-344) requires that a list of “tax expenditures” be included in the budget. Tax expenditures are defined in the law as “revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of liability.” These exceptions may be viewed as alternatives to other policy instruments, such as spending or regulatory programs. Identification and measurement of tax expenditures depends importantly on the baseline tax system against which the actual tax system is compared.

The largest reported tax expenditures tend to be associated with the individual income tax. For example, sizeable deferrals, deductions and exclusions are provided for pension contributions and earnings, employer contributions for medical insurance, capital gains, and payments of State and local individual income and property taxes. Reported tax expenditures under the corporate income tax tend to be related to timing differences in 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.

Each tax expenditure estimate in this chapter was calculated assuming other parts of the tax code remained unchanged. The estimates would be different if all tax expenditures or major groups of tax expenditures were changed simultaneously because of potential interactions among provisions. For that reason, 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.

Tax expenditures relating to the individual and corporate income taxes are estimated for fiscal years 2002–2008 using three methods of accounting: revenue effects, outlay equivalent, and present value. The present value approach provides estimates of the cumulative revenue effects for tax expenditures that involve deferrals of tax payments into the future or have similar long-term effects.

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.

The 2003 Budget included a discussion of important ambiguities in the tax expenditure concept and indicated that the Treasury Department had begun a review of the tax expenditure presentation. Particular attention of this review has focused on defining tax expenditures relative to a comprehensive income baseline, defining tax expenditures relative to a broad-based consumption tax baseline, and defining negative tax expenditures, i.e., provisions of current law that over-tax certain items or activities. The Appendix presents the results from the preliminary stage of this review.

### TAX EXPENDITURES IN THE INCOME TAX

#### Tax Expenditure Estimates

All tax expenditure estimates presented here are based upon current tax law enacted as of December 31, 2002. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity occurring before fiscal year 2002. 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 effects for tax expenditures for fiscal years 2002–2008 are displayed according to the budget’s functional categories in Table 6–1. Descriptions of the specific tax expenditure provisions follow the tables of estimates and the 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 effects for these indicated items are zero using the reference tax rules. The alternative baseline concepts are discussed in detail following the tables.

Table 6–2 reports the respective portions of the total revenue effects that arise under the individual and corporate income taxes separately. The placement of 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 provisions are cleared. The ultimate beneficiaries of corporate tax expenditures could be shareholders, employees, customers, or other providers of capital, depending on economic forces.

Table 6–3 ranks the major tax expenditures by the size of their 2004–2008 revenue effect.

### **Interpreting Tax Expenditure Estimates**

The estimates shown for individual tax expenditures in Tables 6–1, 6–2, and 6–3 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:

(1) 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 capital gains were taxed at ordinary rates, capital gain realizations would be expected to decline, potentially resulting in a decline in tax receipts. Such behavioral effects are not reflected in the estimates.

(2) 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 6–1 are the totals of individual and corporate income tax revenue effects reported in Table 6–2 and do not reflect any possible interactions between the individual and corporate income tax receipts. For this reason, the estimates in Table 6–1 (as well as those in Table 6–5, which are also based on summing individual and corporate estimates) should be regarded as approximations.

The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except Table 6–4. 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 effect on receipts to the Government because the newly deferred taxes will ultimately be received. Present-value estimates, which are a useful complement 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 6–4 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 2002 which cause the deferrals or other long-term revenue effects. For instance, a pension contribution in 2002 would cause a deferral of tax payments on wages in 2002 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 2002 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 6-1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES**  
(In millions of dollars)

|   | Total from corporations and individuals |        |        |         |         |         |         |           |
|---|---|--------|--------|---------|---------|---------|---------|-----------|
|   | 2002                                    | 2003   | 2004   | 2005    | 2006    | 2007    | 2008    | 2004-2008 |
| <b>National Defense</b>   |   |        |        |         |         |         |         |           |
| 1 Exclusion of benefits and allowances to armed forces personnel .....                          | 2,190                                   | 2,210  | 2,240  | 2,260   | 2,290   | 2,310   | 2,330   | 11,430    |
| <b>International Affairs</b>  |   |        |        |         |         |         |         |           |
| 2 Exclusion of income earned abroad by U.S. citizens .....                                      | 2,740                                   | 2,620  | 2,680  | 2,750   | 2,810   | 2,940   | 3,100   | 14,280    |
| 3 Exclusion of certain allowances for Federal employees abroad .....                            | 760                                     | 800    | 840    | 880     | 930     | 980     | 1,030   | 4,660     |
| 4 Extraterritorial income exclusion .....   | 4,820                                   | 5,150  | 5,510  | 5,890   | 6,290   | 6,730   | 7,200   | 31,620    |
| 5 Inventory property sales source rules exception .....   | 1,470                                   | 1,540  | 1,620  | 1,700   | 1,790   | 1,880   | 1,980   | 8,970     |
| 6 Deferral of income from controlled foreign corporations (normal tax method) .....             | 7,000                                   | 7,450  | 7,900  | 8,400   | 8,930   | 9,550   | 10,210  | 44,990    |
| 7 Deferred taxes for financial firms on certain income earned overseas .....                    | 1,950                                   | 2,050  | 2,130  | 2,190   | 2,260   | 960     | 0       | 7,540     |
| <b>General Science, Space, and Technology</b>   |   |        |        |         |         |         |         |           |
| 8 Expensing of research and experimentation expenditures (normal tax method) .....              | 1,660                                   | 2,200  | 2,760  | 3,390   | 3,990   | 4,270   | 4,380   | 18,790    |
| 9 Credit for increasing research activities .....   | 6,870                                   | 5,640  | 4,990  | 2,910   | 1,240   | 520     | 170     | 9,830     |
| <b>Energy</b>   |   |        |        |         |         |         |         |           |
| 10 Expensing of exploration and development costs, fuels .....                                  | 150                                     | 170    | 150    | 80      | 60      | 40      | 30      | 360       |
| 11 Excess of percentage over cost depletion, fuels .....  | 610                                     | 670    | 650    | 610     | 620     | 640     | 650     | 3,170     |
| 12 Alternative fuel production credit .....   | 1,560                                   | 940    | 520    | 520     | 520     | 520     | 210     | 2,290     |
| 13 Exception from passive loss limitation for working interests in oil and gas properties ..... | 10                                      | 10     | 10     | 10      | 10      | 10      | 10      | 50        |
| 14 Capital gains treatment of royalties on coal .....   | 100                                     | 110    | 110    | 120     | 120     | 130     | 140     | 620       |
| 15 Exclusion of interest on energy facility bonds .....   | 110                                     | 120    | 130    | 140     | 140     | 150     | 160     | 720       |
| 16 Enhanced oil recovery credit .....   | 330                                     | 340    | 350    | 360     | 360     | 370     | 390     | 1,830     |
| 17 New technology credit .....  | 100                                     | 180    | 250    | 270     | 270     | 270     | 270     | 1,330     |
| 18 Alcohol fuel credits <sup>1</sup> .....  | 30                                      | 30     | 30     | 30      | 30      | 30      | 30      | 150       |
| 19 Tax credit and deduction for clean-fuel burning vehicles .....                               | 70                                      | 90     | 70     | 40      | -10     | -70     | -70     | -40       |
| 20 Exclusion from income of conservation subsidies provided by public utilities .....           | 80                                      | 80     | 80     | 80      | 80      | 80      | 80      | 400       |
| <b>Natural Resources and Environment</b>  |   |        |        |         |         |         |         |           |
| 21 Expensing of exploration and development costs, nonfuel minerals .....                       | 30                                      | 30     | 30     | 30      | 30      | 40      | 40      | 170       |
| 22 Excess of percentage over cost depletion, nonfuel minerals .....                             | 260                                     | 260    | 270    | 280     | 290     | 290     | 300     | 1,430     |
| 23 Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....       | 450                                     | 480    | 540    | 580     | 610     | 650     | 680     | 3,060     |
| 24 Capital gains treatment of certain timber income .....                                       | 100                                     | 110    | 110    | 120     | 120     | 130     | 140     | 620       |
| 25 Expensing of multiperiod timber growing costs .....  | 360                                     | 370    | 380    | 380     | 400     | 410     | 410     | 1,980     |
| 26 Tax incentives for preservation of historic structures .....                                 | 200                                     | 210    | 230    | 240     | 250     | 260     | 280     | 1,260     |
| <b>Agriculture</b>  |   |        |        |         |         |         |         |           |
| 27 Expensing of certain capital outlays .....   | 170                                     | 180    | 170    | 170     | 170     | 170     | 190     | 870       |
| 28 Expensing of certain multiperiod production costs .....                                      | 130                                     | 130    | 120    | 120     | 120     | 120     | 120     | 600       |
| 29 Treatment of loans forgiven for solvent farmers .....  | 10                                      | 10     | 10     | 10      | 10      | 10      | 10      | 50        |
| 30 Capital gains treatment of certain income .....  | 1,010                                   | 1,060  | 1,120  | 1,180   | 1,250   | 1,310   | 1,380   | 6,240     |
| 31 Income averaging for farmers .....   | 70                                      | 70     | 80     | 80      | 80      | 90      | 90      | 420       |
| 32 Deferral of gain on sale of farm refiners .....  | 10                                      | 10     | 10     | 10      | 10      | 10      | 20      | 60        |
| <b>Commerce and Housing</b>   |   |        |        |         |         |         |         |           |
| Financial institutions and insurance:   |   |        |        |         |         |         |         |           |
| 33 Exemption of credit union income .....   | 1,020                                   | 1,090  | 1,160  | 1,240   | 1,320   | 1,410   | 1,510   | 6,640     |
| 34 Excess bad debt reserves of financial institutions .....                                     | 0                                       | 0      | 0      | 0       | 0       | 0       | 0       | 0         |
| 35 Exclusion of interest on life insurance savings .....  | 17,690                                  | 19,130 | 20,740 | 22,470  | 24,390  | 26,350  | 28,310  | 122,260   |
| 36 Special alternative tax on small property and casualty insurance companies .....             | 10                                      | 10     | 10     | 10      | 10      | 10      | 10      | 50        |
| 37 Tax exemption of certain insurance companies owned by tax-exempt organizations .....         | 210                                     | 220    | 240    | 250     | 270     | 280     | 290     | 1,330     |
| 38 Small life insurance company deduction .....   | 100                                     | 100    | 100    | 100     | 100     | 100     | 100     | 500       |
| Housing:  |   |        |        |         |         |         |         |           |
| 39 Exclusion of interest on owner-occupied mortgage subsidy bonds .....                         | 870                                     | 960    | 1,050  | 1,140   | 1,210   | 1,270   | 1,360   | 6,030     |
| 40 Exclusion of interest on rental housing bonds .....  | 180                                     | 200    | 220    | 240     | 250     | 260     | 280     | 1,250     |
| 41 Deductibility of mortgage interest on owner-occupied homes .....                             | 63,590                                  | 65,540 | 68,440 | 71,870  | 74,790  | 78,160  | 82,650  | 375,910   |
| 42 Deductibility of State and local property tax on owner-occupied homes .....                  | 21,760                                  | 22,320 | 22,160 | 19,750  | 16,240  | 14,580  | 13,580  | 86,310    |
| 43 Deferral of income from post 1987 installment sales .....                                    | 1,050                                   | 1,080  | 1,100  | 1,120   | 1,140   | 1,160   | 1,190   | 5,710     |
| 44 Capital gains exclusion on home sales .....  | 19,670                                  | 20,260 | 20,860 | 21,490  | 22,140  | 22,800  | 23,480  | 110,770   |
| 45 Exception from passive loss rules for \$25,000 of rental loss .....                          | 5,690                                   | 5,270  | 4,920  | 4,600   | 4,290   | 4,020   | 3,790   | 21,620    |
| 46 Credit for low-income housing investments .....  | 3,290                                   | 3,450  | 3,640  | 3,820   | 3,990   | 4,160   | 4,360   | 19,970    |
| 47 Accelerated depreciation on rental housing (normal tax method) .....                         | 1,590                                   | 1,080  | 310    | -520    | -1,770  | -3,310  | -4,570  | -9,860    |
| Commerce:   |   |        |        |         |         |         |         |           |
| 48 Cancellation of indebtedness .....   | 0                                       | 10     | 30     | 50      | 60      | 60      | 50      | 250       |
| 49 Exceptions from imputed interest rules .....   | 50                                      | 50     | 50     | 50      | 50      | 50      | 50      | 250       |
| 50 Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....     | 56,060                                  | 55,010 | 53,930 | 54,550  | 49,870  | 49,760  | 51,450  | 259,560   |
| 51 Capital gains exclusion of small corporation stock .....                                     | 100                                     | 130    | 160    | 210     | 250     | 300     | 350     | 1,270     |
| 52 Step-up basis of capital gains at death .....  | 26,890                                  | 27,390 | 28,500 | 29,630  | 30,490  | 31,370  | 32,390  | 152,380   |
| 53 Carryover basis of capital gains on gifts .....  | 640                                     | 640    | 450    | 540     | 640     | 650     | 630     | 2,910     |
| 54 Ordinary income treatment of loss from small business corporation stock sale .....           | 40                                      | 40     | 50     | 50      | 50      | 50      | 50      | 250       |
| 55 Accelerated depreciation of buildings other than rental housing (normal tax method) .....    | -1,800                                  | -2,530 | -1,980 | -6,520  | -9,200  | -12,360 | -15,820 | -45,880   |
| 56 Accelerated depreciation of machinery and equipment (normal tax method) .....                | 47,770                                  | 31,110 | 16,670 | -39,310 | -35,260 | -33,260 | -31,570 | -122,730  |
| 57 Expensing of certain small investments (normal tax method) .....                             | -360                                    | -110   | 370    | 1,570   | 1,830   | 1,510   | 1,380   | 6,660     |
| 58 Amortization of start-up costs (normal tax method) .....                                     | 110                                     | 130    | 150    | 160     | 160     | 170     | 170     | 810       |

**Table 6-1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES—Continued**  
(In millions of dollars)

|   | Total from corporations and individuals |         |         |         |         |         |         |           |
|---|---|---------|---------|---------|---------|---------|---------|-----------|
|   | 2002                                    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2004–2008 |
| 59  | 4,870                                   | 5,380   | 5,700   | 5,880   | 6,100   | 6,350   | 6,640   | 30,670    |
| 60  | 330                                     | 360     | 400     | 430     | 450     | 470     | 510     | 2,260     |
| <b>Transportation</b>                                       |   |         |         |         |         |         |         |           |
| 61  | 20                                      | 20      | 20      | 20      | 20      | 20      | 20      | 100       |
| 62  | 2,070                                   | 2,180   | 2,290   | 2,410   | 2,540   | 2,680   | 2,810   | 12,730    |
| 63  | 250                                     | 320     | 380     | 450     | 530     | 600     | 670     | 2,630     |
| <b>Community and Regional Development</b>                   |   |         |         |         |         |         |         |           |
| 64  | 30                                      | 30      | 30      | 30      | 30      | 30      | 30      | 150       |
| 65  | 690                                     | 750     | 830     | 890     | 950     | 1,000   | 1,060   | 4,730     |
| 66  | 60                                      | 60      | 60      | 70      | 70      | 70      | 70      | 340       |
| 67  | 730                                     | 1,130   | 1,170   | 1,280   | 1,410   | 1,580   | 1,750   | 7,190     |
| 68  | 90                                      | 190     | 290     | 430     | 610     | 830     | 870     | 3,030     |
| 69  | 80                                      | 80      | 20      | -10     | -10     | -10     | -10     | -20       |
| <b>Education, Training, Employment, and Social Services</b> |   |         |         |         |         |         |         |           |
| Education:  |   |         |         |         |         |         |         |           |
| 70  | 1,270                                   | 1,260   | 1,260   | 1,340   | 1,400   | 1,410   | 1,420   | 6,830     |
| 71  | 4,110                                   | 3,520   | 2,880   | 2,930   | 2,730   | 2,900   | 2,790   | 14,230    |
| 72  | 2,180                                   | 2,250   | 2,980   | 2,840   | 2,610   | 2,820   | 2,860   | 14,110    |
| 73  | 50                                      | 100     | 160     | 240     | 330     | 440     | 560     | 1,730     |
| 74  | 450                                     | 640     | 660     | 680     | 700     | 720     | 720     | 3,480     |
| 75  | 420                                     | 2,230   | 2,880   | 3,620   | 2,940   | 0       | 0       | 9,440     |
| 76  | 270                                     | 340     | 400     | 470     | 560     | 660     | 750     | 2,840     |
| 77  | 240                                     | 260     | 290     | 310     | 340     | 350     | 370     | 1,660     |
| 78  | 580                                     | 640     | 700     | 760     | 810     | 850     | 900     | 4,020     |
| 79  | 50                                      | 80      | 90      | 100     | 100     | 100     | 100     | 490       |
| 80  | 10                                      | 10      | 10      | 10      | 10      | 20      | 20      | 70        |
| 81  | 2,480                                   | 3,310   | 3,230   | 2,690   | 2,020   | 1,670   | 1,470   | 11,080    |
| 82  | 4,020                                   | 4,140   | 4,350   | 4,640   | 4,820   | 4,970   | 5,230   | 24,010    |
| 83  | 400                                     | 490     | 520     | 550     | 580     | 610     | 650     | 2,910     |
| Training, employment, and social services:                  |   |         |         |         |         |         |         |           |
| 84  | 380                                     | 560     | 430     | 190     | 80      | 40      | 20      | 760       |
| 85  | 80                                      | 70      | 80      | 60      | 40      | 20      | 10      | 210       |
| 86  | 690                                     | 720     | 760     | 810     | 850     | 890     | 940     | 4,250     |
| 87  | 40                                      | 90      | 130     | 140     | 150     | 160     | 170     | 750       |
| 88  | 220                                     | 250     | 290     | 330     | 380     | 430     | 480     | 1,910     |
| 89  | 140                                     | 220     | 450     | 500     | 540     | 560     | 570     | 2,620     |
| 90  | 740                                     | 780     | 810     | 850     | 890     | 930     | 970     | 4,450     |
| 91  | 22,170                                  | 21,440  | 21,310  | 22,480  | 24,280  | 23,940  | 23,660  | 115,670   |
| 92  | 2,750                                   | 2,910   | 3,230   | 2,860   | 2,380   | 2,190   | 2,050   | 12,710    |
| 93  | 50                                      | 50      | 50      | 60      | 60      | 60      | 60      | 290       |
| 94  | 30,860                                  | 32,100  | 33,990  | 35,710  | 37,360  | 38,780  | 41,160  | 187,000   |
| 95  | 450                                     | 430     | 430     | 440     | 450     | 460     | 470     | 2,250     |
| 96  | 350                                     | 380     | 400     | 420     | 450     | 480     | 510     | 2,260     |
| Health  |   |         |         |         |         |         |         |           |
| 97  | 99,060                                  | 108,500 | 120,160 | 132,240 | 144,710 | 157,180 | 170,230 | 724,520   |
| 98  | 1,760                                   | 2,500   | 3,690   | 3,940   | 4,220   | 4,520   | 4,980   | 21,350    |
| 99  | 5,280                                   | 5,770   | 6,190   | 6,630   | 7,020   | 7,490   | 8,000   | 35,330    |
| 100   | 20                                      | 30      | 30      | 30      | 30      | 30      | 20      | 140       |
| 101   | 5,710                                   | 6,060   | 6,340   | 6,490   | 6,610   | 6,980   | 7,380   | 33,800    |
| 102   | 1,200                                   | 1,320   | 1,440   | 1,560   | 1,660   | 1,740   | 1,850   | 8,250     |
| 103   | 4,240                                   | 4,360   | 4,580   | 4,900   | 5,070   | 5,220   | 5,490   | 25,260    |
| 104   | 140                                     | 160     | 180     | 200     | 220     | 250     | 280     | 1,130     |
| 105   | 300                                     | 340     | 310     | 300     | 270     | 300     | 250     | 1,430     |
| 106   | 0                                       | 0       | 60      | 30      | 40      | 50      | 60      | 240       |
| <b>Income Security</b>                                      |   |         |         |         |         |         |         |           |
| 107   | 390                                     | 400     | 400     | 400     | 400     | 400     | 400     | 2,000     |
| 108   | 5,750                                   | 6,100   | 6,460   | 6,850   | 7,270   | 7,710   | 8,190   | 36,480    |
| 109   | 380                                     | 400     | 410     | 430     | 450     | 470     | 440     | 2,200     |
| 110   | 70                                      | 60      | 60      | 50      | 50      | 50      | 40      | 250       |
| 111   | 110                                     | 110     | 120     | 120     | 130     | 130     | 140     | 640       |
| Net exclusion of pension contributions and earnings:        |   |         |         |         |         |         |         |           |
| 112   | 51,260                                  | 63,480  | 67,870  | 70,540  | 73,200  | 67,500  | 61,440  | 340,550   |
| 113   | 50,830                                  | 52,920  | 55,290  | 57,830  | 61,490  | 65,060  | 68,030  | 307,700   |
| 114   | 19,080                                  | 20,840  | 23,130  | 22,400  | 22,380  | 20,540  | 19,800  | 108,250   |
| 115   | 850                                     | 2,050   | 1,860   | 1,670   | 1,510   | 850     | 0       | 5,890     |
| 116   | 7,000                                   | 7,282   | 7,616   | 7,904   | 8,166   | 8,402   | 9,196   | 41,284    |
| Exclusion of other employee benefits:                       |   |         |         |         |         |         |         |           |
| 117   | 1,780                                   | 1,800   | 1,830   | 1,860   | 1,890   | 1,920   | 1,950   | 9,450     |

**Table 6–1. ESTIMATES OF TOTAL INCOME TAX EXPENDITURES—Continued**  
(In millions of dollars)

|  | Total from corporations and individuals   |        |        |        |        |        |        |           |         |
|--|---|--------|--------|--------|--------|--------|--------|-----------|---------|
|  | 2002  | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2004–2008 |         |
| 118  | Premiums on accident and disability insurance .....   | 220    | 230    | 240    | 250    | 260    | 270    | 280       | 1,300   |
| 119  | Small business retirement plan credit .....   | 10     | 20     | 40     | 50     | 50     | 60     | 60        | 260     |
| 120  | Income of trusts to finance supplementary unemployment benefits .....                       | 20     | 30     | 30     | 30     | 30     | 30     | 30        | 150     |
| 121  | Special ESOP rules .....  | 1,630  | 1,710  | 1,790  | 1,890  | 1,990  | 2,090  | 2,200     | 9,960   |
| 122  | Additional deduction for the blind .....  | 40     | 40     | 40     | 40     | 40     | 40     | 40        | 200     |
| 123  | Additional deduction for the elderly .....  | 1,890  | 1,950  | 2,050  | 2,120  | 2,180  | 2,110  | 2,030     | 10,490  |
| 124  | Tax credit for the elderly and disabled .....   | 20     | 20     | 20     | 20     | 10     | 10     | 10        | 70      |
| 125  | Deductibility of casualty losses .....  | 280    | 400    | 420    | 440    | 460    | 500    | 540       | 2,360   |
| 126  | Earned income tax credit <sup>3</sup> .....   | 4,450  | 4,930  | 5,090  | 5,280  | 5,410  | 5,580  | 5,790     | 27,150  |
| <b>Social Security</b>                               |   |        |        |        |        |        |        |           |         |
| Exclusion of social security benefits:               |   |        |        |        |        |        |        |           |         |
| 127  | Social Security benefits for retired workers .....  | 18,340 | 18,560 | 18,930 | 19,210 | 20,000 | 21,100 | 21,550    | 100,790 |
| 128  | Social Security benefits for disabled .....   | 2,910  | 3,210  | 3,570  | 3,950  | 4,360  | 4,870  | 4,390     | 21,140  |
| 129  | Social Security benefits for dependents and survivors .....                                 | 3,730  | 3,910  | 4,140  | 4,360  | 4,590  | 4,920  | 4,820     | 22,830  |
| <b>Veterans Benefits and Services</b>                |   |        |        |        |        |        |        |           |         |
| 130  | Exclusion of veterans death benefits and disability compensation .....                      | 3,160  | 3,230  | 3,400  | 3,590  | 3,780  | 3,980  | 4,190     | 18,940  |
| 131  | Exclusion of veterans pensions .....  | 70     | 80     | 80     | 90     | 90     | 90     | 100       | 450     |
| 132  | Exclusion of GI bill benefits .....   | 90     | 90     | 90     | 100    | 100    | 110    | 110       | 510     |
| 133  | Exclusion of interest on veterans housing bonds .....                                       | 40     | 40     | 50     | 50     | 50     | 60     | 60        | 270     |
| <b>General Purpose Fiscal Assistance</b>             |   |        |        |        |        |        |        |           |         |
| 134  | Exclusion of interest on public purpose State and local bonds .....                         | 25,250 | 26,780 | 27,310 | 27,720 | 27,810 | 27,530 | 28,360    | 138,730 |
| 135  | Deductibility of nonbusiness state and local taxes other than on owner-occupied homes ..... | 47,430 | 50,520 | 50,910 | 47,770 | 40,480 | 37,190 | 36,080    | 212,430 |
| 136  | Tax credit for corporations receiving income from doing business in U.S. possessions .....  | 2,240  | 2,240  | 2,240  | 2,200  | 1,300  | 0      | 0         | 5,740   |
| <b>Interest</b>                                      |   |        |        |        |        |        |        |           |         |
| 137  | Deferral of interest on U.S. savings bonds .....  | 510    | 590    | 670    | 750    | 840    | 920    | 1,050     | 4,230   |
| <b>Addendum: Aid to State and local governments:</b> |   |        |        |        |        |        |        |           |         |
| Deductibility of:                                    |   |        |        |        |        |        |        |           |         |
|  | Property taxes on owner-occupied homes .....  | 21,760 | 22,320 | 22,160 | 19,750 | 16,240 | 14,580 | 13,580    | 86,310  |
|  | Nonbusiness State and local taxes other than on owner-occupied homes .....                  | 47,430 | 50,520 | 50,910 | 47,770 | 40,480 | 37,190 | 36,080    | 212,430 |
| Exclusion of interest on State and local bonds for:  |   |        |        |        |        |        |        |           |         |
|  | Public purposes .....   | 25,250 | 26,780 | 27,310 | 27,720 | 27,810 | 27,530 | 28,360    | 138,730 |
|  | Energy facilities .....   | 110    | 120    | 130    | 140    | 140    | 150    | 160       | 720     |
|  | Water, sewage, and hazardous waste disposal facilities .....                                | 450    | 480    | 540    | 580    | 610    | 650    | 680       | 3,060   |
|  | Small-issues .....  | 330    | 360    | 400    | 430    | 450    | 470    | 510       | 2,260   |
|  | Owner-occupied mortgage subsidies .....   | 870    | 960    | 1,050  | 1,140  | 1,210  | 1,270  | 1,360     | 6,030   |
|  | Rental housing .....  | 180    | 200    | 220    | 240    | 250    | 260    | 280       | 1,250   |
|  | Airports, docks, and similar facilities .....   | 690    | 750    | 830    | 890    | 950    | 1,000  | 1,060     | 4,730   |
|  | Student loans .....   | 240    | 260    | 290    | 310    | 340    | 350    | 370       | 1,660   |
|  | Private nonprofit educational facilities .....  | 580    | 640    | 700    | 760    | 810    | 850    | 900       | 4,020   |
|  | Hospital construction .....   | 1,200  | 1,320  | 1,440  | 1,560  | 1,660  | 1,740  | 1,850     | 8,250   |
|  | Veterans' housing .....   | 40     | 40     | 50     | 50     | 50     | 60     | 60        | 270     |
|  | Credit for holders of zone academy bonds .....  | 50     | 80     | 90     | 100    | 100    | 100    | 100       | 490     |

<sup>1</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: 2002 \$1,070; 2003 \$1,140; 2004 \$1,230; 2005 \$1,320; 2006 \$1,370; 2007 \$1,400; and 2008 \$1,430.

<sup>2</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: 2002 \$5,060; 2003 \$5,870; 2004 \$5,860; 2005 \$5,700; 2006 \$7,630; 2007 \$7,630; and 2008 \$7,500.

<sup>3</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: 2002 \$27,830; 2003 \$30,610; 2004 \$31,380; 2005 \$32,090; 2006 \$33,450; 2007 \$34,480; and 2008 \$35,380.

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 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES**  
(In millions of dollars)

|  | Corporations |       |       |       |       |       |        |           | Individuals |        |        |        |        |        |        |           |
|--|--------------|-------|-------|-------|-------|-------|--------|-----------|-------------|--------|--------|--------|--------|--------|--------|-----------|
|  | 2002         | 2003  | 2004  | 2005  | 2006  | 2007  | 2008   | 2004-2008 | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2004-2008 |
| <b>1 National Defense</b>  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| Exclusion of benefits and allowances to armed forces personnel .....                                   |              |       |       |       |       |       |        |           | 2,190       | 2,210  | 2,240  | 2,260  | 2,290  | 2,310  | 2,330  | 11,430    |
| <b>International Affairs</b>   |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>2</b> Exclusion of income earned abroad by U.S. citizens .....                                      |              |       |       |       |       |       |        |           | 2,740       | 2,620  | 2,680  | 2,750  | 2,810  | 2,940  | 3,100  | 14,280    |
| <b>3</b> Exclusion of certain allowances for Federal employees abroad .....                            |              |       |       |       |       |       |        |           | 760         | 800    | 840    | 880    | 930    | 980    | 1,030  | 4,660     |
| <b>4</b> Extraterritorial income exclusion .....   | 4,820        | 5,150 | 5,510 | 5,890 | 6,290 | 6,730 | 7,200  | 31,620    |             |        |        |        |        |        |        |           |
| <b>5</b> Inventory property sales source rules exception .....   | 1,470        | 1,540 | 1,620 | 1,700 | 1,790 | 1,880 | 1,980  | 8,970     |             |        |        |        |        |        |        |           |
| <b>6</b> Deferral of income from controlled foreign corporations (normal tax method) .....             | 7,000        | 7,450 | 7,900 | 8,400 | 8,930 | 9,550 | 10,210 | 44,990    |             |        |        |        |        |        |        |           |
| <b>7</b> Deferred taxes for financial firms on certain income earned overseas .....                    | 1,950        | 2,050 | 2,130 | 2,190 | 2,260 | 960   | 0      | 7,540     |             |        |        |        |        |        |        |           |
| <b>General Science, Space, and Technology</b>  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>8</b> Expensing of research and experimentation expenditures (normal tax method) .....              | 1,630        | 2,160 | 2,710 | 3,320 | 3,910 | 4,190 | 4,300  | 18,430    | 30          | 40     | 50     | 70     | 80     | 80     | 80     | 360       |
| <b>9</b> Credit for increasing research activities .....   | 6,810        | 5,590 | 4,950 | 2,890 | 1,240 | 520   | 170    | 9,770     | 60          | 50     | 40     | 20     | 0      | 0      | 0      | 60        |
| <b>Energy</b>  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>10</b> Expensing of exploration and development costs, fuels .....                                  | 130          | 150   | 130   | 70    | 50    | 40    | 30     | 320       | 20          | 20     | 20     | 10     | 10     | 0      | 0      | 40        |
| <b>11</b> Excess of percentage over cost depletion, fuels .....  | 510          | 550   | 530   | 500   | 510   | 530   | 540    | 2,610     | 100         | 120    | 120    | 110    | 110    | 110    | 110    | 560       |
| <b>12</b> Alternative fuel production credit .....   | 1,500        | 900   | 500   | 500   | 500   | 500   | 200    | 2,200     | 60          | 40     | 20     | 20     | 20     | 20     | 10     | 90        |
| <b>13</b> Exception from passive loss limitation for working interests in oil and gas properties ..... |              |       |       |       |       |       |        |           | 10          | 10     | 10     | 10     | 10     | 10     | 10     | 50        |
| <b>14</b> Capital gains treatment of royalties on coal .....   |              |       |       |       |       |       |        |           | 100         | 110    | 110    | 120    | 120    | 130    | 140    | 620       |
| <b>15</b> Exclusion of interest on energy facility bonds .....   | 30           | 30    | 30    | 30    | 30    | 30    | 30     | 150       | 80          | 90     | 100    | 110    | 110    | 120    | 130    | 570       |
| <b>16</b> Enhanced oil recovery credit .....   | 300          | 310   | 320   | 330   | 330   | 340   | 350    | 1,670     | 30          | 30     | 30     | 30     | 30     | 30     | 40     | 160       |
| <b>17</b> New technology credit .....  | 100          | 180   | 250   | 270   | 270   | 270   | 270    | 1,330     | 0           | 0      | 0      | 0      | 0      | 0      | 0      | 0         |
| <b>18</b> Alcohol fuel credits <sup>1</sup> .....  | 20           | 20    | 20    | 20    | 20    | 20    | 20     | 100       | 10          | 10     | 10     | 10     | 10     | 10     | 10     | 50        |
| <b>19</b> Tax credit and deduction for clean-fuel burning vehicles .....                               | 50           | 60    | 40    | 20    | -10   | -60   | -60    | -70       | 20          | 30     | 30     | 20     | 0      | -10    | -10    | 30        |
| <b>20</b> Exclusion from income of conservation subsidies provided by public utilities .....           |              |       |       |       |       |       |        |           | 80          | 80     | 80     | 80     | 80     | 80     | 80     | 400       |
| <b>Natural Resources and Environment</b>   |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>21</b> Expensing of exploration and development costs, nonfuel minerals .....                       | 30           | 30    | 30    | 30    | 30    | 40    | 40     | 170       | 0           | 0      | 0      | 0      | 0      | 0      | 0      | 0         |
| <b>22</b> Excess of percentage over cost depletion, nonfuel minerals .....                             | 240          | 240   | 250   | 260   | 270   | 270   | 280    | 1,330     | 20          | 20     | 20     | 20     | 20     | 20     | 20     | 100       |
| <b>23</b> Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....       | 110          | 110   | 120   | 120   | 120   | 130   | 130    | 620       | 340         | 370    | 420    | 460    | 490    | 520    | 550    | 2,440     |
| <b>24</b> Capital gains treatment of certain timber income .....                                       |              |       |       |       |       |       |        |           | 100         | 110    | 110    | 120    | 120    | 130    | 140    | 620       |
| <b>25</b> Expensing of multiperiod timber growing costs .....  | 240          | 250   | 260   | 260   | 270   | 280   | 280    | 1,350     | 120         | 120    | 120    | 120    | 130    | 130    | 130    | 630       |
| <b>26</b> Tax incentives for preservation of historic structures .....                                 | 160          | 170   | 180   | 190   | 200   | 210   | 220    | 1,000     | 40          | 40     | 50     | 50     | 50     | 50     | 60     | 260       |
| <b>Agriculture</b>   |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>27</b> Expensing of certain capital outlays .....   | 20           | 20    | 20    | 20    | 20    | 20    | 30     | 110       | 150         | 160    | 150    | 150    | 150    | 150    | 160    | 760       |
| <b>28</b> Expensing of certain multiperiod production costs .....                                      | 20           | 20    | 20    | 20    | 20    | 20    | 20     | 100       | 110         | 110    | 100    | 100    | 100    | 100    | 100    | 500       |
| <b>29</b> Treatment of loans forgiven for solvent farmers .....  |              |       |       |       |       |       |        |           | 10          | 10     | 10     | 10     | 10     | 10     | 10     | 50        |
| <b>30</b> Capital gains treatment of certain income .....  |              |       |       |       |       |       |        |           | 1,010       | 1,060  | 1,120  | 1,180  | 1,250  | 1,310  | 1,380  | 6,240     |
| <b>31</b> Income averaging for farmers .....   |              |       |       |       |       |       |        |           | 70          | 70     | 80     | 80     | 80     | 90     | 90     | 420       |
| <b>32</b> Deferral of gain on sale of farm refiners .....  | 10           | 10    | 10    | 10    | 10    | 10    | 20     | 60        |             |        |        |        |        |        |        |           |
| <b>Commerce and Housing</b>  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>33</b> Financial institutions and insurance:  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| Exemption of credit union income .....   | 1,020        | 1,090 | 1,160 | 1,240 | 1,320 | 1,410 | 1,510  | 6,640     |             |        |        |        |        |        |        |           |
| <b>34</b> Excess bad debt reserves of financial institutions .....                                     | 0            | 0     | 0     | 0     | 0     | 0     | 0      | 0         |             |        |        |        |        |        |        |           |
| <b>35</b> Exclusion of interest on life insurance savings .....  | 1,770        | 1,800 | 1,830 | 1,860 | 1,890 | 1,920 | 1,950  | 9,450     | 15,920      | 17,330 | 18,910 | 20,610 | 22,500 | 24,430 | 26,360 | 112,810   |
| <b>36</b> Special alternative tax on small property and casualty insurance companies .....             | 10           | 10    | 10    | 10    | 10    | 10    | 10     | 50        |             |        |        |        |        |        |        |           |
| <b>37</b> Tax exemption of certain insurance companies owned by tax-exempt organizations .....         | 210          | 220   | 240   | 250   | 270   | 280   | 290    | 1,330     |             |        |        |        |        |        |        |           |
| <b>38</b> Small life insurance company deduction .....   | 100          | 100   | 100   | 100   | 100   | 100   | 100    | 500       |             |        |        |        |        |        |        |           |
| <b>Housing:</b>  |              |       |       |       |       |       |        |           |             |        |        |        |        |        |        |           |
| <b>39</b> Exclusion of interest on owner-occupied mortgage subsidy bonds .....                         | 210          | 220   | 230   | 230   | 240   | 250   | 260    | 1,210     | 660         | 740    | 820    | 910    | 970    | 1,020  | 1,100  | 4,820     |
| <b>40</b> Exclusion of interest on rental housing bonds .....  | 40           | 50    | 50    | 50    | 50    | 50    | 50     | 250       | 140         | 150    | 170    | 190    | 200    | 210    | 230    | 1,000     |
| <b>41</b> Deductibility of mortgage interest on owner-occupied homes .....                             |              |       |       |       |       |       |        |           | 63,590      | 65,540 | 68,440 | 71,870 | 74,790 | 78,160 | 82,650 | 375,910   |
| <b>42</b> Deductibility of State and local property tax on owner-occupied homes .....                  |              |       |       |       |       |       |        |           | 21,760      | 22,320 | 22,160 | 19,750 | 16,240 | 14,580 | 13,580 | 86,310    |

**Table 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES—Continued**  
(In millions of dollars)

|   | Corporations |        |        |         |         |         |         |           | Individuals |        |        |        |        |        |        |           |
|---|--------------|--------|--------|---------|---------|---------|---------|-----------|-------------|--------|--------|--------|--------|--------|--------|-----------|
|   | 2002         | 2003   | 2004   | 2005    | 2006    | 2007    | 2008    | 2004-2008 | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2004-2008 |
| 43  |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
|   | 270          | 280    | 290    | 290     | 300     | 300     | 310     | 1,490     | 780         | 800    | 810    | 830    | 840    | 860    | 880    | 4,220     |
| 44  |              |        |        |         |         |         |         |           | 19,670      | 20,260 | 20,860 | 21,490 | 22,140 | 22,800 | 23,480 | 110,770   |
| 45  |              |        |        |         |         |         |         |           | 5,690       | 5,270  | 4,920  | 4,600  | 4,290  | 4,020  | 3,790  | 21,620    |
| 46  | 2,630        | 2,760  | 2,910  | 3,060   | 3,190   | 3,330   | 3,490   | 15,980    | 660         | 690    | 730    | 760    | 800    | 830    | 870    | 3,990     |
| 47  | 70           | 30     | -20    | -80     | -160    | -260    | -330    | -850      | 1,520       | 1,050  | 330    | -440   | -1,610 | -3,050 | -4,240 | -9,010    |
| <b>Commerce:</b>  |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| 48  |              |        |        |         |         |         |         |           | 0           | 10     | 30     | 50     | 60     | 60     | 50     | 250       |
| 49  |              |        |        |         |         |         |         |           | 50          | 50     | 50     | 50     | 50     | 50     | 50     | 250       |
| 50  |              |        |        |         |         |         |         |           | 56,060      | 55,010 | 53,930 | 54,550 | 49,870 | 49,760 | 51,450 | 259,560   |
| 51  |              |        |        |         |         |         |         |           | 100         | 130    | 160    | 210    | 250    | 300    | 350    | 1,270     |
| 52  |              |        |        |         |         |         |         |           | 26,890      | 27,390 | 28,500 | 29,630 | 30,490 | 31,370 | 32,390 | 152,380   |
| 53  |              |        |        |         |         |         |         |           | 640         | 640    | 450    | 540    | 640    | 650    | 630    | 2,910     |
| 54  |              |        |        |         |         |         |         |           | 40          | 40     | 50     | 50     | 50     | 50     | 50     | 250       |
| 55  | -1,710       | -2,250 | -1,470 | -5,280  | -7,440  | -9,980  | -12,820 | -36,990   | -90         | -280   | -510   | -1,240 | -1,760 | -2,380 | -3,000 | -8,890    |
| 56  | 40,670       | 26,390 | 14,140 | -33,390 | -29,330 | -26,960 | -25,000 | -100,540  | 7,100       | 4,720  | 2,530  | -5,920 | -5,930 | -6,300 | -6,570 | -22,190   |
| 57  | -140         | -80    | 130    | 560     | 720     | 580     | 520     | 2,510     | -220        | -30    | 240    | 1,010  | 1,110  | 930    | 860    | 4,150     |
| 58  | 90           | 110    | 120    | 130     | 130     | 140     | 140     | 660       | 20          | 20     | 30     | 30     | 30     | 30     | 150    |           |
| 59  | 4,870        | 5,380  | 5,700  | 5,880   | 6,100   | 6,350   | 6,640   | 30,670    |             |        |        |        |        |        |        |           |
| 60  | 80           | 80     | 90     | 90      | 90      | 90      | 100     | 460       | 250         | 280    | 310    | 340    | 360    | 380    | 410    | 1,800     |
| <b>Transportation</b>                                       |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| 61  | 20           | 20     | 20     | 20      | 20      | 20      | 20      | 100       |             |        |        |        |        |        |        |           |
| 62  |              |        |        |         |         |         |         |           | 2,070       | 2,180  | 2,290  | 2,410  | 2,540  | 2,680  | 2,810  | 12,730    |
| 63  |              |        |        |         |         |         |         |           | 250         | 320    | 380    | 450    | 530    | 600    | 670    | 2,630     |
| <b>Community and Regional Development</b>                   |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| 64  | 20           | 20     | 20     | 20      | 20      | 20      | 20      | 100       | 10          | 10     | 10     | 10     | 10     | 10     | 10     | 50        |
| 65  | 170          | 170    | 180    | 180     | 190     | 200     | 200     | 950       | 520         | 580    | 650    | 710    | 760    | 800    | 860    | 3,780     |
| 66  | 60           | 60     | 60     | 70      | 70      | 70      | 70      | 340       |             |        |        |        |        |        |        |           |
| 67  | 220          | 300    | 300    | 320     | 350     | 390     | 420     | 1,780     | 510         | 830    | 870    | 960    | 1,060  | 1,190  | 1,330  | 5,410     |
| 68  | 20           | 50     | 70     | 110     | 150     | 210     | 220     | 760       | 70          | 140    | 220    | 320    | 460    | 620    | 650    | 2,270     |
| 69  | 70           | 70     | 20     | -10     | -10     | -10     | -10     | -20       | 10          | 10     | 0      | 0      | 0      | 0      | 0      | 0         |
| <b>Education, Training, Employment, and Social Services</b> |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| <b>Education:</b>   |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| 70  |              |        |        |         |         |         |         |           | 1,270       | 1,260  | 1,260  | 1,340  | 1,400  | 1,410  | 1,420  | 6,830     |
| 71  |              |        |        |         |         |         |         |           | 4,110       | 3,520  | 2,880  | 2,930  | 2,730  | 2,900  | 2,790  | 14,230    |
| 72  |              |        |        |         |         |         |         |           | 2,180       | 2,250  | 2,980  | 2,840  | 2,610  | 2,820  | 2,860  | 14,110    |
| 73  |              |        |        |         |         |         |         |           | 50          | 100    | 160    | 240    | 330    | 440    | 560    | 1,730     |
| 74  |              |        |        |         |         |         |         |           | 450         | 640    | 660    | 680    | 700    | 720    | 720    | 3,480     |
| 75  |              |        |        |         |         |         |         |           | 420         | 2,230  | 2,880  | 3,620  | 2,940  | 0      | 0      | 9,440     |
| 76  |              |        |        |         |         |         |         |           | 270         | 340    | 400    | 470    | 560    | 660    | 750    | 2,840     |
| 77  | 60           | 60     | 60     | 60      | 70      | 70      | 70      | 330       | 180         | 200    | 230    | 250    | 270    | 280    | 300    | 1,330     |
| 78  | 140          | 150    | 150    | 160     | 160     | 170     | 170     | 810       | 440         | 490    | 550    | 600    | 650    | 680    | 730    | 3,210     |
| 79  | 50           | 80     | 90     | 100     | 100     | 100     | 100     | 490       |             |        |        |        |        |        |        |           |
| 80  |              |        |        |         |         |         |         |           | 10          | 10     | 10     | 10     | 10     | 20     | 20     | 70        |
| 81  |              |        |        |         |         |         |         |           | 2,480       | 3,310  | 3,230  | 2,690  | 2,020  | 1,670  | 1,470  | 11,080    |
| 82  | 720          | 700    | 710    | 830     | 820     | 810     | 810     | 3,980     | 3,300       | 3,440  | 3,640  | 3,810  | 4,000  | 4,160  | 4,420  | 20,030    |
| 83  |              |        |        |         |         |         |         |           | 400         | 490    | 520    | 550    | 580    | 610    | 650    | 2,910     |
| <b>Training, employment, and social services:</b>           |              |        |        |         |         |         |         |           |             |        |        |        |        |        |        |           |
| 84  | 350          | 490    | 360    | 160     | 70      | 30      | 10      | 630       | 30          | 70     | 70     | 30     | 10     | 10     | 10     | 130       |
| 85  | 70           | 60     | 70     | 50      | 30      | 20      | 10      | 180       | 10          | 10     | 10     | 10     | 10     | 0      | 0      | 30        |

**Table 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES—Continued**  
(In millions of dollars)

|  | Corporations   |       |       |       |       |       |       |           | Individuals |         |         |         |         |         |         |           |
|--|--|-------|-------|-------|-------|-------|-------|-----------|-------------|---------|---------|---------|---------|---------|---------|-----------|
|  | 2002   | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2004-2008 | 2002        | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2004-2008 |
| 86   | Employer provided child care exclusion   |       |       |       |       |       |       |           | 690         | 720     | 760     | 810     | 850     | 890     | 940     | 4,250     |
| 87   | Employer-provided child care credit  |       |       |       |       |       |       |           | 40          | 90      | 130     | 140     | 150     | 160     | 170     | 750       |
| 88   | Assistance for adopted foster children   |       |       |       |       |       |       |           | 220         | 250     | 290     | 330     | 380     | 430     | 480     | 1,910     |
| 89   | Adoption credit and exclusion  |       |       |       |       |       |       |           | 140         | 220     | 450     | 500     | 540     | 560     | 570     | 2,620     |
| 90   | Exclusion of employee meals and lodging (other than military)                          |       |       |       |       |       |       |           | 740         | 780     | 810     | 850     | 890     | 930     | 970     | 4,450     |
| 91   | Child credit <sup>2</sup>  |       |       |       |       |       |       |           | 22,170      | 21,440  | 21,310  | 22,480  | 24,280  | 23,940  | 23,660  | 115,670   |
| 92   | Credit for child and dependent care expenses   |       |       |       |       |       |       |           | 2,750       | 2,910   | 3,230   | 2,860   | 2,380   | 2,190   | 2,050   | 12,710    |
| 93   | Credit for disabled access expenditures  | 10    | 10    | 10    | 20    | 20    | 20    | 90        | 40          | 40      | 40      | 40      | 40      | 40      | 40      | 200       |
| 94   | Deductibility of charitable contributions, other than education and health             | 890   | 870   | 880   | 1,040 | 1,010 | 1,010 | 4,950     | 29,970      | 31,230  | 33,110  | 34,670  | 36,350  | 37,770  | 40,150  | 182,050   |
| 95   | Exclusion of certain foster care payments  |       |       |       |       |       |       |           | 450         | 430     | 430     | 440     | 450     | 460     | 470     | 2,250     |
| 96   | Exclusion of parsonage allowances  |       |       |       |       |       |       |           | 350         | 380     | 400     | 420     | 450     | 480     | 510     | 2,260     |
| <b>Health</b>  |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 97   | Exclusion of employer contributions for medical insurance premiums and medical care    |       |       |       |       |       |       |           | 99,060      | 108,500 | 120,160 | 132,240 | 144,710 | 157,180 | 170,230 | 724,520   |
| 98   | Self-employed medical insurance premiums   |       |       |       |       |       |       |           | 1,760       | 2,500   | 3,690   | 3,940   | 4,220   | 4,520   | 4,980   | 21,350    |
| 99   | Workers' compensation insurance premiums   |       |       |       |       |       |       |           | 5,280       | 5,770   | 6,190   | 6,630   | 7,020   | 7,490   | 8,000   | 35,330    |
| 100  | Medical Savings Accounts   |       |       |       |       |       |       |           | 20          | 30      | 30      | 30      | 30      | 30      | 20      | 140       |
| 101  | Deductibility of medical expenses  |       |       |       |       |       |       |           | 5,710       | 6,060   | 6,340   | 6,490   | 6,610   | 6,980   | 7,380   | 33,800    |
| 102  | Exclusion of interest on hospital construction bonds                                   | 290   | 300   | 310   | 320   | 330   | 340   | 1,650     | 910         | 1,020   | 1,130   | 1,240   | 1,330   | 1,400   | 1,500   | 6,600     |
| 103  | Deductibility of charitable contributions (health)                                     | 870   | 850   | 860   | 1,010 | 990   | 980   | 4,820     | 3,370       | 3,510   | 3,720   | 3,890   | 4,080   | 4,240   | 4,510   | 20,440    |
| 104  | Tax credit for orphan drug research  | 140   | 160   | 180   | 200   | 220   | 250   | 1,130     |             |         |         |         |         |         |         |           |
| 105  | Special Blue Cross/Blue Shield deduction   | 300   | 340   | 310   | 300   | 270   | 300   | 1,430     |             |         |         |         |         |         |         |           |
| 106  | Tax credit for health insurance purchased by certain displaced and retired individuals |       |       |       |       |       |       |           | 0           | 0       | 60      | 30      | 40      | 50      | 60      | 240       |
| <b>Income Security</b>                               |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 107  | Exclusion of railroad retirement system benefits                                       |       |       |       |       |       |       |           | 390         | 400     | 400     | 400     | 400     | 400     | 400     | 2,000     |
| 108  | Exclusion of workers' compensation benefits  |       |       |       |       |       |       |           | 5,750       | 6,100   | 6,460   | 6,850   | 7,270   | 7,710   | 8,190   | 36,480    |
| 109  | Exclusion of public assistance benefits (normal tax method)                            |       |       |       |       |       |       |           | 380         | 400     | 410     | 430     | 450     | 470     | 440     | 2,200     |
| 110  | Exclusion of special benefits for disabled coal miners                                 |       |       |       |       |       |       |           | 70          | 60      | 60      | 50      | 50      | 50      | 40      | 250       |
| 111  | Exclusion of military disability pensions  |       |       |       |       |       |       |           | 110         | 110     | 120     | 120     | 130     | 130     | 140     | 640       |
| Net exclusion of pension contributions and earnings: |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 112  | Employer plans   |       |       |       |       |       |       |           | 51,260      | 63,480  | 67,870  | 70,540  | 73,200  | 67,500  | 61,440  | 340,550   |
| 113  | 401(k) plans   |       |       |       |       |       |       |           | 50,830      | 52,920  | 55,290  | 57,830  | 61,490  | 65,060  | 68,030  | 307,700   |
| 114  | Individual Retirement Accounts   |       |       |       |       |       |       |           | 19,080      | 20,840  | 23,130  | 22,400  | 22,380  | 20,540  | 19,800  | 108,250   |
| 115  | Low and moderate income savers credit  |       |       |       |       |       |       |           | 850         | 2,050   | 1,860   | 1,670   | 1,510   | 850     | 0       | 5,890     |
| 116  | Keogh plans  |       |       |       |       |       |       |           | 7,000       | 7,282   | 7,616   | 7,904   | 8,166   | 8,402   | 9,196   | 41,284    |
| Exclusion of other employee benefits:                |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 117  | Premiums on group term life insurance  |       |       |       |       |       |       |           | 1,780       | 1,800   | 1,830   | 1,860   | 1,890   | 1,920   | 1,950   | 9,450     |
| 118  | Premiums on accident and disability insurance  |       |       |       |       |       |       |           | 220         | 230     | 240     | 250     | 260     | 270     | 280     | 1,300     |
| 119  | Small business retirement plan credit  |       |       |       |       |       |       |           | 10          | 20      | 40      | 50      | 50      | 60      | 60      | 260       |
| 120  | Income of trusts to finance supplementary unemployment benefits                        | 20    | 30    | 30    | 30    | 30    | 30    | 150       |             |         |         |         |         |         |         |           |
| 121  | Special ESOP rules   | 1330  | 1400  | 1470  | 1550  | 1640  | 1720  | 8,190     | 300         | 310     | 320     | 340     | 350     | 370     | 390     | 1,770     |
| 122  | Additional deduction for the blind   |       |       |       |       |       |       |           | 40          | 40      | 40      | 40      | 40      | 40      | 40      | 200       |
| 123  | Additional deduction for the elderly   |       |       |       |       |       |       |           | 1,890       | 1,950   | 2,050   | 2,120   | 2,180   | 2,110   | 2,030   | 10,490    |
| 124  | Tax credit for the elderly and disabled  |       |       |       |       |       |       |           | 20          | 20      | 20      | 20      | 10      | 10      | 10      | 70        |
| 125  | Deductibility of casualty losses   |       |       |       |       |       |       |           | 280         | 400     | 420     | 440     | 460     | 500     | 540     | 2,360     |
| 126  | Earned income tax credit <sup>3</sup>  |       |       |       |       |       |       |           | 4,450       | 4,930   | 5,090   | 5,280   | 5,410   | 5,580   | 5,790   | 27,150    |
| <b>Social Security</b>                               |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| Exclusion of social security benefits:               |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 127  | Social Security benefits for retired workers   |       |       |       |       |       |       |           | 18,340      | 18,560  | 18,930  | 19,210  | 20,000  | 21,100  | 21,550  | 100,790   |
| 128  | Social Security benefits for disabled  |       |       |       |       |       |       |           | 2,910       | 3,210   | 3,570   | 3,950   | 4,360   | 4,870   | 4,390   | 21,140    |
| 129  | Social Security benefits for dependents and survivors                                  |       |       |       |       |       |       |           | 3,730       | 3,910   | 4,140   | 4,360   | 4,590   | 4,920   | 4,820   | 22,830    |
| <b>Veterans Benefits and Services</b>                |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 130  | Exclusion of veterans death benefits and disability compensation                       |       |       |       |       |       |       |           | 3,160       | 3,230   | 3,400   | 3,590   | 3,780   | 3,980   | 4,190   | 18,940    |
| 131  | Exclusion of veterans pensions   |       |       |       |       |       |       |           | 70          | 80      | 80      | 90      | 90      | 90      | 100     | 450       |
| 132  | Exclusion of GI bill benefits  |       |       |       |       |       |       |           | 90          | 90      | 90      | 100     | 100     | 110     | 110     | 510       |
| 133  | Exclusion of interest on veterans housing bonds  | 10    | 10    | 10    | 10    | 10    | 10    | 50        | 30          | 30      | 40      | 40      | 40      | 50      | 50      | 220       |
| <b>General Purpose Fiscal Assistance</b>             |  |       |       |       |       |       |       |           |             |         |         |         |         |         |         |           |
| 134  | Exclusion of interest on public purpose State and local bonds                          | 6,170 | 6,360 | 6,550 | 6,750 | 6,950 | 7,160 | 34,780    | 19,080      | 20,420  | 20,760  | 20,970  | 20,860  | 20,370  | 20,990  | 103,950   |
| 135  | Deductibility of nonbusiness state and local taxes other than on owner-occupied homes  |       |       |       |       |       |       |           | 47,430      | 50,520  | 50,910  | 47,770  | 40,480  | 37,190  | 36,080  | 212,430   |



**Table 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES—Continued**  
(In millions of dollars)

|  | Corporations |       |       |       |       |       |       |           | Individuals |        |        |        |        |        |        |           |
|--|--------------|-------|-------|-------|-------|-------|-------|-----------|-------------|--------|--------|--------|--------|--------|--------|-----------|
|  | 2002         | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2004-2008 | 2002        | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2004-2008 |
| 136 Tax credit for corporations receiving income from doing business in U.S. possessions ..... | 2,240        | 2,240 | 2,240 | 2,200 | 1,300 | 0     | 0     | 5,740     |             |        |        |        |        |        |        |           |
| <b>Interest</b>  |              |       |       |       |       |       |       |           |             |        |        |        |        |        |        |           |
| 137 Deferral of interest on U.S. savings bonds .....   |              |       |       |       |       |       |       |           | 510         | 590    | 670    | 750    | 840    | 920    | 1,050  | 4,230     |
| <b>Addendum: Aid to State and local governments:</b>   |              |       |       |       |       |       |       |           |             |        |        |        |        |        |        |           |
| Deductibility of:  |              |       |       |       |       |       |       |           |             |        |        |        |        |        |        |           |
| Property taxes on owner-occupied homes .....   |              |       |       |       |       |       |       |           | 21,760      | 22,320 | 22,160 | 19,750 | 16,240 | 14,580 | 13,580 | 86,310    |
| Nonbusiness State and local taxes other than on owner-occupied homes .....                     |              |       |       |       |       |       |       |           | 47,430      | 50,520 | 50,910 | 47,770 | 40,480 | 37,190 | 36,080 | 212,430   |
| Exclusion of interest on State and local bonds for:  |              |       |       |       |       |       |       |           |             |        |        |        |        |        |        |           |
| Public purposes .....  | 6,170        | 6,360 | 6,550 | 6,750 | 6,950 | 7,160 | 7,370 | 34,780    | 19,080      | 20,420 | 20,760 | 20,970 | 20,860 | 20,370 | 20,990 | 103,950   |
| Energy facilities .....  | 30           | 30    | 30    | 30    | 30    | 30    | 30    | 150       | 80          | 90     | 100    | 110    | 110    | 120    | 130    | 570       |
| Water, sewage, and hazardous waste disposal facilities .....                                   | 110          | 110   | 120   | 120   | 120   | 130   | 130   | 620       | 340         | 370    | 420    | 460    | 490    | 520    | 550    | 2,440     |
| Small-issues .....   | 80           | 80    | 90    | 90    | 90    | 90    | 100   | 460       | 250         | 280    | 310    | 340    | 360    | 380    | 410    | 1,800     |
| Owner-occupied mortgage subsidies ...  | 210          | 220   | 230   | 230   | 240   | 250   | 260   | 1,210     | 660         | 740    | 820    | 910    | 970    | 1,020  | 1,100  | 4,820     |
| Rental housing .....   | 40           | 50    | 50    | 50    | 50    | 50    | 50    | 250       | 140         | 150    | 170    | 190    | 200    | 210    | 230    | 1,000     |
| Airports, docks, and similar facilities ...  | 170          | 170   | 180   | 180   | 190   | 200   | 200   | 950       | 520         | 580    | 650    | 710    | 760    | 800    | 860    | 3,780     |
| Student loans .....  | 60           | 60    | 60    | 60    | 70    | 70    | 70    | 330       | 180         | 200    | 230    | 250    | 270    | 280    | 300    | 1,330     |
| Private nonprofit educational facilities ..  | 140          | 150   | 150   | 160   | 160   | 170   | 170   | 810       | 440         | 490    | 550    | 600    | 650    | 680    | 730    | 3,210     |
| Hospital construction .....  | 290          | 300   | 310   | 320   | 330   | 340   | 350   | 1,650     | 910         | 1,020  | 1,130  | 1,240  | 1,330  | 1,400  | 1,500  | 6,600     |
| Veterans' housing .....  | 10           | 10    | 10    | 10    | 10    | 10    | 10    | 50        | 30          | 30     | 40     | 40     | 40     | 50     | 50     | 220       |
| Credit for holders of zone academy bonds .....   | 50           | 80    | 90    | 100   | 100   | 100   | 100   | 490       |             |        |        |        |        |        |        |           |

<sup>1</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: 2002 \$1,070; 2003 \$1,140; 2004 \$1,230; 2005 \$1,320; 2006 \$1,370; 2007 \$1,400; and 2008 \$1,430.

<sup>2</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: 2002 \$5,060; 2003 \$5,870; 2004 \$5,860; 2005 \$5,700; 2006 \$7,630; 2007 \$7,630; and 2008 \$7,500.

<sup>3</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: 2002 \$27,830; 2003 \$30,610; 2004 \$31,380; 2005 \$32,090; 2006 \$33,450; 2007 \$34,480; and 2008 \$35,380.

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 6-3. INCOME TAX EXPENDITURES RANKED BY TOTAL 2004-2008 PROJECTED REVENUE EFFECT**

(In millions of dollars)

| Provision   | 2004    | 2004-2008 |
|---|---------|-----------|
| Exclusion of employer contributions for medical insurance premiums and medical care .....   | 120,160 | 724,520   |
| Deductibility of mortgage interest on owner-occupied homes .....                            | 68,440  | 375,910   |
| Net exclusion of pension contributions and earnings: Employer plans .....                   | 67,870  | 340,550   |
| Net exclusion of pension contributions and earnings: 401(k) plans .....                     | 55,290  | 307,700   |
| Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....    | 53,930  | 259,560   |
| Deductibility of nonbusiness state and local taxes other than on owner-occupied homes ..... | 50,910  | 212,430   |
| Deductibility of charitable contributions, other than education and health .....            | 33,990  | 187,000   |
| Step-up basis of capital gains at death .....   | 28,500  | 152,380   |
| Exclusion of interest on public purpose State and local bonds .....                         | 27,310  | 138,730   |
| Exclusion of interest on life insurance savings .....                                       | 20,740  | 122,260   |
| Child credit .....  | 21,310  | 115,670   |
| Capital gains exclusion on home sales .....   | 20,860  | 110,770   |
| Net exclusion of pension contributions and earnings: Individual Retirement Accounts .....   | 23,130  | 108,250   |
| Social Security benefits for retired workers .....  | 18,930  | 100,790   |
| Deductibility of State and local property tax on owner-occupied homes .....                 | 22,160  | 86,310    |
| Deferral of income from controlled foreign corporations (normal tax method) .....           | 7,900   | 44,990    |
| Net exclusion of pension contributions and earnings: Keough Plans .....                     | 7,616   | 41,284    |
| Exclusion of workers' compensation benefits .....   | 6,460   | 36,480    |
| Workers' compensation insurance premiums .....  | 6,190   | 35,330    |
| Deductibility of medical expenses .....   | 6,340   | 33,800    |
| Extraterritorial income exclusion .....   | 5,510   | 31,620    |
| Graduated corporation income tax rate (normal tax method) .....                             | 5,700   | 30,670    |
| Earned income tax credit .....  | 5,090   | 27,150    |
| Deductibility of charitable contributions (health) .....                                    | 4,580   | 25,260    |
| Deductibility of charitable contributions (education) .....                                 | 4,350   | 24,010    |
| Social Security benefits for dependents and survivors .....                                 | 4,140   | 22,830    |
| Exception from passive loss rules for \$25,000 of rental loss .....                         | 4,920   | 21,620    |
| Self-employed medical insurance premiums .....  | 3,690   | 21,350    |
| Social Security benefits for disabled .....   | 3,570   | 21,140    |
| Credit for low-income housing investments .....   | 3,640   | 19,970    |
| Exclusion of veterans death benefits and disability compensation .....                      | 3,400   | 18,940    |
| Expensing of research and experimentation expenditures (normal tax method) .....            | 2,760   | 18,790    |
| Exclusion of income earned abroad by U.S. citizens .....                                    | 2,680   | 14,280    |
| HOPE tax credit .....   | 2,880   | 14,230    |
| Lifetime Learning tax credit .....  | 2,980   | 14,110    |
| Exclusion of reimbursed employee parking expenses .....                                     | 2,290   | 12,730    |
| Credit for child and dependent care expenses .....  | 3,230   | 12,710    |
| Exclusion of benefits and allowances to armed forces personnel .....                        | 2,240   | 11,430    |
| Parental personal exemption for students age 19 or over .....                               | 3,230   | 11,080    |
| Additional deduction for the elderly .....  | 2,050   | 10,490    |
| Special ESOP rules .....  | 1,790   | 9,960     |
| Credit for increasing research activities .....   | 4,990   | 9,830     |
| Premiums on group term life insurance .....   | 1,830   | 9,450     |
| Deduction for higher education expenses .....   | 2,880   | 9,440     |
| Inventory property sales source rules exception .....                                       | 1,620   | 8,970     |
| Exclusion of interest on hospital construction bonds .....                                  | 1,440   | 8,250     |
| Deferred taxes for financial firms on certain income earned overseas .....                  | 2,130   | 7,540     |
| Empowerment zones, Enterprise communities, and Renewal communities .....                    | 1,170   | 7,190     |
| Exclusion of scholarship and fellowship income (normal tax method) .....                    | 1,260   | 6,830     |
| Expensing of certain small investments (normal tax method) .....                            | 370     | 6,660     |
| Exemption of credit union income .....  | 1,160   | 6,640     |
| Capital gains treatment of certain income .....   | 1,120   | 6,240     |
| Exclusion of interest on owner-occupied mortgage subsidy bonds .....                        | 1,050   | 6,030     |
| Low and moderate income savers credit .....   | 1,860   | 5,890     |
| Tax credit for corporations receiving income from doing business in U.S. possessions .....  | 2,240   | 5,740     |
| Deferral of income from post 1987 installment sales .....                                   | 1,100   | 5,710     |
| Exclusion of interest for airport, dock, and similar bonds .....                            | 830     | 4,730     |
| Exclusion of certain allowances for Federal employees abroad .....                          | 840     | 4,660     |
| Exclusion of employee meals and lodging (other than military) .....                         | 810     | 4,450     |
| Employer provided child care exclusion .....  | 760     | 4,250     |
| Exclusion of interest on bonds for private nonprofit educational facilities .....           | 700     | 4,020     |
| Deferral of interest on U.S. savings bonds .....  | 670     | 4,230     |
| Deductibility of student-loan interest .....  | 660     | 3,480     |
| Excess of percentage over cost depletion, fuels .....                                       | 650     | 3,170     |
| Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....      | 540     | 3,060     |
| New markets tax credit .....  | 290     | 3,030     |
| Exclusion of employer-provided educational assistance .....                                 | 520     | 2,910     |
| Carryover basis of capital gains on gifts .....   | 450     | 2,910     |
| State prepaid tuition plans .....   | 400     | 2,840     |

**Table 6-3. INCOME TAX EXPENDITURES RANKED BY TOTAL 2004-2008 PROJECTED REVENUE EFFECT—Continued**  
(In millions of dollars)

| Provision  | 2004   | 2004-2008 |
|--|--------|-----------|
| Exclusion for employer-provided transit passes .....   | 380    | 2,630     |
| Adoption credit and exclusion .....  | 450    | 2,620     |
| Deductibility of casualty losses .....   | 420    | 2,360     |
| Alternative fuel production credit .....   | 520    | 2,290     |
| Exclusion of interest on small issue bonds .....   | 400    | 2,260     |
| Exclusion of parsonage allowances .....  | 400    | 2,260     |
| Exclusion of certain foster care payments .....  | 430    | 2,250     |
| Exclusion of public assistance benefits (normal tax method) .....                            | 410    | 2,200     |
| Exclusion of railroad retirement system benefits .....                                       | 400    | 2,000     |
| Expensing of multiperiod timber growing costs .....  | 380    | 1,980     |
| Assistance for adopted foster children .....   | 290    | 1,910     |
| Enhanced oil recovery credit .....   | 350    | 1,830     |
| Education Individual Retirement Accounts .....   | 160    | 1,730     |
| Exclusion of interest on student-loan bonds .....  | 290    | 1,660     |
| Special Blue Cross/Blue Shield deduction .....   | 310    | 1,430     |
| Excess of percentage over cost depletion, nonfuel minerals .....                             | 270    | 1,430     |
| New technology credit .....  | 250    | 1,330     |
| Tax exemption of certain insurance companies owned by tax-exempt organizations .....         | 240    | 1,330     |
| Premiums on accident and disability insurance .....  | 240    | 1,300     |
| Capital gains exclusion of small corporation stock .....                                     | 160    | 1,270     |
| Tax incentives for preservation of historic structures .....                                 | 230    | 1,260     |
| Exclusion of interest on rental housing bonds .....  | 220    | 1,250     |
| Tax credit for orphan drug research .....  | 180    | 1,130     |
| Expensing of certain capital outlays .....   | 170    | 870       |
| Amortization of start-up costs (normal tax method) .....                                     | 150    | 810       |
| Work opportunity tax credit .....  | 430    | 760       |
| Employer-provided child care credit .....  | 130    | 750       |
| Exclusion of interest on energy facility bonds .....   | 130    | 720       |
| Exclusion of military disability pensions .....  | 120    | 640       |
| Capital gains treatment of royalties on coal .....   | 110    | 620       |
| Capital gains treatment of certain timber income .....                                       | 110    | 620       |
| Expensing of certain multiperiod production costs .....                                      | 120    | 600       |
| Exclusion of GI bill benefits .....  | 90     | 510       |
| Small life insurance company deduction .....   | 100    | 500       |
| Credit for holders of zone academy bonds .....   | 90     | 490       |
| Exclusion of veterans pensions .....   | 80     | 450       |
| Income averaging for farmers .....   | 80     | 420       |
| Exclusion from income of conservation subsidies provided by public utilities .....           | 80     | 400       |
| Expensing of exploration and development costs, fuels .....                                  | 150    | 360       |
| Exemption of certain mutuals' and cooperatives' income .....                                 | 60     | 340       |
| Credit for disabled access expenditures .....  | 50     | 290       |
| Exclusion of interest on veterans housing bonds .....  | 50     | 270       |
| Small business retirement plan credit .....  | 40     | 260       |
| Exclusion of special benefits for disabled coal miners .....                                 | 60     | 250       |
| Exceptions from imputed interest rules .....   | 50     | 250       |
| Ordinary income treatment of loss from small business corporation stock sale .....           | 50     | 250       |
| Cancellation of indebtedness .....   | 30     | 250       |
| Tax credit for health insurance purchased by certain displaced and retired individuals ..... | 60     | 240       |
| Welfare-to-work tax credit .....   | 80     | 210       |
| Additional deduction for the blind .....   | 40     | 200       |
| Expensing of exploration and development costs, nonfuel minerals .....                       | 30     | 170       |
| Alcohol fuel credits 1/ .....  | 30     | 150       |
| Income of trusts to finance supplementary unemployment benefits .....                        | 30     | 150       |
| Investment credit for rehabilitation of structures (other than historic) .....               | 30     | 150       |
| Medical Savings Accounts .....   | 30     | 140       |
| Deferral of tax on shipping companies .....  | 20     | 100       |
| Tax credit for the elderly and disabled .....  | 20     | 70        |
| Exclusion of interest on savings bonds redeemed to finance educational expenses .....        | 10     | 70        |
| Deferral of gain on sale of farm refiners .....  | 10     | 60        |
| Exception from passive loss limitation for working interests in oil and gas properties ..... | 10     | 50        |
| Treatment of loans forgiven for solvent farmers .....  | 10     | 50        |
| Special alternative tax on small property and casualty insurance companies .....             | 10     | 50        |
| Expensing of environmental remediation costs .....   | 20     | -20       |
| Tax credit and deduction for clean-fuel burning vehicles .....                               | 70     | -40       |
| Accelerated depreciation on rental housing (normal tax method) .....                         | 1,080  | -4,570    |
| Accelerated depreciation of buildings other than rental housing (normal tax method) .....    | -2,530 | -15,820   |
| Accelerated depreciation of machinery and equipment (normal tax method) .....                | 31,110 | -31,570   |

**Table 6-4. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR ACTIVITY IN CALENDAR YEAR 2002**  
(In millions of dollars)

|    | Provision   | Present Value of Revenue Loss |
|----|---|-------------------------------|
| 1  | Deferral of income from controlled foreign corporations (normal tax method) ..... | 7,180                         |
| 2  | Deferred taxes for financial firms on income earned overseas .....                | 1,740                         |
| 3  | Expensing of research and experimentation expenditures (normal tax method) .....  | 1,800                         |
| 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 .....                               | 210                           |
| 7  | Expensing of certain multiperiod production costs—agriculture .....               | 240                           |
| 8  | Expensing of certain capital outlays—agriculture .....                            | 270                           |
| 9  | Deferral of income on life insurance and annuity contracts .....                  | 24,210                        |
| 10 | Expensing of certain small investments (normal tax method) .....                  | 700                           |
| 11 | Amortization of start-up costs (normal tax method) .....                          | 30                            |
| 12 | Deferral of tax on shipping companies .....                                       | 20                            |
| 13 | Credit for holders of zone academy bonds .....                                    | 120                           |
| 14 | Credit for low-income housing investments .....                                   | 3,580                         |
| 15 | Deferral for state prepaid tuition plans .....                                    | 590                           |
| 16 | Exclusion of pension contributions—employer plans .....                           | 90,570                        |
| 17 | Exclusion of 401(k) contributions .....   | 81,000                        |
| 18 | Exclusion of IRA contributions and earnings .....                                 | 10,650                        |
| 19 | Exclusion of contributions and earnings for Keogh plans .....                     | 9,290                         |
| 20 | Exclusion of interest on public-purpose bonds .....                               | 23,560                        |
| 21 | Exclusion of interest on non-public purpose bonds .....                           | 6,070                         |
| 22 | Deferral of interest on U.S. savings bonds .....                                  | 470                           |

**Outlay Equivalents**

The concept of “outlay equivalents” is another theoretical measure of the budget effect of tax expenditures. It is the amount of budget outlays that would be required to provide the taxpayer the same after-tax in-

come as would be received through the tax provision. The outlay-equivalent measure allows the cost of a tax expenditure to be compared with a direct Federal outlay on a more even footing. Outlay equivalents are reported in Table 6-5.

**Table 6-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES**  
(In millions of dollars)

|   | Outlay Equivalents   |        |       |       |       |       |        |           |        |
|---|--|--------|-------|-------|-------|-------|--------|-----------|--------|
|   | 2002   | 2003   | 2004  | 2005  | 2006  | 2007  | 2008   | 2004-2008 |        |
| <b>National Defense</b>                       |  |        |       |       |       |       |        |           |        |
| 1   | Exclusion of benefits and allowances to armed forces personnel .....                         | 2,540  | 2,570 | 2,600 | 2,620 | 2,650 | 2,680  | 2,710     | 13,260 |
| <b>International affairs:</b>                 |  |        |       |       |       |       |        |           |        |
| 2   | Exclusion of income earned abroad by U.S. citizens .....                                     | 3,810  | 3,470 | 3,530 | 3,640 | 3,700 | 3,880  | 4,100     | 18,850 |
| 3   | Exclusion of certain allowances for Federal employees abroad .....                           | 1,000  | 1,060 | 1,110 | 1,170 | 1,220 | 1,290  | 1,360     | 6,150  |
| 4   | Extraterritorial income exclusion .....  | 7,410  | 7,920 | 8,480 | 9,060 | 9,680 | 10,350 | 11,080    | 48,650 |
| 5   | Inventory property sales source rules exception .....  | 2,260  | 2,370 | 2,490 | 2,620 | 2,750 | 2,890  | 3,050     | 13,800 |
| 6   | Deferral of income from controlled foreign corporations (normal tax method) .....            | 7,000  | 7,450 | 7,900 | 8,400 | 8,930 | 9,550  | 10,210    | 44,990 |
| 7   | Deferred taxes for financial firms on certain income earned overseas .....                   | 1,950  | 2,050 | 2,130 | 2,190 | 2,260 | 960    | 0         | 7,540  |
| <b>General Science, Space, and Technology</b> |  |        |       |       |       |       |        |           |        |
| 8   | Expensing of research and experimentation expenditures (normal tax method) .....             | 1,660  | 2,200 | 2,760 | 3,390 | 3,990 | 4,270  | 4,380     | 18,790 |
| 9   | Credit for increasing research activities .....  | 10,560 | 8,670 | 7,680 | 4,470 | 1,910 | 800    | 260       | 15,120 |
| <b>Energy</b>                                 |  |        |       |       |       |       |        |           |        |
| 10  | Expensing of exploration and development costs, fuels .....                                  | 170    | 180   | 150   | 80    | 60    | 50     | 40        | 380    |
| 11  | Excess of percentage over cost depletion, fuels .....  | 850    | 930   | 810   | 790   | 840   | 850    | 850       | 4,140  |
| 12  | Alternative fuel production credit .....   | 2,100  | 1,260 | 700   | 700   | 700   | 700    | 280       | 3,080  |
| 13  | Exception from passive loss limitation for working interests in oil and gas properties ..... | 0      |       |       |       |       |        |           |        |
| 14  | Capital gains treatment of royalties on coal .....   | 130    | 140   | 150   | 160   | 170   | 170    | 180       | 830    |
| 15  | Exclusion of interest on energy facility bonds .....   | 160    | 170   | 180   | 200   | 200   | 210    | 230       | 1,020  |
| 16  | Enhanced oil recovery credit .....   | 540    | 560   | 570   | 590   | 600   | 620    | 630       | 3,010  |
| 17  | New technology credit .....  | 140    | 240   | 330   | 350   | 360   | 360    | 370       | 1,770  |
| 18  | Alcohol fuel credits <sup>1</sup> .....  | 30     | 30    | 30    | 30    | 30    | 30     | 30        | 150    |
| 19  | Tax credit and deduction for clean-fuel burning vehicles .....                               | 100    | 120   | 100   | 60    | -10   | -90    | -100      | -40    |
| 20  | Exclusion from income of conservation subsidies provided by public utilities .....           | 100    | 110   | 110   | 110   | 110   | 100    | 100       | 530    |
| <b>Natural Resources and Environment</b>      |  |        |       |       |       |       |        |           |        |

**Table 6-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

|   | Outlay Equivalents  |        |        |        |         |         |         |           |          |
|---|---|--------|--------|--------|---------|---------|---------|-----------|----------|
|   | 2002  | 2003   | 2004   | 2005   | 2006    | 2007    | 2008    | 2004-2008 |          |
| 21  | Expensing of exploration and development costs, nonfuel minerals .....                    | 40     | 40     | 40     | 40      | 50      | 50      | 50        | 230      |
| 22  | Excess of percentage over cost depletion, nonfuel minerals .....                          | 330    | 340    | 350    | 360     | 370     | 380     | 390       | 1,850    |
| 23  | Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....    | 640    | 690    | 780    | 840     | 880     | 930     | 980       | 4,410    |
| 24  | Capital gains treatment of certain timber income .....                                    | 130    | 140    | 150    | 160     | 170     | 170     | 180       | 830      |
| 25  | Expensing of multiperiod timber growing costs .....                                       | 470    | 480    | 490    | 510     | 520     | 530     | 540       | 2,590    |
| 26  | Tax incentives for preservation of historic structures .....                              | 200    | 210    | 220    | 240     | 250     | 260     | 270       | 1,240    |
| <b>Agriculture</b>  |   |        |        |        |         |         |         |           |          |
| 27  | Expensing of certain capital outlays .....  | 220    | 230    | 210    | 210     | 210     | 210     | 230       | 1,070    |
| 28  | Expensing of certain multiperiod production costs .....                                   | 160    | 160    | 150    | 150     | 140     | 140     | 140       | 720      |
| 29  | Treatment of loans forgiven for solvent farmers .....                                     | 10     | 10     | 10     | 10      | 10      | 10      | 10        | 50       |
| 30  | Capital gains treatment of certain income .....   | 1,350  | 1,420  | 1,500  | 1,580   | 1,660   | 1,750   | 1,840     | 8,330    |
| 31  | Income averaging for farmers .....  | 90     | 90     | 100    | 100     | 100     | 100     | 110       | 510      |
| 32  | Deferral of gain on sale of farm refiners .....   | 10     | 10     | 10     | 10      | 10      | 10      | 20        | 60       |
| <b>Commerce and Housing</b>                                 |   |        |        |        |         |         |         |           |          |
| Financial institutions and insurance:                       |   |        |        |        |         |         |         |           |          |
| 33  | Exemption of credit union income .....  | 1,300  | 1,380  | 1,480  | 1,580   | 1,690   | 1,800   | 1,920     | 8,470    |
| 34  | Excess bad debt reserves of financial institutions .....                                  | 0      | 0      | 0      | 0       | 0       | 0       | 0         | 0        |
| 35  | Exclusion of interest on life insurance savings .....                                     | 19,630 | 21,230 | 23,010 | 24,940  | 27,060  | 29,250  | 31,420    | 135,680  |
| 36  | Special alternative tax on small property and casualty insurance companies .....          | 10     | 10     | 10     | 10      | 10      | 10      | 10        | 50       |
| 37  | Tax exemption of certain insurance companies owned by tax-exempt organizations .....      | 290    | 310    | 330    | 350     | 370     | 390     | 400       | 1,840    |
| 38  | Small life insurance company deduction .....  | 120    | 120    | 120    | 120     | 120     | 120     | 120       | 600      |
| Housing:  |   |        |        |        |         |         |         |           |          |
| 39  | Exclusion of interest on owner-occupied mortgage subsidy bonds .....                      | 1,250  | 1,380  | 1,510  | 1,640   | 1,730   | 1,830   | 1,950     | 8,660    |
| 40  | Exclusion of interest on rental housing bonds .....                                       | 260    | 290    | 320    | 350     | 360     | 370     | 400       | 1,800    |
| 41  | Deductibility of mortgage interest on owner-occupied homes .....                          | 63,590 | 65,540 | 68,440 | 71,870  | 74,790  | 78,160  | 82,650    | 375,910  |
| 42  | Deductibility of State and local property tax on owner-occupied homes .....               | 21,760 | 22,320 | 22,160 | 19,750  | 16,240  | 14,580  | 13,580    | 86,310   |
| 43  | Deferral of income from post 1987 installment sales .....                                 | 1,040  | 1,060  | 1,080  | 1,100   | 1,120   | 1,140   | 1,170     | 5,610    |
| 44  | Capital gains exclusion on home sales .....   | 24,580 | 25,320 | 26,080 | 26,860  | 27,670  | 28,500  | 29,350    | 138,460  |
| 45  | Exception from passive loss rules for \$25,000 of rental loss .....                       | 5,690  | 5,270  | 4,920  | 4,600   | 4,290   | 4,020   | 3,790     | 21,620   |
| 46  | Credit for low-income housing investments .....   | 4,450  | 4,670  | 4,920  | 5,170   | 5,390   | 5,620   | 5,900     | 27,000   |
| 47  | Accelerated depreciation on rental housing (normal tax method) .....                      | 1,590  | 1,080  | 310    | -510    | -1,770  | -3,310  | -4,570    | -9,860   |
| Commerce:   |   |        |        |        |         |         |         |           |          |
| 48  | Cancellation of indebtedness .....  | 0      | 10     | 30     | 50      | 60      | 60      | 50        | 250      |
| 49  | Exceptions from imputed interest rules .....  | 50     | 50     | 50     | 50      | 50      | 50      | 50        | 250      |
| 50  | Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....  | 74,750 | 73,350 | 71,910 | 72,730  | 66,490  | 66,340  | 68,590    | 346,060  |
| 51  | Capital gains exclusion of small corporation stock .....                                  | 130    | 170    | 220    | 270     | 340     | 400     | 460       | 1,690    |
| 52  | Step-up basis of capital gains at death .....   | 35,850 | 36,520 | 38,000 | 39,500  | 40,650  | 41,830  | 43,190    | 203,170  |
| 53  | Carryover basis of capital gains on gifts .....   | 640    | 640    | 450    | 540     | 640     | 650     | 630       | 2,910    |
| 54  | Ordinary income treatment of loss from small business corporation stock sale .....        | 50     | 50     | 60     | 60      | 60      | 60      | 60        | 300      |
| 55  | Accelerated depreciation of buildings other than rental housing (normal tax method) ..... | -1,800 | -2,530 | -1,980 | -6,520  | -9,200  | -12,360 | -15,820   | -45,880  |
| 56  | Accelerated depreciation of machinery and equipment (normal tax method) .....             | 47,770 | 31,110 | 16,670 | -39,310 | -35,260 | -33,260 | -31,570   | -122,730 |
| 57  | Expensing of certain small investments (normal tax method) .....                          | -360   | -110   | 370    | 1,570   | 1,830   | 1,510   | 1,380     | 6,660    |
| 58  | Amortization of start-up costs (normal tax method) .....                                  | 110    | 130    | 150    | 160     | 160     | 170     | 170       | 810      |
| 59  | Graduated corporation income tax rate (normal tax method) .....                           | 7,490  | 8,280  | 8,770  | 9,040   | 9,380   | 9,770   | 10,210    | 47,170   |
| 60  | Exclusion of interest on small issue bonds .....  | 470    | 520    | 570    | 610     | 640     | 670     | 730       | 3,220    |
| <b>Transportation</b>                                       |   |        |        |        |         |         |         |           |          |
| 61  | Deferral of tax on shipping companies .....   | 20     | 20     | 20     | 20      | 20      | 20      | 20        | 100      |
| 62  | Exclusion of reimbursed employee parking expenses .....                                   | 2,710  | 2,860  | 3,020  | 3,190   | 3,360   | 3,550   | 3,730     | 16,850   |
| 63  | Exclusion for employer-provided transit passes .....                                      | 310    | 400    | 480    | 560     | 660     | 750     | 840       | 3,290    |
| <b>Community and Regional Development</b>                   |   |        |        |        |         |         |         |           |          |
| 64  | Investment credit for rehabilitation of structures (other than historic) .....            | 30     | 30     | 30     | 30      | 30      | 30      | 30        | 150      |
| 65  | Exclusion of interest for airport, dock, and similar bonds .....                          | 30     | 30     | 30     | 30      | 30      | 30      | 30        | 150      |
| 66  | Exemption of certain mutuals' and cooperatives' income .....                              | 60     | 60     | 60     | 70      | 70      | 70      | 70        | 340      |
| 67  | Empowerment zones, Enterprise communities and Renewal communities .....                   | 730    | 1,120  | 1,170  | 1,280   | 1,410   | 1,580   | 1,750     | 7,190    |
| 68  | New markets tax credit .....  | 90     | 190    | 300    | 420     | 610     | 830     | 870       | 3,030    |
| 69  | Expensing of environmental remediation costs .....  | 110    | 110    | 40     | -20     | -10     | -10     | -10       | -10      |
| <b>Education, Training, Employment, and Social Services</b> |   |        |        |        |         |         |         |           |          |
| Education:  |   |        |        |        |         |         |         |           |          |
| 70  | Exclusion of scholarship and fellowship income (normal tax method) .....                  | 1,390  | 1,390  | 1,380  | 1,480   | 1,540   | 1,550   | 1,560     | 7,510    |
| 71  | HOPE tax credit .....   | 5,270  | 4,510  | 3,690  | 3,760   | 3,500   | 3,720   | 3,580     | 18,250   |
| 72  | Lifetime Learning tax credit .....  | 2,790  | 2,880  | 3,820  | 3,640   | 3,340   | 3,610   | 3,660     | 18,070   |
| 73  | Education Individual Retirement Accounts .....  | 60     | 120    | 190    | 280     | 390     | 520     | 660       | 2,040    |
| 74  | Deductibility of student-loan interest .....  | 540    | 760    | 790    | 820     | 840     | 850     | 860       | 4,160    |
| 75  | Deduction for higher education expenses .....   | 540    | 2,860  | 3,700  | 4,640   | 3,760   | 0       | 0         | 12,100   |
| 76  | State prepaid tuition plans .....   | 270    | 340    | 400    | 470     | 560     | 660     | 750       | 2,840    |

**Table 6-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

|  | Outlay Equivalents |         |         |         |         |         |         |           |
|--|--------------------|---------|---------|---------|---------|---------|---------|-----------|
|  | 2002               | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2004-2008 |
| 77   | 340                | 370     | 410     | 440     | 490     | 510     | 530     | 2,380     |
| 78   | 830                | 920     | 1,010   | 1,090   | 1,160   | 1,220   | 1,300   | 5,780     |
| 79   | 70                 | 110     | 130     | 140     | 150     | 150     | 150     | 720       |
| 80   | 20                 | 20      | 20      | 20      | 20      | 20      | 20      | 100       |
| 81   | 2,750              | 3,670   | 3,570   | 2,980   | 2,240   | 1,850   | 1,630   | 12,270    |
| 82   | 5,670              | 5,830   | 6,130   | 6,560   | 6,800   | 7,000   | 7,380   | 33,870    |
| 83   | 500                | 610     | 650     | 680     | 720     | 760     | 800     | 3,610     |
| Training, employment, and social services:           |                    |         |         |         |         |         |         |           |
| 84   | 380                | 560     | 430     | 190     | 80      | 40      | 20      | 760       |
| 85   | 80                 | 70      | 80      | 60      | 40      | 20      | 10      | 210       |
| 86   | 920                | 960     | 1,010   | 1,080   | 1,130   | 1,190   | 1,250   | 5,660     |
| 87   | 60                 | 120     | 170     | 190     | 200     | 220     | 230     | 840       |
| 88   | 250                | 280     | 330     | 370     | 420     | 480     | 540     | 2,140     |
| 89   | 180                | 280     | 570     | 640     | 690     | 710     | 730     | 3,340     |
| 90   | 910                | 950     | 990     | 1,030   | 1,080   | 1,130   | 1,180   | 5,410     |
| 91   | 29,560             | 28,590  | 28,410  | 29,970  | 32,370  | 31,920  | 31,550  | 154,220   |
| 92   | 3,670              | 3,880   | 4,310   | 3,810   | 3,170   | 2,920   | 2,730   | 16,940    |
| 93   | 60                 | 70      | 70      | 70      | 80      | 80      | 80      | 380       |
| 94   | 42,840             | 44,510  | 47,190  | 49,550  | 51,910  | 53,760  | 57,280  | 259,690   |
| 95   | 520                | 490     | 500     | 510     | 520     | 530     | 540     | 2,600     |
| 96   | 430                | 460     | 490     | 520     | 550     | 580     | 620     | 2,760     |
| <b>Health</b>  |                    |         |         |         |         |         |         |           |
| 97   | 128,510            | 140,330 | 155,930 | 172,140 | 188,900 | 205,820 | 223,620 | 946,410   |
| 98   | 2,200              | 3,110   | 4,590   | 4,870   | 5,200   | 5,560   | 6,150   | 26,370    |
| 99   | 6,580              | 7,200   | 7,710   | 8,250   | 8,720   | 9,300   | 9,950   | 43,930    |
| 100  | 30                 | 30      | 40      | 40      | 40      | 40      | 30      | 190       |
| 101  | 6,210              | 6,600   | 6,910   | 7,050   | 7,160   | 7,560   | 7,990   | 36,670    |
| 102  | 1,720              | 1,900   | 2,070   | 2,240   | 2,390   | 2,500   | 2,660   | 11,860    |
| 103  | 5,990              | 6,160   | 6,470   | 6,940   | 7,180   | 7,380   | 7,770   | 35,740    |
| 104  | 210                | 240     | 270     | 300     | 330     | 370     | 420     | 1,690     |
| 105  | 400                | 450     | 410     | 400     | 360     | 400     | 330     | 1,900     |
| 106  | 0                  | 0       | 70      | 40      | 50      | 60      | 70      | 290       |
| <b>Income Security</b>                               |                    |         |         |         |         |         |         |           |
| 107  | 390                | 400     | 400     | 400     | 400     | 400     | 400     | 2,000     |
| 108  | 5,750              | 6,100   | 6,460   | 6,850   | 7,270   | 7,710   | 8,190   | 36,480    |
| 109  | 380                | 400     | 410     | 430     | 450     | 470     | 440     | 2,200     |
| 110  | 70                 | 60      | 60      | 50      | 50      | 50      | 40      | 250       |
| 111  | 110                | 110     | 120     | 120     | 130     | 130     | 140     | 640       |
| Net exclusion of pension contributions and earnings: |                    |         |         |         |         |         |         |           |
| 112  | 63,280             | 77,890  | 82,770  | 86,020  | 89,270  | 82,320  | 74,930  | 415,310   |
| 113  | 62,750             | 64,930  | 67,430  | 70,520  | 74,990  | 79,340  | 82,960  | 375,240   |
| 114  | 25,790             | 28,010  | 30,690  | 29,930  | 29,420  | 27,630  | 26,730  | 144,400   |
| 115  | 20                 | 30      | 30      | 30      | 30      | 30      | 30      | 150       |
| 116  | 8,943              | 9,272   | 9,661   | 9,976   | 10,259  | 10,521  | 11,516  | 51,933    |
| Exclusion of other employee benefits:                |                    |         |         |         |         |         |         |           |
| 117  | 2360               | 2400    | 2440    | 2480    | 2520    | 2560    | 2610    | 12,610    |
| 118  | 290                | 310     | 320     | 330     | 350     | 360     | 370     | 1,730     |
| 119  | 10                 | 20      | 40      | 50      | 50      | 60      | 60      | 260       |
| 120  | 20                 | 30      | 30      | 30      | 30      | 30      | 30      | 150       |
| 121  | 2,220              | 2,340   | 2,450   | 2,580   | 2,720   | 2,860   | 2,990   | 13,600    |
| 122  | 40                 | 50      | 50      | 50      | 50      | 50      | 50      | 250       |
| 123  | 2,290              | 2,360   | 2,480   | 2,570   | 2,630   | 2,550   | 2,460   | 12,690    |
| 124  | 30                 | 20      | 20      | 20      | 20      | 20      | 10      | 90        |
| 125  | 310                | 440     | 460     | 480     | 510     | 500     | 540     | 2,490     |
| 126  | 4,930              | 5,470   | 5,660   | 5,860   | 6,010   | 6,200   | 6,430   | 30,160    |
| <b>Social Security</b>                               |                    |         |         |         |         |         |         |           |
| Exclusion of social security benefits:               |                    |         |         |         |         |         |         |           |
| 127  | 18,340             | 18,560  | 18,930  | 19,210  | 20,000  | 21,100  | 21,550  | 100,790   |
| 128  | 2,910              | 3,210   | 3,570   | 3,950   | 4,360   | 4,870   | 4,390   | 21,140    |
| 129  | 3,730              | 3,910   | 4,140   | 4,360   | 4,590   | 4,920   | 4,820   | 22,830    |
| Veterans Benefits and Services:                      |                    |         |         |         |         |         |         |           |
| 130  | 3,160              | 3,230   | 3,400   | 3,590   | 3,780   | 3,980   | 4,190   | 18,940    |
| 131  | 70                 | 80      | 80      | 90      | 90      | 90      | 100     | 450       |
| 132  | 90                 | 90      | 90      | 100     | 100     | 110     | 110     | 510       |
| 133  | 50                 | 50      | 70      | 70      | 70      | 80      | 80      | 370       |

**Table 6-5. OUTLAY EQUIVALENT ESTIMATES FOR TAX EXPENDITURES—Continued**  
(In millions of dollars)

|  | Outlay Equivalents  |        |        |        |        |        |        |           |         |
|--|---|--------|--------|--------|--------|--------|--------|-----------|---------|
|  | 2002  | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2004-2008 |         |
| <b>General Purpose Fiscal Assistance</b>             |   |        |        |        |        |        |        |           |         |
| 134  | Exclusion of interest on public purpose State and local bonds .....                         | 36,190 | 38,400 | 39,160 | 39,740 | 39,850 | 39,430 | 40,630    | 198,810 |
| 135  | Deductibility of nonbusiness state and local taxes other than on owner-occupied homes ..... | 47,430 | 50,520 | 50,910 | 47,770 | 40,480 | 37,190 | 36,080    | 212,430 |
| 136  | Tax credit for corporations receiving income from doing business in U.S. possessions .....  | 3,190  | 3,190  | 3,190  | 3,140  | 1,860  | 0      | 0         | 8,190   |
| <b>Interest</b>                                      |   |        |        |        |        |        |        |           |         |
| 137  | Deferral of interest on U.S. savings bonds .....  | 510    | 590    | 670    | 750    | 840    | 920    | 1,050     | 4,230   |
| <b>Addendum: Aid to State and local governments:</b> |   |        |        |        |        |        |        |           |         |
| Deductibility of:                                    |   |        |        |        |        |        |        |           |         |
|  | Property taxes on owner-occupied homes .....  | 21,760 | 22,320 | 22,160 | 19,750 | 16,240 | 14,580 | 13,580    | 86,310  |
|  | Nonbusiness State and local taxes other than on owner-occupied homes .....                  | 47,430 | 50,520 | 50,910 | 47,770 | 40,480 | 37,190 | 36,080    | 212,430 |
| Exclusion of interest on State and local bonds for:  |   |        |        |        |        |        |        |           |         |
|  | Public purposes .....   | 36,190 | 38,400 | 39,160 | 39,740 | 39,850 | 39,430 | 40,630    | 198,810 |
|  | Energy facilities .....   | 160    | 170    | 180    | 200    | 200    | 210    | 230       | 1,020   |
|  | Water, sewage, and hazardous waste disposal facilities .....                                | 640    | 690    | 780    | 840    | 880    | 930    | 980       | 4,410   |
|  | Small-issues .....  | 470    | 520    | 570    | 610    | 640    | 670    | 730       | 3,220   |
|  | Owner-occupied mortgage subsidies .....   | 1,250  | 1,380  | 1,510  | 1,640  | 1,730  | 1,830  | 1,950     | 8,660   |
|  | Rental housing .....  | 260    | 290    | 320    | 350    | 360    | 370    | 400       | 1,800   |
|  | Airports, docks, and similar facilities .....   | 30     | 30     | 30     | 30     | 30     | 30     | 30        | 150     |
|  | Student loans .....   | 340    | 370    | 410    | 440    | 490    | 510    | 530       | 2,380   |
|  | Private nonprofit educational facilities .....  | 830    | 920    | 1,010  | 1,090  | 1,160  | 1,220  | 1,300     | 5,780   |
|  | Hospital construction .....   | 1,720  | 1,900  | 2,070  | 2,240  | 2,390  | 2,500  | 2,660     | 11,860  |
|  | Veterans' housing .....   | 50     | 50     | 70     | 70     | 70     | 80     | 80        | 370     |
|  | Credit for holders of zone academy bonds .....  | 70     | 110    | 130    | 140    | 150    | 150    | 150       | 720     |

<sup>1</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: 2002 \$1,070; 2003 \$1,140; 2004 \$1,230; 2005 \$1,320; 2006 \$1,370; 2007 \$1,400; and 2008 \$1,430.

<sup>2</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: 2001 \$980; 2002 \$5,060; 2003 \$5,870; 2004 \$5,860; 2005 \$5,700; 2006 \$7,630; 2007 \$7,630; and 2008 \$7,500.

<sup>3</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: 2002 \$27,830; 2003 \$30,610; 2004 \$31,380; 2005 \$32,090; 2006 \$33,450; 2007 \$34,480; and 2008 \$35,380.

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 baseline provisions of the tax structure. The 1974 Congressional Budget Act, which mandated the tax expenditure budget, did not specify the baseline provisions of the tax law. As noted previously, deciding whether provisions are exceptions, therefore, is a matter of judgment. As in prior years, this year's tax expenditure estimates are presented using two baselines: the normal tax baseline and the reference tax law baseline.

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 it is closer to existing law. Tax expenditures under the reference law baseline are always 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. Imputed income would be taxed under a comprehensive income tax, and all income would be taxed as it accrued.
- 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. (This budget proposes to eliminate the double taxation of corporate income.)
- Values of assets and debt are not generally adjusted for inflation. A comprehensive income tax would adjust the cost basis of capital assets and debt for changes in the price level during the time the assets or debt are held. Thus, under a comprehensive income tax baseline, the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure (i.e., a tax penalty), and failure to take account of inflation in measuring interest costs would be regarded as a positive tax expenditure (i.e., a tax subsidy).

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

(1) *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.

(2) *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>

(3) *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for property is computed using estimates of economic depreciation. The latter represents a change in the calculation of the tax expenditure under normal law in the 2004 Budget. The Appendix provides further details on the new methodology and how it differs from the prior methodology.

(4) *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. Tax expenditures, however, 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 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 was 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 designed to increase savings. Other efforts by OMB, Treasury, and other agencies to improve data available for the analysis of 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 in-

<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 Government Affairs, United States Senate, “Government Performance and Results Act of 1993” (Report 103-58, 1993).



come 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 have important 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. Verifying eligibility criteria can be costly. The tax system also operates on the basis of annual income and it may be poorly targeted when taxpayer characteristics change within the course of a year. 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 activities to be addressed with specific resources in a way that is difficult to emulate with tax expenditures. Tax expenditures may not receive the same level of scrutiny afforded to other programs.

Outlay programs 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 tax 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 government 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 require resources to be raised via taxes, user charges, or government borrowing, which can impose further costs by diverting resources from their most efficient uses, but tax expenditures can have similar effects by requiring government to make up for lost revenue. Finally, spending programs, particu-

larly 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 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 revenue effect. Outputs are quantitative or qualitative measures

<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.

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 combat service are intended to reduce tax burdens on military personnel undertaking hazardous service for the Nation. A portion of the tax expenditure associated with foreign earnings is targeted to benefit U.S. Government civilian personnel working abroad by offsetting the living costs that can be higher than those in the United States. These tax expenditures should be considered together with direct agency budget costs in making programmatic decisions.

**International affairs.**—Tax expenditures are also aimed at goals such as tax neutrality. These include the exclusion for income earned abroad by nongovernmental 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 experimen-

tation, 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 expenditures. 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 preferences 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. The mortgage interest deduction on personal residences is reported as a tax expenditure because the value of owner-occupied housing services is not included in a taxpayer's taxable income. Taxpayers also may exclude up to \$500,000 of the capital gains from the sale of personal residences. Measures of the effectiveness of these provisions could include their effects on increasing the extent of home ownership and the quality of housing. 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. A potentially negative outcome of this tax expenditure is that the subsidy may lead to excessive health care spending for these who are covered.

**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 value of benefits funded 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, omitting important details 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 as of December 31, 2002, 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 combat service, are excluded from income subject to tax.

#### International Affairs

2. **Income earned abroad.**—U.S. citizens who lived abroad, worked in the private sector, and satisfied a foreign residency requirement in 2002 may exclude up to \$80,000 in foreign earned income from U.S. taxes.

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 (\$67,765 in 2002).

**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. 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 FSC Repeal and Extraterritorial Income Exclusion Act of 2000 created the extraterritorial income exclusion to replace the foreign sales corporation provisions, which the Act repealed. The exclusion is generally available for transactions entered into after September 30, 2000.

**5. Sales source rule exceptions.**—The worldwide income of U.S. persons is taxable by the United States and a credit for foreign taxes paid is allowed. The amount of foreign taxes that can be credited is limited to the pre-credit U.S. tax on the foreign source income. The sales source rules for inventory property allow U.S. exporters to use more foreign tax credits by allowing the exporters to attribute a larger portion of their earnings abroad than would be the case if the allocation of earnings was based on actual economic activity.

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

**7. Exceptions under subpart F for active financing income.**—Financial firms can defer taxes on income earned overseas in an active business. Taxes on income earned through December 31, 2006 can be deferred.

## General Science, Space, and Technology

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

**9. R&E credit.**—The research and experimentation (R&E) credit 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

**10. Exploration and development costs.**—For successful investments in domestic oil and gas wells, intangible drilling costs (e.g., wages, the costs of using machinery for grading and drilling, the cost of unsalvageable materials used in constructing wells) may be expensed rather than amortized over the productive life of the property. Integrated oil companies may deduct only 70 percent of such costs and must amortize the remaining 30 percent over five years. The same rule applies to the exploration and development costs of surface stripping and the construction of shafts and tunnels for other fuel minerals.

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

<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.

producers. Unlike depreciation or cost depletion, percentage depletion deductions can exceed the cost of the investment.

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

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

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

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

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

17. **New technology credits.**—A credit of 10 percent is available for investment in solar and geothermal energy facilities. In addition, a credit of 1.5 cents is provided per kilowatt hour of electricity produced from renewable resources such as wind, 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, 2004.

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

19. **Credit and deduction for clean-fuel vehicles and property.**—A tax credit of 10 percent (not to exceed \$4,000) is provided for purchasers of electric vehicles. Purchasers of other clean-fuel burning vehicles and owners of clean-fuel refueling property may deduct part of their expenditures. The credit and deduction are phased out from 2004 through 2007.

20. **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

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

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

23. **Sewage, water, 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.

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

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

26. **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

27. **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.

28. **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.

29. **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.

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

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

32. **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.

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

34. **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.

35. **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.

36. **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.

37. **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.

38. **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.

39. **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 bonds, including mortgage housing bonds, rental housing bonds, student loan bonds, and industrial development bonds is \$62.50 per capita (\$187.5 million minimum) per State 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 home buyers to income tax credits for a specified percentage of interest on qualified mortgages. The total amount of MCCs issued by a State cannot exceed 25 percent of its annual ceiling for mortgage-revenue bonds.

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

41. **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 value of owner-occupied housing services is not included in a taxpayer's taxable income. The Appendix provides an alternative calculation of the tax expenditure based on the implicit rental income on owner-occupied housing, which is generally viewed as a more accurate measure of the tax expenditure relative to a comprehensive income tax base.

42. **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.

43. **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.

44. **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.

45. **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.

46. **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. 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.

47. **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, economic depreciation is assumed. This calculation is described in more detail in the Appendix.

48. **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.

49. **Imputed interest rules.**—Holders (issuers) of debt instruments are generally required to report inter-

est 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.

50. **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 were permitted to 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.

51. **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.

52. **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. After repeal of the estate tax under EGTRRA for 2010, the basis for property acquired from a decedent will be the lesser of fair market value or the decedent's basis. Certain types of additions to basis will be allowed so that assets in most estates that are not currently subject to estate tax will not be subject to capital gains tax in the hands of the heirs.

53. **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. Even though the estate tax is repealed for 2010 under EGTRRA, the gift tax is retained with a lifetime exemption of \$1 million.



54. **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.

55. **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, economic depreciation is assumed. This calculation is described in more detail in the Appendix.

56. **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. Under the normal tax baseline, this tax depreciation allowance is measured relative to economic depreciation. This calculation is described in more detail in the Appendix.

57. **Expensing of certain small investments.**—In 2002, qualifying investments in tangible property up to \$24,000 can be expensed rather than depreciated over time. The expensing limit increases 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 2002, the amount expensed is completely phased out when qualifying investments exceed \$224,000.

58. **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.

59. **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 consid-

ered 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.

60. **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

61. **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.

62. **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 2002, the maximum amount of the parking exclusion is \$185 (indexed) per month. The tax expenditure estimate does not include parking at facilities owned by the employer.

63. **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 2002, the maximum amount of the exclusion is \$100 (indexed) per month.

### Community and Regional Development

64. **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.

65. **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.

66. **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.

67. **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. The Job Creation and Worker Assistance Act of 2002 expanded the existing provisions by adding the “New York City Liberty Zone.” 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. home-buyer credit from December 31, 2001 to December 31, 2003.

68. **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.

69. **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 will generally increase the value of the property significantly or appreciably prolong the life of the property. The expensing only applies to clean-up costs incurred on or before December 31, 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

70. **Scholarship and fellowship income.**—Scholarships and fellowships are excluded from taxable income to the extent they pay for tuition and course-related expenses of the grantee. Similarly, tuition reductions for employees of educational institutions and their families are not included in taxable income. From an economic point of view, scholarships and fellowships are either gifts not conditioned on the performance of services, or they are rebates of educational costs. Thus, under the reference law method, this exclusion is not a tax expenditure because this method does not include

either gifts or price reductions in a taxpayer’s gross income. The exclusion, however, is considered a tax expenditure under the normal tax method, which includes gift-like transfers of government funds in gross income (many scholarships are derived directly or indirectly from government funding).

71. **HOPE tax credit.**—The non-refundable HOPE tax credit allows a credit for 100 percent of an eligible student’s first \$1,000 of tuition and fees and 50 percent of the next \$1,000 of tuition and fees. The credit only covers tuition and fees paid during the first two years of a student’s post-secondary education. In 2002, the credit is phased out ratably for taxpayers with modified AGI between \$82,000 and \$102,000 (\$41,000 and \$51,000 for singles) (indexed beginning in 2002).

72. **Lifetime Learning tax credit.**—The non-refundable Lifetime Learning tax credit allows a credit for 20 percent of an eligible student’s tuition and fees. For tuition and fees paid before January 1, 2003, the maximum credit per return is \$1,000. For tuition and fees paid after December 31, 2002, the maximum credit per return is \$2,000. The credit is phased out ratably for taxpayers with modified AGI between \$82,000 and \$102,000 (\$41,000 and \$51,000 for singles) (indexed beginning in 2002). The credit applies to both undergraduate and graduate students.

73. **Deduction for Higher Education Expenses.**—The tax code provides a new above-the-line deduction for qualified higher education expenses. The maximum annual deduction is \$3,000 beginning in 2002 for taxpayers with adjusted gross income up to \$130,000 on a joint return (\$65,000 for singles). The maximum deduction increases to \$4,000 in 2004. Taxpayers with adjusted gross income up to \$160,000 on a joint return (\$80,000 for singles) may deduct up to \$2,000 beginning in 2004. No deduction is allowed for expenses paid after December 31, 2005.

74. **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 is \$2,000 and the phase-out range for joint filers is \$190,000 through \$220,000 of modified AGI, double the range of singles. Elementary and secondary school expenses may also be paid tax-free from such accounts.

75. **Student-loan interest.**—Taxpayers may claim an above-the-line deduction of up to \$2,500 on interest paid on an education loan. Interest may only be deducted for the first five years in which interest payments are required.

76. **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. Beginning in 2002, investment income is not taxed when earned, and is tax-exempt when withdrawn to pay for qualified expenses.

77. **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.

78. **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.

79. **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 2003.

80. **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 \$86,400 and \$116,400 (\$57,600 and \$72,600 for singles) in 2002.

81. **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.

82. **Charitable contributions to educational institutions.**—Taxpayers may deduct contributions to nonprofit educational institutions. Taxpayers who donate capital assets to educational institutions can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

83. **Employer-provided educational assistance.**—Employer-provided educational assistance is excluded from an employee's gross income even though the employer's costs for this assistance are a deductible business expense.

84. **Work opportunity tax credit.**—Employers can claim a tax credit for qualified wages paid to individuals who begin work on or before December 31, 2004 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.

85. **Welfare-to-work tax credit.**—An employer is eligible for a tax credit on the first \$20,000 of eligible wages paid to qualified long-term family assistance recipients during the first two years of employment. The credit is 35 percent of the first \$10,000 of wages in the first year of employment and 50 percent of the first \$10,000 of wages in the second year of employment. The maximum credit is \$8,500 per employee. The credit applies to wages paid to employees who are hired on or before December 31, 2004.

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

87. **Employer-provided child care credit.**—Employers can deduct expenses for supporting child care or child care resource and referral services. A tax credit to employers for qualified expenses began in 2002. The credit is equal to 25 percent of qualified expenses for employee child care and 10 percent of qualified expenses for child care resource and referral services. Employer deductions for such expenses are reduced by the amount of the credit. The maximum total credit is limited to \$150,000 per taxable year.

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) for 2001. The credit is phased-out ratably for taxpayers with modified AGI between \$150,000 and \$190,000 in 2002. EGTRRA increased the maximum credit for non-special needs children to \$10,000, set a flat credit amount of \$10,000 for special needs children, and increased the start point of the phase-out to \$150,000 beginning in 2002. The credit amounts and the phase-out thresholds are indexed for inflation beginning in 2003. 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 the credit and the exclusion were made permanent by EGTRRA.

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 \$600 refundable per child credit. The maximum credit is increased to \$700 in 2005,

\$800 in 2009, and \$1,000 in 2010. 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).

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. EGTRRA increased the maximum expenditure limit to \$3,000 for one dependent and \$6,000 for two or more dependents beginning in 2003. The credit is equal to 30 percent of qualified expenditures (35 percent beginning in 2003) for taxpayers with incomes of \$10,000 or less (\$15,000 or less beginning in 2003). The credit is reduced to a minimum of 20 percent by one percentage point for each \$2,000 of income in excess of \$10,000 (\$15,000 beginning in 2003).

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 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, 2003.

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.

106. **Tax credit for health insurance purchased by certain displaced and retired individuals.**—The Trade Act of 2002 provided a refundable tax credit of 65 percent for the purchase of health insurance coverage by individuals eligible for Trade Adjustment Assistance and certain PBGC pension recipients.

### Income Security

107. **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.

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

109. **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.

110. **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.

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

112. **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.

113. **401(k) plans.**—Individual taxpayers can make tax-preferred contributions to certain types of employer-provided 401(k) plans (and 401(k)-type plans like 403(b) plans and the Federal government's Thrift Savings Plan). In 2001, an employee could exclude up to \$10,500 (indexed) of wages from AGI under a qualified arrangement with an employer's 401(k) plan. EGTRRA increases the exclusion amount to \$11,000 in 2002, \$12,000 in 2003, \$13,000 in 2004, \$14,000 in 2005 and \$15,000 in 2006 (indexed thereafter). The tax on the investment income earned by 401(k)-type plans is deferred until withdrawn.

EGTRRA also allows employees to make after-tax contributions to 401(k) and 401(k)-type plans beginning in 2002. These contributions are not excluded from AGI, but the investment income of such after-tax contributions is not taxed when earned or withdrawn.

114. **Individual Retirement Accounts.**—Individual taxpayers can take advantage of several different Individual Retirement Accounts (IRAs): deductible IRAs, non-deductible IRAs, and Roth IRAs. Employees can make annual contributions to an IRA up to \$3,000 (or 100 percent of compensation, if less). The annual contributions limit applies to the total of a taxpayer's deductible, non-deductible, and Roth IRAs contributions. The IRA contribution limit increases to \$4,000 in 2005, and \$5,000 in 2008 (indexed thereafter) and allows taxpayers over age 50 to make additional "catch-up" contributions of \$1,000 (by 2006).

Taxpayers whose AGI is below \$54,000 (\$34,000 for non-joint filers) in 2002 can claim a deduction for IRA contributions. In 2002, the IRA deduction is phased out for taxpayers with AGI between \$54,000 and \$64,000 (\$34,000 and \$44,000 for non-joint). The phase-out range increases annually until it reaches \$80,000 to \$100,000 in 2007 (\$50,000 to \$60,000 in 2005 for non-joint filers). Taxpayers whose AGI is above the phase-out range can also claim a deduction for their IRA contributions depending on whether they (or their spouse) are an active participant in an employer-provided retirement plan. The tax on the investment income earned by 401(k) plans, non-deductible IRAs, and deductible IRAs is deferred until the money is withdrawn.

Taxpayers with incomes below \$150,000 (\$95,000 for nonjoint filers) can make contributions to Roth IRAs. 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). Investment income of a Roth IRA is not taxed when earned nor when withdrawn. Withdrawals from a Roth IRA are penalty free if: (1) the Roth IRA was opened at least 5 years before the withdrawal, and (2) the taxpayer either (a) is at least 59-1/2, (b) dies, (c) is disabled, or (d) purchases a first-time house.

Taxpayers can contribute to a non-deductible IRA regardless of their income and whether they are an active participant in an employer-provided retirement plan. The tax on investment income earned by non-deductible IRAs is deferred until the money is withdrawn.

115. **Low and moderate income savers' credit.**—EGTRRA provides an additional incentive for lower-income taxpayers to save through a nonrefundable credit of up to 50 percent on IRA contributions. This credit is in addition to any deduction or exclusion. The credit is completely phased out by \$50,000 for joint filers and \$25,000 for single filers. This temporary credit is in effect from 2002 through 2006.

116. **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 \$40,000 in 2002. The tax on the investment income earned by Keogh plans is deferred until withdrawn.

117. **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.

118. **Small business retirement plan credit.**—Businesses with 100 or fewer employees may receive a credit for 50 percent of the qualified startup costs associated with a new qualified retirement plan. The credit is limited to \$500 annually and may only be claimed for expenses incurred during the first three years from the start of the qualified plan. Qualified startup expenses include expenses related to the establishment and administration of the plan, and the retirement-related education of employees.

119. **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.

120. **Employer-provided supplementary unemployment benefits.**—Employers may establish trusts to pay supplemental unemployment benefits to employees separated from employment. Interest payments to such trusts are exempt from taxation.

121. **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.

122. **Additional deduction for the blind.**—Taxpayers who are blind may take an additional \$1,150 standard deduction if single, or \$900 if married in 2002.

123. **Additional deduction for the elderly.**—Taxpayers who are 65 years or older may take an additional \$1,150 standard deduction if single, or \$900 if married in 2002.

124. **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.

125. **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.

126. **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 \$7,370 of earned income in 2002. The credit is 40 percent of the first \$10,350 of income for a family with two or more qualifying children. The credit is phased out beginning when the taxpayer's income exceeds \$13,520 at the rate of 15.98 percent (21.06 percent if two or more qualifying children are present). It is completely phased out when the taxpayer's modified adjusted gross income reaches \$29,201 (\$33,178 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 2002, the credit is 7.65 percent of the first \$4,910 of earned income. When the taxpayer's income exceeds \$6,150, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$11,060 of modified adjusted gross income.

For workers with or without children, the income levels at which the credit begins to phase-out and the maximum amounts of income on which the credit can be taken are adjusted for inflation. For married taxpayers filing a joint return, EGTRRA increases the base amount for the phase-out by \$1,000 in 2002 through 2004, \$2,000 in 2005 through 2007, and \$3,000 in 2008 (indexed thereafter).

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

127. **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.

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

129. **Social Security benefits for dependents and survivors.**—Benefit payments from the Social Security

Trust Fund for dependents and survivors are partially excluded from a beneficiary's gross income.

### Veterans Benefits and Services

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

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

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

133. *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

134. *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.

135. *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.

136. *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

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

## Appendix:

### TREASURY REVIEW OF THE TAX EXPENDITURE PRESENTATION

This appendix provides an initial presentation of the Treasury Department review of the tax expenditure budget first described in the 2003 Budget. As previously described, the review focuses in particular on three issues: (1) using comprehensive income as a baseline tax system, (2) using a consumption tax as a baseline tax system, and (3) defining negative tax expenditures (provisions that cause taxpayers to pay too much tax).

The first section of this appendix compares major tax expenditures in the current budget to those implied by a comprehensive income baseline. This comparison includes a discussion of negative tax expenditures. The

second section compares the major tax expenditures in the current budget to those implied by a consumption tax baseline, and also discusses negative tax expenditures. The final section addresses concerns that have been raised over the measurement of some current tax expenditures by describing a new estimate of the tax expenditure caused by accelerated depreciation and an alternative estimate of the tax expenditure resulting from the tax exemption of the return earned on owner-occupied housing. The final section also provides an estimate of the negative tax expenditure caused by the double tax on corporate profits.

### DIFFERENCES BETWEEN OFFICIAL TAX EXPENDITURES AND THOSE BASED ON COMPREHENSIVE INCOME

As discussed in the main body of this chapter, traditional tax expenditures are measured relative to normal law or reference law baselines that deviate from a comprehensive concept of income. Consequently, tax expenditures identified in the budget can differ from those that would be identified if comprehensive income were chosen as the baseline tax system. This appendix addresses this issue by comparing major tax expenditures listed in the current tax expenditure budget with those implied by a comprehensive income baseline. Most large tax expenditures would continue to be tax expenditures were the baseline taken to be comprehensive income, although some would not. A comprehensive income baseline would also result in a number of additional tax provisions being counted as tax expenditures.

Current budgetary practice excludes from the list of official tax expenditures those provisions that over-tax certain items of income. This exclusion conforms to the view that tax expenditures are substitutes for direct government spending programs. However, it gives a one-sided picture of the ways in which current law deviates from the baseline tax system. Relative to a comprehensive income baseline, a number of current tax provisions would be negative tax expenditures. Some of these might also be negative tax expenditures under the reference law or normal law baselines, expanded to admit negative tax expenditures.

### Treatment of Major Tax Expenditures From the Current Budget Under a Comprehensive Income Baseline

Comprehensive income, also called Haig-Simons income, is the real, inflation adjusted, accretion to one's economic power arising between two points in time, e.g., the beginning and ending of the year. It includes all accretions to wealth, whether or not realized, whether or not related to a market transaction, and whether a return to capital or labor. Inflation adjusted capital gains would be included in comprehensive income as they accrue. Business, investment, and casualty losses, including losses caused by depreciation, would be deducted. Implicit returns, such as those accruing to homeowners, also would be included in comprehensive income. While comprehensive income can be defined on the sources side of the consumer's balance sheet, it sometimes is instructive to use the identity between the sources of wealth and the uses of wealth to redefine it as the sum of consumption during the period plus the change in net worth between the beginning and the end of the period.

Comprehensive income is widely held to be the idealized base for an income tax even though it is not a perfectly defined concept.<sup>6</sup> It suffers from conceptual ambiguities, some of which are discussed below, as well as practical problems in measurement and tax administration, e.g., how to implement a practicable deduction for economic depreciation or include in income the return earned on housing or consumer durable goods, including automobiles and major appliances.

Furthermore, comprehensive income represents an ideal tax base only in the tautological sense that the base of an income tax is, or should be, income. Comprehensive income does not necessarily represent the economically most desirable tax base; efficiency or equity might be improved by deviating from comprehensive income as a tax base, e.g., by reducing the taxation of capital income in order to spur economic growth or by subsidizing certain types of activities in order to correct for market failures or to improve the after-tax distribution of income. In addition, some elements of comprehensive income would be difficult or impossible to include in a tax system that is administrable.

Table 1 shows the thirty largest tax expenditures from the 2004 Budget classified according to whether they would be considered a tax expenditure under a comprehensive income tax. Thirteen of the thirty items would be tax expenditures under a comprehensive tax base (those in panel A).<sup>7</sup> Most of these give preferential tax treatment to the return on certain types of savings or investment. They are a result of the explicitly hybrid nature of the existing tax system, and arise out of policy decisions that reflect discomfort with the high tax rate on capital income that would otherwise arise under

<sup>6</sup>See, e.g., David F. Bradford, *Untangling the Income Tax* (Cambridge, MA: Harvard University Press, 1986), pp. 15–31, and Richard Goode, "The Economic Definition of Income" in Joseph Pechman, ed., *Comprehensive Income Taxation* (Washington, D.C.: The Brookings Institution, 1977), pp. 1–29.

<sup>7</sup>Not all of the items are properly specified and measured if the intent is to compare current law with a comprehensive income tax. Nonetheless, they all deal with items whose treatment differs fundamentally from that required by a comprehensive income tax.

the current structure of the income tax, especially in consideration of the potential for capital income to be subject to two layers of tax given the absence of integration between the corporate and individual income tax systems.

Panel B deals with items that potentially are tax expenditures, but that raise more difficult conceptual issues or raise inconsistencies. The first of these is the deduction of nonbusiness State and local taxes other than on owner-occupied homes. These taxes include both income taxes and property taxes. The stated justification for this tax expenditure is that "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."<sup>8</sup> The idea is that these taxes represent consumption expenditures, and so are elements of income.

In contrast to the view in the budget, the deduction for State and local taxes might not be a tax expenditure if the baseline were comprehensive income. Properly measured comprehensive income would include the imputed value of State and local government benefits received, but would allow a deduction for State and local taxes paid.<sup>9</sup> Thus, in this sense the deductibility of State and local taxes is consistent with comprehensive income principles; it should not be a tax expenditure. However, imputing the value of State and local services may be difficult and, as a rough correction, the tax system might disallow the deduction for State and local taxes.<sup>10</sup> So, if the value of services from State and local governments is excluded from the tax base, as it generally is under current law, a deduction for taxes might be viewed as a tax expenditure relative to a comprehensive income baseline.<sup>11</sup>

Step-up of basis at death lowers the income tax on capital gains for those who inherit assets below what it would be otherwise. From that perspective it would be a tax expenditure under a comprehensive income baseline. Nonetheless, there are ambiguities. Under a comprehensive income baseline, all gains would be taxed as accrued, so there would be no deferred unrealized gains on assets held at death.

The lack of full taxation of Social Security retirement benefits also is listed in panel B. To the extent that Social Security is viewed as a pension, a comprehensive income tax would include in income all contributions to Social Security retirement funds (payroll taxes) and tax accretions to value as they arise (inside build-up).<sup>12</sup> Benefits paid out of prior contributions and the inside

<sup>8</sup>*Fiscal Year 2003 Budget of the United States Government, Analytical Perspectives* (Washington, D.C.: U.S. Government Printing Office, 2002) p. 127

<sup>9</sup>U.S. Treasury, *Blueprints for Basic Tax Reform* (Washington, D.C.: U.S. Government Printing Office, 1977) p. 92.

<sup>10</sup>Home mortgage interest and property taxes on owner-occupied housing raise the same ambiguity. Classifying them as probably not tax expenditures arguably is inconsistent. It reflects the judgment that no comprehensive tax is likely to tax the value of State and local services, while it appears somewhat easier to impute and tax the rental income from owner-occupied housing.

<sup>11</sup>Under the normal tax method employed by the Joint Committee on Taxation, the value of some public assistance benefits provided by state governments is included as a tax expenditure, thereby raising a potential double counting issue.

<sup>12</sup>As a practical matter, this may be impossible to do. Valuing claims subject to future contingencies is very difficult, as discussed in Bradford, *Untangling the Income Tax*, pp. 23–24.



build-up, however, would not be included in the tax base because the fall in the value of the individual's Social Security account would be offset by an increase in cash. In contrast, to the extent that Social Security is viewed as a transfer program, all contributions should be deductible from the income tax base and all benefits received should be included in the income tax base.

In contrast to either of these treatments, current law excludes one-half of contributions (employer-paid payroll taxes) from the base of the income tax, makes no attempt to tax accretions, and subjects some, but not all, benefits to taxation. The difference between the current law treatment of Social Security retirement benefits and their treatment under a comprehensive income tax would qualify as a tax expenditure, but such a tax expenditure differs in concept from that included in the current budget.

The tax expenditures in the current budget<sup>13</sup> reflect exemptions for lower income beneficiaries from the tax on 85 percent of Social Security benefits.<sup>14</sup> Historically, payroll taxes paid by the employee represented no more than 15 percent of the expected value of the benefits received by a lower-earnings Social Security beneficiary. The 85 percent inclusion rate is therefore intended to tax the remaining amount of the benefit payment arising from the payroll tax contributions made by employers and the implicit return on the employee and employer contributions. Thus, the tax expenditure conceived and measured in the current budget is not intended to capture the deviation from a comprehensive income baseline, which would additionally account for the deferral of tax on these components (less an inflation adjustment attributable to the employee's payroll tax contributions). Rather, it is intended to approximate the taxation of private pensions with employee contributions made from after-tax income,<sup>15</sup> on the assumption that Social Security is comparable to such pensions. Hence, the official tax expenditure understates the tax advantage accorded Social Security benefits relative to a comprehensive income baseline.

To the extent that the personal and dependent care exemptions and the standard deduction properly remove from taxable income all expenditures that do not yield consumption value, then the child care credit and the earned income tax credit would be tax expenditures. In contrast, a competing perspective views these credits as appropriate modifications that account for differing taxpaying capacity. Since comprehensive income is equal to the sum of consumption and one's change in wealth, expenditures on items that are viewed as not

yielding consumption value reduce income, and, hence taxpaying capacity under this interpretation.

The tax expenditures related to workers' compensation benefits raise double counting issues. The official tax expenditure list counts as a tax expenditure both the failure to tax premiums and the failure to tax benefits. This is inappropriate treatment if the baseline is comprehensive income. Under comprehensive income tax principles, if the taxpayer were to buy the insurance himself, he would be able to deduct the premium (since it represents a reduction in net-worth) but should include the benefit when paid (since it represents an increase in net-worth).<sup>16</sup> If the employer paid the premium, the proper treatment would allow the employer a deduction and allow the employee to disregard the premium, but he would take the proceeds, if any, into income. Equivalently, the employee could be required to take the premium into income and ignore the proceeds, on the argument that the premium has the same expected value as the proceeds of the policy, as explained in *Blueprints*.<sup>17</sup> But in no circumstances should the employee be taxed on both the premium and the proceeds. One of the two current tax expenditures would be eliminated if the baseline were comprehensive income.<sup>18</sup>

The next category (panel C) includes items whose treatment under a comprehensive income tax is widely acknowledged to be ambiguous.<sup>19</sup> Consider, for example, the items relating to charitable contributions. Under existing law, charitable contributions are deductible, and this deduction is considered on its face a tax expenditure in the current budget.<sup>20</sup>

The treatment of charitable donations, however, is ambiguous under a comprehensive income tax. If charitable contributions are a consumption item for the giver, then they are properly included in his taxable income; a deduction for contributions would then be a tax expenditure relative to a comprehensive income tax baseline. In contrast, charitable contributions could represent a transfer of purchasing power from the giver to the receiver. As such, they would represent a reduction in the giver's net worth, not an item of consumption, and so properly would be deductible, implying that current law's treatment is not a tax expenditure. At the same time, the value of the charitable benefits received is income to the recipient. Under current law, such income generally is not taxed, and so represents a tax expenditure whose size might be approximated by the size of the donor's contribution.<sup>21</sup>

<sup>16</sup>Suppose he buys the unemployment insurance policy at the beginning of the year. He exchanges one asset, cash, for another, the policy, so there is no change in net worth. But, at the end of the year, the policy expires and so is worthless, hence he has a reduction in net worth equal to the amount he paid for the policy, which of course is the premium. If the policy pays off (i.e., a work related injury prevents his employment), then he would include the proceeds in his income because they represent an increase in net worth.

<sup>17</sup>U.S. Treasury, *Blueprints for Basic Tax Reform*, pp. 59–61.

<sup>18</sup>This might also be double counting under the normal and reference law baselines.

<sup>19</sup>See, for example, Goode, *The Economic Definition of Income*, pp. 16–17, and Bradford, *Untangling the Income Tax*, pp. 19–21, and pp.30–31.

<sup>20</sup>The item also includes gifts of appreciated property, at least part of which represents a tax expenditure relative to an ideal income tax, even if one assumes that charitable donations are not consumption.

<sup>21</sup>If recipients tend to be in lower tax brackets, then the tax expenditure is smaller than when measured at the donor's tax rates.

<sup>13</sup>This includes both the tax expenditure for benefits paid to workers and that for benefits paid to survivors and dependents.

<sup>14</sup>The current budget does not include as a tax expenditure the absence of income taxation on the employer's contributions (payroll taxes) to Social Security retirement at the time these contributions are made.

<sup>15</sup>Private pensions allow the employee to defer tax on all inside build-up. They also allow the employee to defer tax on contributions made by the employer, but not on contributions made directly by the employee. Applying these tax rules to Social Security would require the employee to include in his taxable income benefits paid out of inside build-up and out of the employer's contributions, but would allow the employee to exclude from his taxable income benefits paid out of his own contributions.



Medical expenditures may or may not be an element of income (or consumption), depending on one's point of view. Some argue that medical expenditures don't represent discretionary spending, and so are not consumption. Instead, they are a reduction of net worth and should be excluded from the tax base. Others argue that there is no way to logically distinguish medical care from other consumption items. Moreover, clearly there is choice in health care decisions, e.g., whether to go to the best doctor, whether to have voluntary surgical procedures, and whether to exercise and eat nutritiously so as to improve and maintain one's health and minimize medical expenditures.

The final category (panel D) includes items that probably are not tax expenditures under a comprehensive income tax base. But even these raise some issues. Mortgage interest would be deductible from the base of a comprehensive income tax, because comprehensive income would include implicit rental income on owner-occupied housing. Similarly, property taxes on owner-occupied housing would be deductible, since they represent a reduction in net worth.<sup>22</sup> One could argue, however, that because current law fails to impute rental income, the home mortgage interest deduction and the deduction for property taxes constitute tax expenditures. Alternatively, they might be viewed as proxies for the correct tax expenditure. They are, however, extremely crude proxies for the implicit rental income earned on owner-occupied housing. The interest deduction proxy, for example, ignores implicit rental income earned on a house that is unencumbered by any mortgage.

A comprehensive income tax would assign all income tax liability to individuals. There would be no separate corporation income tax. Hence, the issue of graduated corporate tax rates would not come up.<sup>23</sup> Under some views, graduated individual income tax rates might result in a tax expenditure or in a negative tax expenditure, depending on the decision regarding the general tax rate.

A tax based on comprehensive income would allow all losses to be deducted. Hence, the exception from the passive loss rules would not be a tax expenditure.<sup>24</sup>

### **Major Tax Expenditures Under a Comprehensive Income Tax That Are Excluded from the Current Budget**

While most of the major tax expenditures in the current budget also would be tax expenditures under a comprehensive income base, there also are tax expenditures relative to a comprehensive income base that are not found on the existing tax expenditure list. These additional tax expenditures include the imputed return from consumer durables and owner-occupied housing, the difference between capital gains as they accrue and capital gains as they are realized, private gifts and

inheritances received, in-kind benefits from such government programs as food-stamps, Medicaid, and public housing, the value of payouts from insurance policies,<sup>25</sup> and benefits received from private charities. Under some ideas of comprehensive income, the value of leisure and of household production of goods and services also would be included as tax expenditures. The personal exemption and standard deduction also might be considered tax expenditures, although they can be viewed differently, e.g., as elements of the basic tax rate schedule or as necessary expenditures that are not items of voluntary consumption. The foreign tax credit also might be a tax expenditure, since it could be argued that a deduction for foreign taxes, rather than a credit, would seem to measure the income of U.S. residents properly.

### **Negative Tax Expenditures**

Under current budgetary practice, negative tax expenditures, tax provisions that raise rather than lower taxes, are excluded from the official tax expenditure list. This exclusion conforms with the view that tax expenditures are defined to be similar to government spending programs.

If attention is expanded to include any deviation from the baseline tax system, negative tax expenditures would be of interest. Relative to a comprehensive income baseline, there are a number of important negative tax expenditures, some of which also might be viewed as negative tax expenditures under an expanded interpretation of the normal or reference law baseline. Among the more important negative tax expenditures is the corporation income tax, which would be eliminated under a comprehensive income tax applied to individuals as discussed later in the Appendix. The passive loss rules, restrictions on the deductibility of capital losses, and NOL carry-forward requirements each would generate a negative tax expenditure, since a comprehensive income tax would allow full deductibility of losses. If human capital were considered an asset, then its cost (e.g., certain education and training expenses, including perhaps the cost of college and professional school) should be amortizable, but it is not under current law.<sup>26</sup> Some restricted deductions under the individual AMT might be negative tax expenditures as might the phase-out of personal exemptions and of itemized deductions. The inability to deduct consumer interest also might be a negative tax expenditure, as an interest deduction may be required to properly measure income, as seen by the equivalence between borrowing and reduced lending.<sup>27</sup>

Current tax law fails to index for inflation interest receipts, capital gains, depreciation, and inventories. These provisions are negative tax expenditures because

<sup>25</sup> To the extent that premiums are deductible.

<sup>26</sup> Current law offers favorable treatment to some education costs, thereby creating (positive) tax expenditures. Current law allows expensing of that part of the cost of education and career training that is related to foregone earnings and this would be a tax expenditure under a comprehensive income baseline. In addition, some education has consumption value, and under a comprehensive income definition would be taxable to that extent, but is not taxable under current law.

<sup>27</sup> See Bradford, *Untangling the Income Tax*, p. 41.

<sup>22</sup> Of course, the value of government services would be included in net income.

<sup>23</sup> As discussed below, the double tax on corporate profits would be a major negative tax expenditure.

<sup>24</sup> In contrast, the passive loss rules themselves, which restrict the deduction of losses, would be a negative tax expenditure when compared to a comprehensive tax base.

comprehensive income would be indexed for inflation. Current law, however, also fails to index for inflation the deduction for interest payments; this represents a (positive) tax expenditure.

The issue of indexing highlights that even if one wished to focus only on tax policies that are similar to spending programs, accounting for some negative tax expenditures may be required. For example, the net subsidy created by accelerated depreciation is properly measured by the difference between depreciation allowances specified under existing tax law and economic depreciation, which is indexed for inflation.<sup>28</sup>

### **Tax Expenditures and the Tax Rate Structure**

Under some views, the graduated personal income tax rate structure might result in a tax expenditure or in a negative tax expenditure. To the extent that one views a single tax rate as most compatible with a comprehensive income base, tax rates above the appropriate single rate would yield a negative tax expenditure. To the extent that one views a graduated tax rate structure as most desirable, then differences between the appropriate graduated tax rate structure and the actual tax rate structure would lead to tax expenditures or negative tax expenditures.

## **DIFFERENCES BETWEEN OFFICIAL TAX EXPENDITURES AND TAX EXPENDITURES RELATIVE TO A CONSUMPTION BASE**

This section compares tax expenditures listed in the official tax expenditure budget with those implied by a comprehensive consumption baseline. It first discusses some of the difficulties encountered in trying to compare current tax provisions to those that would be observed under a comprehensive consumption tax. Next, it discusses which of the thirty largest official tax expenditures would be tax expenditures under the consumption baseline, concluding that about one-half of the top thirty official tax expenditures would remain tax expenditures under a consumption baseline. Most of those that fall off the list are tax incentives for saving and investment.

The section next discusses some major differences between current law and a comprehensive consumption baseline that are excluded from the current list of tax expenditures. These differences include the consumption value of owner-occupied housing and other consumer durables, benefits from in-kind government transfers, and gifts. It concludes with a discussion of negative tax expenditures relative to a consumption baseline

### **Ambiguities in Determining Tax Expenditures Relative to a Consumption Baseline**

A broad-based consumption tax is a combination of an income tax plus a deduction for net saving. This follows from the definition of comprehensive income as consumption plus the change in net worth. It therefore seems straightforward to say that current law's deviations from a consumption base are the sum of (a) tax expenditures on an income base associated with exemptions and deductions for certain types of income, plus (b) overpayments of tax, or negative tax expenditures, to the extent net saving is not deductible from the tax base. In reality, however, the situation is more complicated. A number of issues arise, some of which also are problems in defining a comprehensive income tax, but seem more severe, or at least more obvious, for the consumption tax baseline.

It is not always clear how to treat certain items under a consumption tax. One problem is determining whether a particular expenditure is an item of consumption. Spending on medical care and charitable donations are two examples. Another problem is related to foreign source income. It is sometimes argued that a credit for foreign income taxes is inappropriate against the base of a consumption tax. Does that mean that the current foreign tax credit is a tax expenditure for a consumption tax base? The classification below includes medical spending and charitable contributions in the definition of consumption, but also considers an alternative view. It makes no judgment about the treatment of foreign taxes, but provides a brief discussion of the issue.

There may be more than one way to treat various items under a consumption tax. For example, a consumption tax might ignore borrowing and lending by excluding from the borrower's tax base the proceeds from loans, denying the borrower a deduction for payments of interest and principal, and excluding interest and principal payments received from the lender's tax base. On the other hand, a consumption tax might include borrowing and lending in the tax base by requiring the borrower to add the proceeds from loans in his tax base, allowing the lender to deduct loans from his tax base, allowing the borrower to deduct payments of principal and interest, and requiring the lender to include receipt of principal and interest payments. In present value terms, the two approaches are equivalent for both the borrower and the lender; in particular both allow the tax base to measure consumption and both impose a zero effective tax rate on interest income. But which approach is taken obviously has different implications (at least on an annual flow basis) for the treatment of many important items of income and expense, such as the home mortgage interest deduction. The classification below suggests that the deduction for home mortgage interest probably should be a tax expenditure, but takes note of alternative views.

<sup>28</sup> Accelerated depreciation can be described as the equivalent of an interest free loan from the government to the taxpayer. Under federal budget accounting principles, such a loan would be treated as an outlay equal to the present value of the foregone interest.

Some exclusions of income are equivalent in many respects to consumption tax treatment that immediately deducts the cost of an investment while taxing the future cash-flow. For example, exempting investment income is equivalent to consumption tax treatment as far as the normal rate of return on new investment is concerned. This is because expensing generates a tax reduction that offsets in present value terms the tax paid on the investment's future normal returns. Expensing gives the income from a marginal investment a zero effective tax rate. However, a yield exemption approach differs from a consumption tax as far as the distribution of income and government revenue is concerned. Pure profits in excess of the normal rate of return would be taxed under a consumption tax, because they are an element of cash-flow, but would not be taxed under a yield exemption tax system. Should exemption of certain kinds of investment income, and certain investment tax credits, be regarded as the equivalent of consumption tax treatment? The classification that follows generally takes a broad view of this equivalence and considers tax provisions that reduce or eliminate the tax on capital income to be consistent with a broad-based consumption tax.

Looking at provisions one at a time can be misleading. The hybrid character of the existing tax system leads to many provisions that might make good sense in the context of a consumption tax, but that generate inefficiencies because of the problem of the "uneven playing field" when evaluated within the context of the existing tax rules. It is not clear how these should be classified. For example, many saving incentives are targeted to specific tax-favored sources of capital income, and so potentially distort economic choices in ways that would not occur under a broad-based consumption tax. As another example, under a consumption value added tax (VAT) based on the destination principle, there would be a rebate of the VAT on exports and a tax on imports. Does this mean that the extraterritorial income exclusion (the successor of the Foreign Sales Corporation provision) is not a tax expenditure? Resolution comes down to judgments about how broad is broad enough to be considered general, or whether it even matters at all that a provision is targeted in some way. The classification that follows generally views savings incentives, even if targeted, as consistent with a broad based consumption tax.

Capital gains would not be a part of a comprehensive consumption tax base. Proceeds from asset sales and sometimes borrowing would be part of the cash-flow tax base, but, for transactions between domestic investors at a flat tax rate, would cancel out in the economy as a whole. How should existing tax expenditures related to capital gains be classified? The classification below generally views available capital gains tax breaks as consistent with a broad-based consumption tax because they lower the tax rate on capital income toward the zero rate that is consistent with a consumption-based tax. By implication, this also means that capital

gains taxes paid under a broad-based consumption tax are negative tax expenditures.

Such considerations suggest that trying to compute the current tax's deviations from "the" base of a consumption tax is impossible because deviations cannot be uniquely determined, making it very difficult to do a consistent accounting of the differences between the current tax base and a consumption tax base. Nonetheless, Table 2 attempts a classification based on the criteria outlined above.

### **Treatment of Major Tax Expenditures Under a Comprehensive Consumption Baseline**

As noted above, the major difference between a comprehensive consumption tax and a comprehensive income tax is in the treatment of saving, or in the taxation of capital income. Consequently, many current tax expenditures related to preferential taxation of capital income would not be tax expenditures under a consumption tax. However, preferential treatment of items of income unrelated to fairly broad-based saving incentives would remain tax expenditures under a consumption baseline.

Table 2 shows the thirty largest tax expenditures from the 2004 Budget classified according to whether they would be considered a tax expenditure under a consumption tax. Four of the thirty items clearly would be tax expenditures (those in panel A).

The official tax expenditures for Social Security benefits reflects exceptions for low income taxpayers from the general rule that 85 percent of Social Security benefits are included in the recipient's tax base. The 85 percent inclusion is intended as a simplified mechanism for taxing Social Security benefits as if the Social Security program were a private pension with employee contributions made from after-tax income. Under these tax rules, income earned on contributions made by both employers and employees benefits from tax deferral, but employer contributions also benefit because the employee may exclude them from his taxable income, while the employee's own contributions are included in his taxable income. These tax rules give the equivalent of consumption tax treatment, a zero effective tax rate on the return, to the extent that the original pension contributions are made by the employer, but give less generous treatment to the extent that the original contributions are made by the employee. Income earned on employee contributions is taxed at a low, but positive, effective tax rate. Based on historical calculations, the 85 percent inclusion reflects roughly the outcome of applying these tax rules to a lower-income earner when one-half of the contributions are from the employer and one-half from the employee.

The current tax expenditure measures a tax benefit relative to a baseline that is somewhere between a comprehensive income tax and a consumption tax. The properly measured tax expenditure relative to a consumption tax baseline would include only those Social Security benefits that are accorded treatment more favorable than that implied by a consumption tax, which

would correspond to including 50 percent of Social Security benefits in the recipient's tax base.

Exclusion of workers' compensation benefits allows an exclusion from income that is unrelated to investment, and so should be included in the base of a comprehensive consumption tax.

The credit for increasing research activities gives a negative effective tax rate because the cost of investment in research can be deducted immediately. As discussed above, expensing reduces to zero the effective tax rate on the income from an investment. Giving a tax credit on top of expensing leads to a negative effective tax rate; it gives better than consumption tax treatment to the income earned by the qualifying investment. A tax subsidy for research might be justified to the extent that the full social return from an investment is not captured by the investor, because, e.g., others can freely learn from the results of the research. Nonetheless, such a subsidy is inconsistent with a broad-based consumption tax.

An additional twelve items (panel B) probably would be tax expenditures under a consumption base. Each of these twelve, however, comes with some ambiguity. Several of these items relate to the costs of medical care or to charitable contributions. As discussed in the previous section of the appendix, there is disagreement within the tax policy community over the extent to which medical care and charitable giving represent consumption items. While widely held to be consumption, a competing view is that they represent reductions in net worth that should be excluded from the tax base because they do not yield direct satisfaction to taxpayer who makes the expenditure.

There also is the issue of how to tax employer-provided medical insurance. Under current law, employees do not have to include insurance premiums paid for by employers in their income. The self-employed also may exclude (via a deduction) medical insurance premiums from their taxable income. Assume first that medical spending is consumption. From some perspectives, these premiums should be in the tax base because they appear to represent consumption. Yet an alternative perspective would support excluding the premium from tax as long as the consumption tax base included the value of any medical services paid for by the insurance policy, because the premium equals the expected value of insurance benefits received. But even from this alternative perspective, the official tax expenditure might continue to be a tax expenditure under a consumption tax baseline because current law excludes the value of medical services paid with insurance benefits from the employee's taxable income.

If medical spending is not consumption, one approach to measuring the consumption base would ignore insurance, but allow the consumer to deduct the value of all medical services obtained. An alternative approach would allow a deduction for the premium but include the value of any insurance benefits received, while continuing to allow a deduction for the value of all medical services obtained. In either case, the official tax expend-

iture for the exclusion of employer provided medical insurance and expenses would not be a tax expenditure relative to a consumption tax baseline.

Ambiguity also surrounds the deductibility of home mortgage interest. A consumption tax seeks to tax the consumption value of housing services consumed no matter how the house is financed. From this perspective, home mortgage interest should not be deductible. However, what governs the proper treatment of interest under a consumption tax is whether financial flows are in or out of the consumption tax base. A result equivalent to disallowing the interest deduction would require that the loan be taken into income and would permit the associated interest and principal payments to be deducted. If the loans are taken into income (as they would be under some types of consumption taxes), then the associated interest and principal payments should be deductible, otherwise not. Without specifying how financial flows are treated, it is unclear how to treat the home mortgage interest deduction. Nonetheless, given that loans are not taken into income under current law, and this treatment's equivalency to disallowing the interest deduction, classifying the deduction of home mortgage interest as a tax expenditure might be reasonable.

Ambiguities arise about the proper treatment of State and local taxes, as they do under an income tax. These taxes are not of themselves consumption items, but might serve as proxies for the value of government services consumed.

The child credit and the earned income tax credit can be viewed as social welfare programs unrelated to measuring and taxing consumption. As such, they would be tax expenditures relative to a consumption baseline. Yet, from another perspective, these credits look similar to a personal or dependent deduction that many would see as appropriate under a broad-based consumption tax.

The extraterritorial income exclusion replaces the previous Foreign Sales Corporation program. It provides an exclusion from income for certain exports. To the extent that the program is viewed as a component of a destination-based VAT it might not be a tax expenditure. In addition, to the extent that the exclusion is an investment subsidy, it might be consistent with consumption tax principles (i.e., a low tax rate on capital income).

The remaining items in the table (panels C and D) are not likely to be tax expenditures under a consumption base. Exemption of workers' compensation insurance premiums would not be a tax expenditure because it represents double counting, given that the exemption of benefits already is a tax expenditure, as discussed in the previous section of the appendix.

Most of the other items that would not be tax expenditures relate to tax provisions that eliminate or reduce the tax on various types of capital income because a zero tax on capital income is consistent with consumption tax principles

The graduated corporate income tax rates would not be a tax expenditure under a comprehensive consumption baseline. A consumption tax would have no tax on corporate income or profits, hence the issue of whether the rate structure on corporate income provides a special benefit to corporations with low income would not arise.

The exception from the passive loss rules probably would not be a tax expenditure because proper measurement of income, and hence of consumption, requires full deduction of losses.

### **Major Tax Expenditures under a Consumption Tax That Are Excluded from the Current Budget**

Several differences between current law and a consumption tax are left off the official tax expenditure list. Additional tax expenditures include the imputed consumption value from consumer durables and owner-occupied housing, private gifts and inheritances received, possibly benefits paid by insurance policies, in-kind benefits from such government programs as food-stamps, Medicaid, and public housing, and benefits received from charities. Under some ideas of a comprehensive consumption tax, the value of leisure and of household production of goods and services would be included as a tax expenditure if they were not imputed to the tax base.

A consumption tax implemented as a tax on cash flows would tax all proceeds from sales of capital assets when consumed, rather than just capital gains; because of expensing, taxpayers effectively would have a zero basis. The proceeds from borrowing would be in the base of a consumption tax that also allowed a deduction for repayment of principal and interest, but are excluded from the current tax base. The deduction of business interest expense might be a tax expenditure, since under some forms of consumption taxation interest is neither deducted from the borrower's tax base nor included in the lender's tax base. The personal exemption and standard deduction also might be considered tax expenditures, although they can be viewed differently, e.g., as elements of the basic tax rate schedule.

The foreign tax credit also might be a tax expenditure relative to a consumption baseline, but the argument for this is not air-tight. From a formalistic perspective, the foreign tax credit would be a tax expenditure because it applies against income tax and there would be no income tax under a consumption baseline. In addition, it is sometimes argued that a deduction for foreign taxes, rather than a credit, is appropriate under a comprehensive consumption tax because the tax-

payer's increase in net worth properly is measured after payment of foreign taxes. Nonetheless, simply eliminating the credit for foreign taxes would subject the return earned by U.S. residents on overseas investment to double taxation, and would disfavor foreign investment relative to domestic investment.

### **Negative Tax Expenditures**

Importantly, current law also deviates from a consumption tax norm in ways that increase, rather than decrease, tax liability. These could be called negative tax expenditures. The official budget excludes negative tax expenditures on the theory that tax expenditures are intended to substitute for government spending programs. Yet excluding negative tax expenditures would give a very one-sided look at the differences between the existing tax system and a consumption tax.

A large item on this list would be the inclusion of capital income in the current individual income tax base. The revenue from the corporation income tax also would be a negative tax expenditure. Depreciation allowances, even if accelerated, would be a negative tax expenditure since consumption tax treatment generally would require expensing. Depending on the treatment of loans, the borrower's inability to deduct payments of principal and the lender's inability to deduct loans might be a negative tax expenditure. The passive loss rules, restrictions on the deductibility of capital losses, and NOL carryforward provisions also would generate negative tax expenditures, because the change in net worth requires a deduction for losses. If human capital were considered an asset, then its cost (e.g., certain education and training expenses, including perhaps costs of college and professional school) should be expensed, but it is not under current law. Certain restrictions under the individual AMT as well as the phase-out of personal exemptions and of itemized deductions also might be considered negative tax expenditures.

### **Tax Expenditures and the Tax Rate Structure**

Under some views, the graduated personal income tax rate structure might result in a tax expenditure or in a negative tax expenditure when compared with a consumption tax base. To the extent that one views a single tax rate as most compatible with a consumption tax base, tax rates above the appropriate single rate would yield a negative tax expenditure. To the extent that one views a graduated tax rate structure as most desirable, then differences between the appropriate graduated tax rate structure and the actual tax rate structure would lead to tax expenditures or negative tax expenditures.

## **REVISED ESTIMATES OF SELECTED TAX EXPENDITURES**

### **Accelerated Depreciation**

Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. In the past, official tax expenditure estimates of accelerated depre-

ciation under the normal tax law baseline compared tax allowances based on the historic cost of an asset with allowances calculated using the straight-line method over relatively long recovery periods. Normal law

allowances also were determined by the historical cost of the asset and so did not adjust for inflation, although such an adjustment is required when measuring economic depreciation, the age related fall in the real value of the asset.

In this year's budget, the tax expenditures for accelerated depreciation under the normal law concept have been recalculated using as a baseline depreciation rates and replacement cost indexes from the National Income and Product Accounts.<sup>29</sup> The revised estimates are intended to approximate the degree of acceleration provided by current law over a baseline determined by real, inflation adjusted, economic depreciation. Current law depreciation allowances for machinery and equipment include the benefits of the temporary 30 percent expensing provision.<sup>30</sup> The estimates are shown in tables in the body of the main text, e.g., Table 6–1.

The revised tax expenditure estimates differ substantially from estimates calculated under the old methodology. In general, the new tax expenditure estimates are smaller than the old estimates.<sup>31</sup> In part this is because the new baseline uses depreciation allowances that are faster than those in the old baseline. In addition, the new baseline calculates depreciation on a replacement cost basis rather on the historic cost basis previously used; this translates into larger depreciation allowances to the extent that asset prices rise over time. In many years the new tax expenditures are negative, indicating that current law's tax depreciation allowances are smaller than those implied by economic depreciation. Because these estimates are on a cash flow, rather than a present value, basis, the negative value does not necessarily indicate that tax depreciation is decelerated relative to economic depreciation over the life of an investment. Even when tax depreciation is accelerated over the life of an investment, negative annual cash flow estimates could obtain in the later years of an investment's economic life. This type of vintage effect contributes importantly to the negative tax expenditures calculated for equipment in 2005–2008 because the temporary expensing provision expires in 2004. Calculations that compare the present value of tax depreciation (without 30 percent expensing) with the present value of inflation indexed economic depreciation over each investment's economic life show that for many types of assets tax depreciation is accelerated, but only slightly, assuming a moderate rate of inflation.<sup>32</sup>

<sup>29</sup> See Barbara Fraumeni, "The Measurement of Depreciation in the U.S. National Income and Product Accounts," in *Survey of Current Business* 77 No. 7 (Washington, D.C.: Department of Commerce, Bureau of Economic Analysis, July, 1997), pp. 7–42, and the *National Income and Product Accounts of the United States*, Table 7.6, "Chain-type Quantity and Price Indexes for Private Fixed Investment by Type," U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>30</sup> The temporary provision allows 30 percent of the cost of a qualifying investment to be deducted immediately rather than capitalized and depreciated over time. It is generally effective for qualifying investments made after September 10, 2001 and before September 11, 2004. Qualifying investments generally are limited to tangible property with depreciation recovery periods of 20 years or less, certain software, and leasehold improvements, but this set of assets corresponds closely to machinery and equipment.

<sup>31</sup> Estimates under the old methodology are no longer shown in the tables.

<sup>32</sup> U.S. Department of the Treasury, *Report to the Congress on Depreciation Recovery Periods and Methods* (Washington, D.C.: U.S. Government Printing Office, July, 2000), p. 32.

## Owner-Occupied Housing

A homeowner receives a flow of housing services equal in gross value to the rent that could have been earned had the owner chosen to rent the house to others. Comprehensive income would include in its base the implicit net rental income earned on investment in owner-occupied housing. Current law, however, excludes from its tax base such net rental income. This exclusion is a tax expenditure relative to a comprehensive income base.

In contrast to a comprehensive income baseline, the official list of tax expenditures does not include the exclusion of implicit rental income on owner-occupied housing. Instead, it includes as tax expenditures deductions for home mortgage interest and for property taxes. These are poor proxies for the exclusion of implicit net rental income. To the extent that a homeowner owns his house outright, unencumbered by a mortgage, he would have no home mortgage interest deduction, yet he still would enjoy the benefits of receiving tax free the implicit rental income earned on his house. When measuring the net income from an investment in owner-occupied housing, mortgage interest and property taxes generally would be deductible. The official tax expenditures do not allow for depreciation and other costs incurred by the homeowner that must be deducted in determining his net rental income.

Table 3 shows an estimate of the tax expenditure caused by the exclusion of implicit net rental income from investment in owner-occupied housing. This estimate starts with the NIPA calculated value of gross rent on owner-occupied housing, and subtracts interest, taxes, economic depreciation, and other costs in arriving at an estimate of net-rental income from owner-occupied housing.<sup>33</sup>

The tax expenditure estimate is substantial, growing from \$20 billion in 1994 to \$31 billion in 2008. Nonetheless, it is only about one-third as large as the official tax expenditure for the deduction of home mortgage interest. In part this discrepancy reflects depreciation and other expenses that must be subtracted from gross rents in arriving at net rental income. In part, it also might reflect homeowners' ability to borrow against their homes to fund other spending, leading to a relatively high debt/equity ratio for housing.

## Double Tax on Corporate Profits

A comprehensive income tax would tax all sources of income once at a tax rate appropriate for the particular taxpayer. Taxes would not vary by type or source of income.

In contrast to this benchmark, current law may tax income that shareholders earn on investment in corporate stocks at least twice, and at combined rates that generally are higher than those imposed on other sources of income. Corporate profits are taxed once at the company level under the corporation income tax. They are taxed again at the shareholder level when

<sup>33</sup> *National Income and Production Accounts*, Table 2.4.

received as a dividend or recognized as a capital gain. Corporate profits can be taxed more than twice when they pass through multiple corporations before being distributed to noncorporate shareholders. Corporate level taxes cascade because corporations are taxed on capital gains they realize on the sale of stock shares and on some dividend income received. Compared to a comprehensive income tax current law's double (or more) tax on corporate profits is an example of a negative tax expenditure because it subjects income to a larger tax burden than implied by a comprehensive income baseline. The President has proposed in this Budget to remove the double taxation of corporate profits.

Table 3 provides an estimate of the negative tax expenditure caused by the multiple levels of tax on corporate profits. This negative tax expenditure includes the shareholder level tax on dividends paid and capital gains realized out of earnings that have been taxed at the corporate level. It also includes the corporate tax paid on inter-corporate dividends and on corporate capital gains attributable to the sale of stock shares.

The negative tax expenditure is large in magnitude; it grows from \$25 billion in 2004 to \$33 billion in 2008. It is comparable in size (but opposite in sign) to all but the largest official tax expenditures.

**Appendix Table 1. COMPARISON OF CURRENT TAX EXPENDITURES WITH THOSE IMPLIED BY A COMPREHENSIVE INCOME TAX <sup>1</sup>**

| Description   | Revenue Effect (2004) |
|---|-----------------------|
| <i>A. Tax Expenditure Under a Comprehensive Income Tax</i>  |                       |
| Net exclusion of pension contributions and earnings: Employer plans .....                           | 67,870                |
| Net exclusion of pension contributions and earnings: 401(k) plans .....                             | 55,290                |
| Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....            | 53,930                |
| Exclusion of interest on public purpose State and local bonds .....                                 | 27,310                |
| Net exclusion of pension contributions and earnings: Individual Retirement Accounts .....           | 23,130                |
| Capital gains exclusion on home sales .....   | 20,860                |
| Exclusion of interest on life insurance savings .....   | 20,740                |
| Accelerated depreciation of machinery and equipment (normal tax method) .....                       | 16,670                |
| Deferral of income from controlled foreign corporations (normal tax method) .....                   | 7,900                 |
| Net exclusion of pension contributions and earnings: Keogh plans .....                              | 7,616                 |
| Extraterritorial income exclusion .....   | 5,510                 |
| Credit for increasing research activities .....   | 4,990                 |
| Exclusion of Social security benefits of dependents and survivors .....                             | 4,140                 |
| <i>B. Possibly a Tax Expenditure Under a Comprehensive Income Tax, But With Some Qualifications</i> |                       |
| Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....         | 50,910                |
| Step-up basis of capital gains at death .....   | 28,500                |
| Child credit .....  | 21,310                |
| Exclusion of Social Security benefits for retired workers .....                                     | 18,930                |
| Exclusion of workers' compensation benefits .....   | 6,460                 |
| Workers' compensation insurance premiums .....  | 6,190                 |
| Earned income tax credit .....  | 5,090                 |
| <i>C. Uncertain</i>   |                       |
| Exclusion of employer contributions for medical insurance premiums and medical care .....           | 120,160               |
| Deductibility of charitable contributions, other than education and health .....                    | 33,990                |
| Deductibility of medical expenses .....   | 6,340                 |
| Deductibility of charitable contributions (health) .....  | 4,580                 |
| Deductibility of charitable contributions (education) .....   | 4,350                 |
| Deductibility of self-employed medical insurance premiums .....                                     | 3,690                 |
| <i>D. Probably Not a Tax Expenditure Under a Comprehensive Income Tax</i>                           |                       |
| Deductibility of mortgage interest on owner-occupied homes .....                                    | 68,440                |
| Deductibility of State and local property tax on owner-occupied homes .....                         | 22,160                |
| Graduated corporation income tax rate (normal tax method) .....                                     | 5,700                 |
| Exception from passive loss rules for \$25,000 of rental loss .....                                 | 4,920                 |

<sup>1</sup> The measurement of certain tax expenditures under a comprehensive income tax baseline may differ from the official budget estimate even when the provision would be a tax expenditure under both baselines.

Source: Table 6-2, Tax Expenditure Budget.

**Appendix Table 2. COMPARISON OF CURRENT TAX EXPENDITURES WITH THOSE IMPLIED BY A COMPREHENSIVE CONSUMPTION TAX <sup>1</sup>**

| Description   | Revenue Effect (2004) |
|---|-----------------------|
| <i>A. Tax Expenditure Under a Consumption Base</i>  |                       |
| Exclusion of Social Security benefits for retired workers .....                             | 18,930                |
| Exclusion of workers' compensation benefits .....   | 6,460                 |
| Credit for increasing research activities .....   | 4,990                 |
| Exclusion of Social Security benefits of dependents and survivors .....                     | 4,140                 |
| <i>B. Probably a Tax Expenditure Under a Consumption Base</i>                               |                       |
| Exclusion of employer contributions for medical insurance premiums and medical care .....   | 120,160               |
| Deductibility of mortgage interest on owner-occupied homes .....                            | 68,440                |
| Deductibility of nonbusiness state and local taxes other than on owner-occupied homes ..... | 50,910                |
| Deductibility of charitable contributions, other than education and health .....            | 33,990                |
| Deductibility of State and local property tax on owner-occupied homes .....                 | 22,160                |
| Child credit .....  | 21,310                |
| Deductibility of medical expenses .....   | 6,340                 |
| Extraterritorial income exclusion .....   | 5,510                 |
| Earned income tax credit .....  | 5,090                 |
| Deductibility of charitable contributions (health) .....                                    | 4,580                 |
| Deductibility of charitable contributions (education) .....                                 | 4,350                 |
| Deductibility of self-employed medical insurance premiums .....                             | 3,690                 |
| <i>C. Probably Not a Tax Expenditure Under a Consumption Base</i>                           |                       |
| Workers' compensation insurance premiums .....  | 6,190                 |
| <i>D. Not a Tax Expenditure Under a Consumption Base</i>                                    |                       |
| Net exclusion of pension contributions and earnings: Employer plans .....                   | 67,870                |
| Net exclusion of pension contributions and earnings: 401(k) plans .....                     | 55,290                |
| Capital gains (except agriculture, timber, iron ore, and coal) (normal tax method) .....    | 53,930                |
| Step-up basis of capital gains at death .....   | 28,500                |
| Exclusion of interest on public purpose State and local bonds .....                         | 27,310                |
| Net exclusion of pension contributions and earnings: Individual Retirement Accounts .....   | 23,130                |
| Capital gains exclusion on home sales .....   | 20,860                |
| Exclusion of interest on life insurance savings .....                                       | 20,740                |
| Accelerated depreciation of machinery and equipment (normal tax method) .....               | 16,663                |
| Deferral of income from controlled foreign corporations (normal tax method) .....           | 7,900                 |
| Net exclusion of pension contributions and earnings: Keogh plans .....                      | 7,616                 |
| Graduated corporation income tax rate (normal tax method) .....                             | 5,700                 |
| Exception from passive loss rules for \$25,000 of rental loss .....                         | 4,920                 |

<sup>1</sup> The measurement of certain tax expenditures under a consumption tax baseline may differ from the official budget estimate even when the provision would be a tax expenditure under both baselines.

Source: Table 6-2, Tax Expenditure Budget.

**Appendix Table 3. POSSIBLE FUTURE ADDITIONS TO TAX EXPENDITURE ESTIMATES <sup>1</sup>**

|  | 2004    | 2005    | 2006    | 2007    | 2008    |
|--|---------|---------|---------|---------|---------|
| Imputed Rent On Owner-Occupied Housing .....       | 20,517  | 24,064  | 25,092  | 28,052  | 31,002  |
| Double Tax on Corporate Profits <sup>2</sup> ..... | -25,373 | -32,723 | -31,590 | -32,022 | -33,096 |

<sup>1</sup> Calculations described in the appendix text.

<sup>2</sup> This is a negative tax expenditure, a tax provision that overtaxes income relative to the treatment specified by the baseline tax system.



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## SPECIAL ANALYSES AND PRESENTATIONS

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## 7. 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. An Administration proposal for capital acquisition funds that is being developed is dis-

cussed in Chapter 1, "Budget and Performance Integration," in this volume.

In this chapter, investments are discussed in the following sections:

- a description of the size and composition of Federal investment spending;
- 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.

### 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. In recent years the discussion of the composition of investment has displayed estimates of budget authority as well as outlays and extends these estimates four years beyond the budget year, to 2008.

The classification of spending between investment and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification, encompassing 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 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 de-

fense 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 include programs such as childhood immunization, maternal health, certain nutrition programs, and substance abuse treatment, which are designed in part to prevent more costly health problems in future years.

The relatively broad definition of investment used in this section provides consistency over time—historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume. The detailed tables at the end of this section allow disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

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

First, for some grants to State and local governments it is the recipient jurisdiction, not the Federal Government, that ultimately determines whether the money is used to finance investment or current purposes. This analysis classifies all of the outlays in the category where the recipient jurisdictions are expected to spend most of the money. Hence, the community development

block grants are classified as physical investment, although some may be spent for current purposes. General purpose fiscal assistance is classified as current spending, although some may be spent by recipient jurisdictions on physical investment.

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

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction or education and training. For more information about the treatment of Federal credit programs, refer to Chapter 24, "Budget System and Concepts and Glossary."

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

## Composition of Federal Investment Outlays

### Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 7-1. 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 \$312.5 billion in 2002. They are estimated to increase to \$342.1 billion in 2003 and are projected to increase further to \$355.5 billion in 2004. Major Federal investment outlays will comprise an estimated 16 percent of total Federal outlays in 2004 and 3.1 percent of the Nation's gross domestic product (GDP). Greater detail on Federal investment is available in Tables 7-2 and 7-3 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 \$163.7 billion in 2004. 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 remainder 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 are estimated to increase from \$70.0 billion in 2003 to \$75.1 billion in 2004. Almost all of these outlays, or an estimated \$68.1 billion in 2004, 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 \$29.9 billion in 2004. These outlays include \$16.8 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, and the Tennessee Valley Authority; 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 \$12.7 billion in 2004. 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 \$0.5 billion in 2004. 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 \$58.6 billion in 2004. Almost two-thirds of these outlays, or \$39.0 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 to be \$112.1 billion in 2004. 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 \$62.9 billion, 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 \$49.2 billion in 2004. These are largely for the National Aeronautics and Space Administration, the National Science Foundation, the National Institutes of Health, and research for nuclear and non-nuclear energy programs.

A more complete and detailed discussion of research and development funding appears in Chapter 8, "Research and Development Funding," in this volume.

*Conduct of education and training.*—Outlays for the conduct of education and training are estimated to be \$79.7 billion in 2004. 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 \$48.3 billion

**Table 7-1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS**  
(In billions of dollars)

|  | 2002<br>Actual | Estimate     |              |
|--|----------------|--------------|--------------|
|  |                | 2003         | 2004         |
| <b>Federal Investment</b>  |                |              |              |
| Major public physical capital investment:  |                |              |              |
| Direct Federal:  |                |              |              |
| National defense .....   | 68.3           | 70.0         | 75.1         |
| Nondefense .....   | 29.5           | 31.3         | 29.9         |
| Subtotal, direct major public physical capital investment .....                      | 97.9           | 101.2        | 105.0        |
| Grants to State and local governments .....  | 58.7           | 59.2         | 58.6         |
| Subtotal, major public physical capital investment .....                             | 156.5          | 160.5        | 163.7        |
| Conduct of research and development:   |                |              |              |
| National defense .....   | 48.2           | 57.1         | 62.9         |
| Nondefense .....   | 39.7           | 44.7         | 49.2         |
| Subtotal, conduct of research and development .....                                  | 87.9           | 101.8        | 112.1        |
| Conduct of education and training:   |                |              |              |
| Grants to State and local governments .....  | 39.2           | 46.2         | 48.3         |
| Direct Federal .....   | 28.8           | 33.7         | 31.4         |
| Subtotal, conduct of education and training .....                                    | 68.0           | 79.9         | 79.7         |
| <b>Major Federal investment outlays .....</b>  | <b>312.5</b>   | <b>342.1</b> | <b>355.5</b> |
| <b>MEMORANDUM</b>  |                |              |              |
| Major Federal investment outlays:  |                |              |              |
| National defense .....   | 116.6          | 127.0        | 138.0        |
| Nondefense .....   | 195.9          | 215.1        | 217.5        |
| Total, major Federal investment outlays .....  | 312.5          | 342.1        | 355.5        |
| Miscellaneous physical investments:  |                |              |              |
| Commodity inventories .....  | 0.7            | -0.2         | -0.2         |
| Other physical investment (direct) .....   | 4.0            | 4.0          | 3.9          |
| Total, miscellaneous physical investment .....                                       | 4.6            | 3.8          | 3.7          |
| Total, Federal investment outlays, including miscellaneous physical investment ..... | 317.1          | 345.9        | 359.2        |

in 2004, three-fifths of the total. They include education programs for the disadvantaged and the disabled, 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 \$31.4 billion in 2004. 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 7-1. 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 \$0.2 billion in 2004.

Outlays for other miscellaneous physical investment are estimated to be \$3.9 billion in 2004. 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 2008. Table 7-2 displays budget authority (BA) and outlays (O) by major programs according to defense

and nondefense categories. The greatest level of detail appears in Table 7-3, 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 7-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS**

(in millions of dollars)

| Description  | 2002<br>Actual | Estimate |         |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |         |
| <b>NATIONAL DEFENSE</b>                            |                |          |         |         |         |         |         |         |
| Major public physical investment:                  |                |          |         |         |         |         |         |         |
| Construction and rehabilitation .....              | BA             | 7,836    | 7,655   | 6,545   | 11,810  | 16,558  | 19,095  | 17,106  |
| O .....  | O              | 5,688    | 6,532   | 7,012   | 7,055   | 10,410  | 13,887  | 16,562  |
| Acquisition of major equipment .....               | BA             | 62,901   | 71,603  | 74,589  | 78,758  | 85,877  | 96,197  | 105,404 |
| O .....  | O              | 62,675   | 63,453  | 68,103  | 71,949  | 78,429  | 87,833  | 96,237  |
| Purchase or sale of land and structures .....      | BA             | -20      | -28     | -29     | -31     | -32     | -32     | -32     |
| O .....  | O              | -21      | -28     | -29     | -31     | -32     | -32     | -32     |
| Subtotal, major public physical investment .....   | BA             | 70,717   | 79,230  | 81,105  | 90,537  | 102,403 | 115,260 | 122,478 |
| O .....  | O              | 68,342   | 69,957  | 75,086  | 78,973  | 88,807  | 101,688 | 112,767 |
| Conduct of research and development .....          | BA             | 52,573   | 61,185  | 66,877  | 72,275  | 69,664  | 70,112  | 72,563  |
| O .....  | O              | 48,238   | 57,061  | 62,898  | 68,217  | 66,899  | 67,906  | 70,546  |
| Conduct of education and training (civilian) ..... | BA             | 8        | 8       | 8       | 8       | 8       | 8       | 9       |
| O .....  | O              | 8        | 8       | 2       | 7       | 9       | 9       | 9       |
| Subtotal, national defense investment .....        | BA             | 123,298  | 140,423 | 147,990 | 162,820 | 172,075 | 185,380 | 195,050 |
| O .....  | O              | 116,588  | 127,026 | 137,986 | 147,197 | 155,715 | 169,603 | 183,322 |
| <b>NONDEFENSE</b>                                  |                |          |         |         |         |         |         |         |
| Major public physical investment:                  |                |          |         |         |         |         |         |         |
| Construction and rehabilitation:                   |                |          |         |         |         |         |         |         |
| Highways .....                                     | BA             | 33,672   | 30,557  | 29,615  | 30,442  | 31,518  | 32,422  | 33,334  |
| O .....  | O              | 30,117   | 28,442  | 28,583  | 29,701  | 30,443  | 31,378  | 32,199  |
| Mass transportation .....                          | BA             | 9,492    | 6,915   | 6,926   | 7,064   | 7,208   | 7,370   | 7,553   |
| O .....  | O              | 7,341    | 6,851   | 7,093   | 6,918   | 6,809   | 6,749   | 7,398   |
| Rail transportation .....                          | BA             | 21       | 21      | 1       | 1       | 1       | 1       | 1       |
| O .....  | O              | 14       | 18      | 55      | 27      | 8       | 7       | 1       |
| Air transportation .....                           | BA             | 3,187    | 3,428   | 3,418   | 3,418   | 3,419   | 3,419   | 3,420   |
| O .....  | O              | 2,874    | 3,269   | 3,325   | 3,400   | 3,462   | 3,471   | 3,468   |
| Community development block grants .....           | BA             | 7,783    | 4,732   | 4,732   | 4,820   | 4,919   | 5,027   | 5,154   |
| O .....  | O              | 5,429    | 6,650   | 6,129   | 5,281   | 4,645   | 4,777   | 4,925   |
| Other community and regional development .....     | BA             | 2,174    | 1,649   | 1,270   | 1,324   | 1,351   | 1,382   | 1,416   |
| O .....  | O              | 1,647    | 1,740   | 1,682   | 1,629   | 1,529   | 1,499   | 1,484   |
| Pollution control and abatement .....              | BA             | 4,025    | 3,629   | 3,455   | 3,519   | 3,590   | 3,671   | 3,765   |
| O .....  | O              | 3,783    | 4,033   | 3,663   | 3,640   | 3,595   | 3,646   | 3,732   |
| Water resources .....                              | BA             | 4,134    | 2,967   | 2,861   | 2,908   | 2,969   | 3,039   | 3,118   |
| O .....  | O              | 3,827    | 3,420   | 3,153   | 2,833   | 3,126   | 3,079   | 3,152   |
| Housing assistance .....                           | BA             | 7,223    | 7,091   | 6,850   | 6,978   | 7,119   | 7,278   | 7,462   |
| O .....  | O              | 7,746    | 7,737   | 8,249   | 8,098   | 8,588   | 8,533   | 7,680   |
| Energy .....                                       | BA             | 1,458    | 1,172   | 1,180   | 696     | 1,127   | 884     | 839     |
| O .....  | O              | 1,460    | 1,173   | 1,182   | 710     | 1,149   | 905     | 868     |
| Veterans hospitals and other health .....          | BA             | 1,713    | 2,242   | 1,585   | 1,613   | 1,643   | 1,679   | 1,721   |
| O .....  | O              | 1,831    | 1,834   | 2,166   | 2,271   | 2,297   | 2,335   | 2,390   |
| Postal Service .....                               | BA             | 213      | 1,053   | 983     | 1,114   | 847     | 1,442   | 1,021   |
| O .....  | O              | 365      | 574     | 836     | 909     | 934     | 1,060   | 1,163   |
| GSA real property activities .....                 | BA             | 1,571    | 1,705   | 1,413   | 1,439   | 1,469   | 1,501   | 1,539   |
| O .....  | O              | 1,046    | 1,709   | 1,477   | 1,409   | 2,435   | 2,663   | 3,279   |
| Other programs .....                               | BA             | 8,290    | 6,964   | 5,992   | 6,302   | 6,385   | 6,540   | 6,707   |
| O .....  | O              | 7,676    | 8,418   | 6,607   | 6,524   | 6,506   | 6,531   | 6,706   |
| Subtotal, construction and rehabilitation .....    | BA             | 84,956   | 74,125  | 70,281  | 71,638  | 73,565  | 75,655  | 77,050  |
| O .....  | O              | 75,156   | 75,868  | 74,200  | 73,350  | 75,526  | 76,633  | 78,445  |
| Acquisition of major equipment:                    |                |          |         |         |         |         |         |         |
| Air transportation .....                           | BA             | 4,872    | 2,986   | 2,927   | 2,982   | 3,042   | 3,109   | 3,188   |
| O .....  | O              | 2,638    | 4,365   | 3,465   | 3,144   | 2,937   | 3,227   | 3,301   |
| Postal Service .....                               | BA             | 538      | 493     | 900     | 994     | 675     | 675     | 1,123   |

Table 7-2. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: DEFENSE AND NONDEFENSE PROGRAMS—Continued

(in millions of dollars)

| Description  |    | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |    |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Other .....  | O  | 651            | 512            | 642            | 704            | 683            | 719            | 786            |
|  | BA | <b>8,075</b>   | <b>7,736</b>   | <b>8,446</b>   | <b>8,433</b>   | <b>8,631</b>   | <b>8,818</b>   | <b>9,079</b>   |
|  | O  | 8,054          | 8,086          | 8,639          | 8,741          | 9,014          | 9,252          | 9,512          |
| Subtotal, acquisition of major equipment .....           | BA | <b>13,485</b>  | <b>11,215</b>  | <b>12,273</b>  | <b>12,409</b>  | <b>12,348</b>  | <b>12,602</b>  | <b>13,390</b>  |
|  | O  | 11,343         | 12,963         | 12,746         | 12,589         | 12,634         | 13,198         | 13,599         |
| Purchase or sale of land and structures .....            | BA | <b>628</b>     | <b>497</b>     | <b>352</b>     | <b>19</b>      | <b>340</b>     | <b>338</b>     | <b>339</b>     |
|  | O  | 761            | 631            | 498            | 130            | 609            | 637            | 720            |
| Other physical assets (grants) .....                     | BA | <b>1,227</b>   | <b>1,260</b>   | <b>1,254</b>   | <b>1,311</b>   | <b>1,345</b>   | <b>1,381</b>   | <b>1,424</b>   |
|  | O  | 928            | 1,038          | 1,122          | 1,175          | 1,196          | 1,214          | 1,247          |
| Subtotal, major public physical investment .....         | BA | <b>100,296</b> | <b>87,097</b>  | <b>84,160</b>  | <b>85,377</b>  | <b>87,598</b>  | <b>89,976</b>  | <b>92,203</b>  |
|  | O  | 88,188         | 90,500         | 88,566         | 87,244         | 89,965         | 91,682         | 94,011         |
| Conduct of research and development:                     |    |                |                |                |                |                |                |                |
| General science, space and technology .....              |    |                |                |                |                |                |                |                |
|  | BA | <b>12,036</b>  | <b>12,934</b>  | <b>13,880</b>  | <b>14,558</b>  | <b>15,130</b>  | <b>15,716</b>  | <b>16,231</b>  |
|  | O  | 10,922         | 12,220         | 13,352         | 14,106         | 14,687         | 15,266         | 15,797         |
| Energy .....   | BA | <b>1,347</b>   | <b>1,308</b>   | <b>1,381</b>   | <b>1,553</b>   | <b>1,567</b>   | <b>1,653</b>   | <b>1,902</b>   |
|  | O  | 1,197          | 1,466          | 1,495          | 1,511          | 1,588          | 1,643          | 1,728          |
| Transportation .....                                     | BA | <b>1,835</b>   | <b>1,804</b>   | <b>1,857</b>   | <b>1,814</b>   | <b>1,844</b>   | <b>1,863</b>   | <b>1,869</b>   |
|  | O  | 1,577          | 1,804          | 1,960          | 1,898          | 1,843          | 1,875          | 1,886          |
| Health .....   | BA | <b>23,007</b>  | <b>26,518</b>  | <b>27,814</b>  | <b>28,292</b>  | <b>28,863</b>  | <b>29,455</b>  | <b>30,200</b>  |
|  | O  | 20,069         | 22,825         | 25,975         | 27,127         | 27,807         | 28,417         | 29,074         |
| Natural resources and environment .....                  | BA | <b>2,053</b>   | <b>2,191</b>   | <b>2,187</b>   | <b>2,225</b>   | <b>2,271</b>   | <b>2,323</b>   | <b>2,382</b>   |
|  | O  | 1,856          | 1,717          | 1,861          | 1,907          | 1,942          | 1,904          | 1,952          |
| All other research and development .....                 | BA | <b>4,396</b>   | <b>4,274</b>   | <b>4,221</b>   | <b>4,437</b>   | <b>4,543</b>   | <b>4,676</b>   | <b>4,805</b>   |
|  | O  | 4,052          | 4,668          | 4,567          | 4,669          | 4,555          | 4,657          | 4,799          |
| Subtotal, conduct of research and development .....      | BA | <b>44,674</b>  | <b>49,029</b>  | <b>51,340</b>  | <b>52,879</b>  | <b>54,218</b>  | <b>55,686</b>  | <b>57,389</b>  |
|  | O  | 39,673         | 44,700         | 49,210         | 51,218         | 52,422         | 53,762         | 55,236         |
| Conduct of education and training:                       |    |                |                |                |                |                |                |                |
| Education, training, employment and social services:     |    |                |                |                |                |                |                |                |
| Elementary, secondary, and vocational education .....    |    |                |                |                |                |                |                |                |
|  | BA | <b>32,819</b>  | <b>34,221</b>  | <b>35,437</b>  | <b>36,074</b>  | <b>36,811</b>  | <b>37,626</b>  | <b>38,573</b>  |
|  | O  | 25,601         | 31,877         | 34,341         | 35,201         | 36,088         | 36,874         | 37,722         |
| Higher education .....                                   |    |                |                |                |                |                |                |                |
|  | BA | <b>20,145</b>  | <b>22,587</b>  | <b>22,238</b>  | <b>20,727</b>  | <b>20,584</b>  | <b>20,741</b>  | <b>21,148</b>  |
|  | O  | 18,404         | 22,968         | 20,551         | 19,946         | 19,761         | 19,887         | 20,189         |
| Research and general education aids .....                |    |                |                |                |                |                |                |                |
|  | BA | <b>2,400</b>   | <b>2,391</b>   | <b>2,505</b>   | <b>2,550</b>   | <b>2,601</b>   | <b>2,659</b>   | <b>2,728</b>   |
|  | O  | 2,541          | 2,581          | 2,459          | 2,510          | 2,616          | 2,677          |                |
| Training and employment .....                            |    |                |                |                |                |                |                |                |
|  | BA | <b>5,421</b>   | <b>4,985</b>   | <b>5,695</b>   | <b>5,804</b>   | <b>5,923</b>   | <b>6,056</b>   | <b>6,207</b>   |
|  | O  | 6,213          | 5,875          | 5,428          | 5,550          | 5,631          | 5,790          | 5,921          |
| Social services .....                                    |    |                |                |                |                |                |                |                |
|  | BA | <b>9,940</b>   | <b>10,048</b>  | <b>10,089</b>  | <b>10,285</b>  | <b>10,499</b>  | <b>10,729</b>  | <b>11,000</b>  |
|  | O  | 9,518          | 10,065         | 10,014         | 10,205         | 10,411         | 10,625         | 10,876         |
| Subtotal, education, training, and social services ..... | BA | <b>70,725</b>  | <b>74,232</b>  | <b>75,964</b>  | <b>75,440</b>  | <b>76,418</b>  | <b>77,811</b>  | <b>79,656</b>  |
|  | O  | 62,277         | 73,366         | 72,793         | 73,412         | 74,452         | 75,792         | 77,385         |
| Veterans education, training, and rehabilitation .....   |    |                |                |                |                |                |                |                |
|  | BA | <b>2,619</b>   | <b>2,716</b>   | <b>2,999</b>   | <b>3,388</b>   | <b>3,512</b>   | <b>3,621</b>   | <b>3,737</b>   |
|  | O  | 2,396          | 3,005          | 3,245          | 3,417          | 3,503          | 3,586          | 3,726          |
| Health .....   |    |                |                |                |                |                |                |                |
|  | BA | <b>1,560</b>   | <b>1,268</b>   | <b>1,296</b>   | <b>1,302</b>   | <b>1,328</b>   | <b>1,357</b>   | <b>1,391</b>   |
|  | O  | 1,388          | 1,358          | 1,315          | 1,291          | 1,291          | 1,316          | 1,337          |
| Other education and training .....                       |    |                |                |                |                |                |                |                |
|  | BA | <b>2,220</b>   | <b>2,222</b>   | <b>2,396</b>   | <b>2,457</b>   | <b>2,514</b>   | <b>2,572</b>   | <b>2,654</b>   |
|  | O  | 1,966          | 2,163          | 2,345          | 2,445          | 2,472          | 2,545          | 2,645          |
| Subtotal, conduct of education and training .....        | BA | <b>77,124</b>  | <b>80,438</b>  | <b>82,655</b>  | <b>82,587</b>  | <b>83,772</b>  | <b>85,361</b>  | <b>87,438</b>  |
|  | O  | 68,027         | 79,892         | 79,698         | 80,565         | 81,718         | 83,239         | 85,093         |
| Subtotal, nondefense investment .....                    | BA | <b>222,094</b> | <b>216,564</b> | <b>218,155</b> | <b>220,843</b> | <b>225,588</b> | <b>231,023</b> | <b>237,030</b> |
|  | O  | 195,888        | 215,092        | 217,474        | 219,027        | 224,105        | 228,683        | 234,340        |
| Total, Federal investment .....                          | BA | <b>345,392</b> | <b>356,987</b> | <b>366,145</b> | <b>383,663</b> | <b>397,663</b> | <b>416,403</b> | <b>432,080</b> |
|  | O  | 312,476        | 342,118        | 355,460        | 366,224        | 379,820        | 398,286        | 417,662        |

Table 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS

(in millions of dollars)

| Description   | 2002 Actual | Estimate |        |        |        |        |        |        |
|---|-------------|----------|--------|--------|--------|--------|--------|--------|
|   |             | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |        |
| <b>GRANTS TO STATE AND LOCAL GOVERNMENTS</b>          |             |          |        |        |        |        |        |        |
| Major public physical investments:                    |             |          |        |        |        |        |        |        |
| Construction and rehabilitation:                      |             |          |        |        |        |        |        |        |
| Transportation:                                       |             |          |        |        |        |        |        |        |
| Highways .....  | BA          | 33,672   | 30,557 | 29,615 | 30,442 | 31,518 | 32,422 | 33,334 |
|   | O           | 30,115   | 28,438 | 28,582 | 29,701 | 30,443 | 31,378 | 32,199 |
| Mass transportation .....                             | BA          | 9,492    | 6,915  | 6,926  | 7,064  | 7,208  | 7,370  | 7,553  |
|   | O           | 7,341    | 6,851  | 7,093  | 6,918  | 6,809  | 6,749  | 7,398  |
| Rail transportation .....                             | BA          |          |        |        |        |        |        |        |
|   | O           | 2        |        | 1      |        |        |        |        |
| Air transportation .....                              | BA          | 3,173    | 3,400  | 3,400  | 3,400  | 3,400  | 3,400  | 3,400  |
|   | O           | 2,860    | 3,244  | 3,299  | 3,383  | 3,447  | 3,456  | 3,453  |
| Subtotal, transportation .....                        | BA          | 46,337   | 40,872 | 39,941 | 40,906 | 42,126 | 43,192 | 44,287 |
|   | O           | 40,318   | 38,533 | 38,975 | 40,002 | 40,699 | 41,583 | 43,050 |
| Other construction and rehabilitation:                |             |          |        |        |        |        |        |        |
| Pollution control and abatement .....                 | BA          | 2,852    | 2,575  | 2,220  | 2,261  | 2,307  | 2,358  | 2,419  |
|   | O           | 2,538    | 2,891  | 2,409  | 2,373  | 2,300  | 2,295  | 2,329  |
| Other natural resources and environment .....         | BA          | 77       | 40     | 23     | 23     | 24     | 24     | 25     |
|   | O           | 61       | 78     | 73     | 31     | 26     | 16     | 17     |
| Community development block grants .....              | BA          | 7,783    | 4,732  | 4,732  | 4,820  | 4,919  | 5,027  | 5,154  |
|   | O           | 5,429    | 6,650  | 6,129  | 5,281  | 4,645  | 4,777  | 4,925  |
| Other community and regional development .....        | BA          | 1,668    | 1,219  | 866    | 913    | 931    | 952    | 976    |
|   | O           | 1,268    | 1,345  | 1,273  | 1,211  | 1,110  | 1,074  | 1,055  |
| Housing assistance .....                              | BA          | 7,188    | 7,057  | 6,816  | 6,943  | 7,084  | 7,242  | 7,425  |
|   | O           | 7,720    | 7,704  | 8,216  | 8,063  | 8,557  | 8,502  | 7,647  |
| Other construction .....                              | BA          | 225      | 216    | 218    | 222    | 226    | 230    | 235    |
|   | O           | 319      | 925    | 367    | 325    | 315    | 318    | 323    |
| Subtotal, other construction and rehabilitation ..... | BA          | 19,793   | 15,839 | 14,875 | 15,182 | 15,491 | 15,833 | 16,234 |
|   | O           | 17,335   | 19,593 | 18,467 | 17,284 | 16,953 | 16,982 | 16,296 |
| Subtotal, construction and rehabilitation .....       | BA          | 66,130   | 56,711 | 54,816 | 56,088 | 57,617 | 59,025 | 60,521 |
|   | O           | 57,653   | 58,126 | 57,442 | 57,286 | 57,652 | 58,565 | 59,346 |
| Other physical assets .....                           | BA          | 1,345    | 1,337  | 1,291  | 1,348  | 1,383  | 1,420  | 1,464  |
|   | O           | 1,008    | 1,103  | 1,189  | 1,222  | 1,238  | 1,252  | 1,287  |
| Subtotal, major public physical capital .....         | BA          | 67,475   | 58,048 | 56,107 | 57,436 | 59,000 | 60,445 | 61,985 |
|   | O           | 58,661   | 59,229 | 58,631 | 58,508 | 58,890 | 59,817 | 60,633 |
| Conduct of research and development:                  |             |          |        |        |        |        |        |        |
| Agriculture .....                                     | BA          | 259      | 256    | 275    | 281    | 285    | 292    | 300    |
|   | O           | 248      | 255    | 259    | 264    | 272    | 272    | 278    |
| Other .....   | BA          | 576      | 631    | 599    | 573    | 585    | 558    | 574    |
|   | O           | 306      | 377    | 496    | 510    | 525    | 535    | 545    |
| Subtotal, conduct of research and development .....   | BA          | 835      | 887    | 874    | 854    | 870    | 850    | 874    |
|   | O           | 554      | 632    | 755    | 774    | 797    | 807    | 823    |
| Conduct of education and training:                    |             |          |        |        |        |        |        |        |
| Elementary, secondary, and vocational education ..... | BA          | 30,926   | 33,014 | 34,133 | 34,739 | 35,450 | 36,236 | 37,148 |
|   | O           | 23,459   | 30,308 | 32,940 | 33,665 | 34,455 | 35,193 | 36,000 |
| Higher education .....                                | BA          | 449      | 382    | 382    | 389    | 397    | 406    | 417    |
|   | O           | 444      | 577    | 394    | 395    | 400    | 407    | 417    |
| Research and general education aids .....             | BA          | 634      | 637    | 651    | 664    | 677    | 692    | 711    |
|   | O           | 702      | 755    | 634    | 674    | 686    | 701    | 718    |
| Training and employment .....                         | BA          | 3,827    | 3,459  | 4,139  | 4,218  | 4,305  | 4,401  | 4,511  |
|   | O           | 4,706    | 4,287  | 3,855  | 4,064  | 4,160  | 4,299  | 4,396  |
| Social services .....                                 | BA          | 9,567    | 9,697  | 9,725  | 9,914  | 10,122 | 10,345 | 10,607 |
|   | O           | 9,183    | 9,539  | 9,676  | 9,861  | 10,061 | 10,269 | 10,512 |
| Agriculture .....                                     | BA          | 450      | 418    | 422    | 430    | 439    | 448    | 460    |
|   | O           | 435      | 448    | 458    | 434    | 442    | 445    | 455    |
| Other .....   | BA          | 281      | 339    | 342    | 353    | 370    | 384    | 402    |
|   | O           | 267      | 282    | 321    | 326    | 337    | 349    | 364    |



Table 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(in millions of dollars)

| Description   | 2002 Actual | Estimate       |                |                |                |                |                |                |
|---|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |             | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |                |
| Subtotal, conduct of education and training .....       | <b>BA</b>   | <b>46,134</b>  | <b>47,946</b>  | <b>49,794</b>  | <b>50,707</b>  | <b>51,760</b>  | <b>52,912</b>  | <b>54,256</b>  |
|   | <b>O</b>    | 39,196         | 46,196         | 48,278         | 49,419         | 50,541         | 51,663         | 52,862         |
| <b>Subtotal, grants for investment .....</b>            | <b>BA</b>   | <b>114,444</b> | <b>106,881</b> | <b>106,775</b> | <b>108,997</b> | <b>111,630</b> | <b>114,207</b> | <b>117,115</b> |
|   | <b>O</b>    | 98,411         | 106,057        | 107,664        | 108,701        | 110,228        | 112,287        | 114,318        |
| <b>DIRECT FEDERAL PROGRAMS</b>                          |             |                |                |                |                |                |                |                |
| Major public physical investment:                       |             |                |                |                |                |                |                |                |
| Construction and rehabilitation:                        |             |                |                |                |                |                |                |                |
| National defense:                                       |             |                |                |                |                |                |                |                |
| Military construction and family housing .....          | <b>BA</b>   | <b>7,112</b>   | <b>6,865</b>   | <b>5,727</b>   | <b>10,865</b>  | <b>15,452</b>  | <b>17,969</b>  | <b>15,966</b>  |
|   | <b>O</b>    | 4,981          | 5,874          | 6,222          | 6,131          | 9,331          | 12,752         | 15,410         |
| Atomic energy defense activities and other .....        | <b>BA</b>   | <b>724</b>     | <b>790</b>     | <b>818</b>     | <b>945</b>     | <b>1,106</b>   | <b>1,126</b>   | <b>1,140</b>   |
|   | <b>O</b>    | 707            | 658            | 790            | 924            | 1,079          | 1,135          | 1,152          |
| Subtotal, national defense .....                        | <b>BA</b>   | <b>7,836</b>   | <b>7,655</b>   | <b>6,545</b>   | <b>11,810</b>  | <b>16,558</b>  | <b>19,095</b>  | <b>17,106</b>  |
|   | <b>O</b>    | 5,688          | 6,532          | 7,012          | 7,055          | 10,410         | 13,887         | 16,562         |
| Nondefense:   |             |                |                |                |                |                |                |                |
| International affairs .....                             | <b>BA</b>   | <b>1,550</b>   | <b>1,440</b>   | <b>1,690</b>   | <b>1,721</b>   | <b>1,756</b>   | <b>1,796</b>   | <b>1,841</b>   |
|   | <b>O</b>    | 910            | 1,179          | 1,284          | 1,534          | 1,621          | 1,668          | 1,725          |
| General science, space, and technology .....            | <b>BA</b>   | <b>2,384</b>   | <b>2,098</b>   | <b>2,423</b>   | <b>2,453</b>   | <b>2,507</b>   | <b>2,574</b>   | <b>2,639</b>   |
|   | <b>O</b>    | 2,595          | 2,290          | 2,411          | 2,451          | 2,530          | 2,563          | 2,628          |
| Water resources projects .....                          | <b>BA</b>   | <b>4,057</b>   | <b>2,927</b>   | <b>2,838</b>   | <b>2,885</b>   | <b>2,945</b>   | <b>3,015</b>   | <b>3,093</b>   |
|   | <b>O</b>    | 3,767          | 3,343          | 3,081          | 2,803          | 3,101          | 3,064          | 3,136          |
| Other natural resources and environment .....           | <b>BA</b>   | <b>1,796</b>   | <b>1,549</b>   | <b>1,736</b>   | <b>1,778</b>   | <b>1,812</b>   | <b>1,857</b>   | <b>1,903</b>   |
|   | <b>O</b>    | 1,790          | 1,754          | 1,879          | 1,856          | 1,843          | 1,879          | 1,945          |
| Energy .....  | <b>BA</b>   | <b>1,458</b>   | <b>1,172</b>   | <b>1,180</b>   | <b>696</b>     | <b>1,127</b>   | <b>884</b>     | <b>839</b>     |
|   | <b>O</b>    | 1,460          | 1,173          | 1,182          | 710            | 1,149          | 905            | 868            |
| Postal Service .....                                    | <b>BA</b>   | <b>213</b>     | <b>1,053</b>   | <b>983</b>     | <b>1,114</b>   | <b>847</b>     | <b>1,442</b>   | <b>1,021</b>   |
|   | <b>O</b>    | 365            | 574            | 836            | 909            | 934            | 1,060          | 1,163          |
| Transportation .....                                    | <b>BA</b>   | <b>312</b>     | <b>282</b>     | <b>268</b>     | <b>273</b>     | <b>232</b>     | <b>237</b>     | <b>243</b>     |
|   | <b>O</b>    | 239            | 392            | 353            | 308            | 266            | 278            | 285            |
| Housing assistance .....                                | <b>BA</b>   | <b>35</b>      | <b>34</b>      | <b>34</b>      | <b>35</b>      | <b>35</b>      | <b>36</b>      | <b>37</b>      |
|   | <b>O</b>    | 26             | 33             | 33             | 35             | 31             | 31             | 33             |
| Veterans hospitals and other health facilities .....    | <b>BA</b>   | <b>1,613</b>   | <b>2,142</b>   | <b>1,483</b>   | <b>1,509</b>   | <b>1,537</b>   | <b>1,571</b>   | <b>1,610</b>   |
|   | <b>O</b>    | 1,816          | 1,819          | 2,151          | 2,256          | 2,281          | 2,319          | 2,374          |
| Federal Prison System .....                             | <b>BA</b>   | <b>675</b>     | <b>245</b>     | <b>-188</b>    |                |                |                |                |
|   | <b>O</b>    | 795            | 315            | 185            | 140            | 20             |                |                |
| GSA real property activities .....                      | <b>BA</b>   | <b>1,571</b>   | <b>1,705</b>   | <b>1,413</b>   | <b>1,439</b>   | <b>1,469</b>   | <b>1,501</b>   | <b>1,539</b>   |
|   | <b>O</b>    | 1,046          | 1,709          | 1,477          | 1,409          | 2,435          | 2,663          | 3,279          |
| Other construction .....                                | <b>BA</b>   | <b>3,162</b>   | <b>2,767</b>   | <b>1,605</b>   | <b>1,647</b>   | <b>1,681</b>   | <b>1,717</b>   | <b>1,764</b>   |
|   | <b>O</b>    | 2,694          | 3,161          | 1,886          | 1,653          | 1,663          | 1,638          | 1,663          |
| Subtotal, nondefense .....                              | <b>BA</b>   | <b>18,826</b>  | <b>17,414</b>  | <b>15,465</b>  | <b>15,550</b>  | <b>15,948</b>  | <b>16,630</b>  | <b>16,529</b>  |
|   | <b>O</b>    | 17,503         | 17,742         | 16,758         | 16,064         | 17,874         | 18,068         | 19,099         |
| Subtotal, construction and rehabilitation .....         | <b>BA</b>   | <b>26,662</b>  | <b>25,069</b>  | <b>22,010</b>  | <b>27,360</b>  | <b>32,506</b>  | <b>35,725</b>  | <b>33,635</b>  |
|   | <b>O</b>    | 23,191         | 24,274         | 23,770         | 23,119         | 28,284         | 31,955         | 35,661         |
| Acquisition of major equipment:                         |             |                |                |                |                |                |                |                |
| National defense:                                       |             |                |                |                |                |                |                |                |
| Department of Defense .....                             | <b>BA</b>   | <b>62,795</b>  | <b>71,464</b>  | <b>74,478</b>  | <b>78,644</b>  | <b>85,760</b>  | <b>96,077</b>  | <b>105,280</b> |
|   | <b>O</b>    | 62,572         | 63,337         | 67,982         | 71,821         | 78,298         | 87,698         | 96,098         |
| Atomic energy defense activities .....                  | <b>BA</b>   | <b>106</b>     | <b>139</b>     | <b>111</b>     | <b>114</b>     | <b>117</b>     | <b>120</b>     | <b>124</b>     |
|   | <b>O</b>    | 103            | 116            | 121            | 128            | 131            | 135            | 139            |
| Subtotal, national defense .....                        | <b>BA</b>   | <b>62,901</b>  | <b>71,603</b>  | <b>74,589</b>  | <b>78,758</b>  | <b>85,877</b>  | <b>96,197</b>  | <b>105,404</b> |
|   | <b>O</b>    | 62,675         | 63,453         | 68,103         | 71,949         | 78,429         | 87,833         | 96,237         |
| Nondefense:   |             |                |                |                |                |                |                |                |
| General science and basic research .....                | <b>BA</b>   | <b>492</b>     | <b>479</b>     | <b>581</b>     | <b>619</b>     | <b>618</b>     | <b>615</b>     | <b>636</b>     |
|   | <b>O</b>    | 490            | 528            | 528            | 561            | 607            | 621            | 623            |
| Space flight, research, and supporting activities ..... | <b>BA</b>   | <b>704</b>     | <b>679</b>     | <b>940</b>     | <b>994</b>     | <b>1,040</b>   | <b>1,087</b>   | <b>1,125</b>   |
|   | <b>O</b>    | 653            | 651            | 833            | 991            | 1,057          | 1,108          | 1,155          |
| Energy .....  | <b>BA</b>   | <b>116</b>     | <b>116</b>     | <b>117</b>     | <b>117</b>     | <b>118</b>     | <b>118</b>     | <b>118</b>     |
|   | <b>O</b>    | 116            | 116            | 117            | 117            | 118            | 118            | 118            |
| Postal Service .....                                    | <b>BA</b>   | <b>538</b>     | <b>493</b>     | <b>900</b>     | <b>994</b>     | <b>675</b>     | <b>675</b>     | <b>1,123</b>   |
|   | <b>O</b>    | 651            | 512            | 642            | 704            | 683            | 719            | 786            |

Table 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(in millions of dollars)

| Description   | 2002 Actual | Estimate       |                |                |                |                |                |                |
|---|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |             | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |                |
| Air transportation .....                                | <b>BA</b>   | <b>4,872</b>   | <b>2,986</b>   | <b>2,927</b>   | <b>2,982</b>   | <b>3,042</b>   | <b>3,109</b>   | <b>3,188</b>   |
|   | <b>O</b>    | 2,638          | 4,365          | 3,465          | 3,144          | 2,937          | 3,227          | 3,301          |
| Water transportation (Coast Guard) .....                | <b>BA</b>   | <b>428</b>     | <b>511</b>     | <b>565</b>     | <b>576</b>     | <b>587</b>     | <b>600</b>     | <b>615</b>     |
|   | <b>O</b>    | 316            | 480            | 448            | 428            | 481            | 507            | 533            |
| Other transportation (railroads) .....                  | <b>BA</b>   | <b>826</b>     | <b>521</b>     | <b>900</b>     | <b>917</b>     | <b>935</b>     | <b>956</b>     | <b>980</b>     |
|   | <b>O</b>    | 1,067          | 595            | 900            | 917            | 935            | 956            | 980            |
| Hospital and medical care for veterans .....            | <b>BA</b>   | <b>665</b>     | <b>642</b>     | <b>410</b>     | <b>418</b>     | <b>426</b>     | <b>436</b>     | <b>447</b>     |
|   | <b>O</b>    | 1,253          | 1,156          | 921            | 940            | 959            | 981            | 1,006          |
| Department of Justice .....                             | <b>BA</b>   | <b>897</b>     | <b>879</b>     | <b>876</b>     | <b>890</b>     | <b>909</b>     | <b>929</b>     | <b>953</b>     |
|   | <b>O</b>    | 752            | 818            | 865            | 896            | 873            | 893            | 914            |
| Department of the Treasury .....                        | <b>BA</b>   | <b>636</b>     | <b>600</b>     | <b>656</b>     | <b>516</b>     | <b>526</b>     | <b>537</b>     | <b>551</b>     |
|   | <b>O</b>    | 517            | 652            | 672            | 504            | 520            | 531            | 544            |
| GSA general supply fund .....                           | <b>BA</b>   | <b>709</b>     | <b>676</b>     | <b>711</b>     | <b>732</b>     | <b>762</b>     | <b>771</b>     | <b>815</b>     |
|   | <b>O</b>    | 657            | 676            | 711            | 732            | 762            | 771            | 815            |
| Other .....   | <b>BA</b>   | <b>2,484</b>   | <b>2,556</b>   | <b>2,653</b>   | <b>2,617</b>   | <b>2,672</b>   | <b>2,730</b>   | <b>2,799</b>   |
|   | <b>O</b>    | 2,153          | 2,349          | 2,577          | 2,608          | 2,660          | 2,728          | 2,784          |
| Subtotal, nondefense .....                              | <b>BA</b>   | <b>13,367</b>  | <b>11,138</b>  | <b>12,236</b>  | <b>12,372</b>  | <b>12,310</b>  | <b>12,563</b>  | <b>13,350</b>  |
|   | <b>O</b>    | 11,263         | 12,898         | 12,679         | 12,542         | 12,592         | 13,160         | 13,559         |
| Subtotal, acquisition of major equipment .....          | <b>BA</b>   | <b>76,268</b>  | <b>82,741</b>  | <b>86,825</b>  | <b>91,130</b>  | <b>98,187</b>  | <b>108,760</b> | <b>118,754</b> |
|   | <b>O</b>    | 73,938         | 76,351         | 80,782         | 84,491         | 91,021         | 100,993        | 109,796        |
| Purchase or sale of land and structures:                |             |                |                |                |                |                |                |                |
| National defense .....                                  | <b>BA</b>   | <b>-20</b>     | <b>-28</b>     | <b>-29</b>     | <b>-31</b>     | <b>-32</b>     | <b>-32</b>     | <b>-32</b>     |
|   | <b>O</b>    | -21            | -28            | -29            | -31            | -32            | -32            | -32            |
| International affairs .....                             | <b>BA</b>   | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       |
|   | <b>O</b>    | 1              | 1              | 1              | 1              | 1              | 1              | 1              |
| Privatization of Elk Hills .....                        | <b>BA</b>   | <b>-323</b>    | <b>-323</b>    | <b>-323</b>    | <b>-323</b>    | <b>-323</b>    | <b>-323</b>    | <b>-323</b>    |
|   | <b>O</b>    | -323           | -323           | -323           | -323           | -323           | -323           | -323           |
| Other .....   | <b>BA</b>   | <b>628</b>     | <b>496</b>     | <b>352</b>     | <b>342</b>     | <b>340</b>     | <b>338</b>     | <b>339</b>     |
|   | <b>O</b>    | 761            | 630            | 497            | 452            | 608            | 636            | 719            |
| Subtotal, purchase or sale of land and structures ..... | <b>BA</b>   | <b>608</b>     | <b>469</b>     | <b>323</b>     | <b>-12</b>     | <b>308</b>     | <b>306</b>     | <b>307</b>     |
|   | <b>O</b>    | 740            | 603            | 469            | 99             | 577            | 605            | 688            |
| Subtotal, major public physical investment .....        | <b>BA</b>   | <b>103,538</b> | <b>108,279</b> | <b>109,158</b> | <b>118,478</b> | <b>131,001</b> | <b>144,791</b> | <b>152,696</b> |
|   | <b>O</b>    | 97,869         | 101,228        | 105,021        | 107,709        | 119,882        | 133,553        | 146,145        |
| Conduct of research and development:                    |             |                |                |                |                |                |                |                |
| National defense:                                       |             |                |                |                |                |                |                |                |
| Defense military .....                                  | <b>BA</b>   | <b>49,190</b>  | <b>57,383</b>  | <b>62,604</b>  | <b>67,832</b>  | <b>65,089</b>  | <b>65,377</b>  | <b>67,720</b>  |
|   | <b>O</b>    | 44,903         | 53,396         | 58,680         | 63,715         | 62,227         | 63,076         | 65,586         |
| Atomic energy and other .....                           | <b>BA</b>   | <b>3,383</b>   | <b>3,802</b>   | <b>4,273</b>   | <b>4,443</b>   | <b>4,575</b>   | <b>4,735</b>   | <b>4,843</b>   |
|   | <b>O</b>    | 3,335          | 3,665          | 4,218          | 4,502          | 4,672          | 4,830          | 4,960          |
| Subtotal, national defense .....                        | <b>BA</b>   | <b>52,573</b>  | <b>61,185</b>  | <b>66,877</b>  | <b>72,275</b>  | <b>69,664</b>  | <b>70,112</b>  | <b>72,563</b>  |
|   | <b>O</b>    | 48,238         | 57,061         | 62,898         | 68,217         | 66,899         | 67,906         | 70,546         |
| Nondefense:   |             |                |                |                |                |                |                |                |
| International affairs .....                             | <b>BA</b>   | <b>279</b>     | <b>297</b>     | <b>306</b>     | <b>312</b>     | <b>319</b>     | <b>324</b>     | <b>335</b>     |
|   | <b>O</b>    | 250            | 245            | 343            | 340            | 339            | 346            | 353            |
| General science, space and technology:                  |             |                |                |                |                |                |                |                |
| NASA .....  | <b>BA</b>   | <b>6,312</b>   | <b>7,023</b>   | <b>7,550</b>   | <b>8,104</b>   | <b>8,545</b>   | <b>8,988</b>   | <b>9,329</b>   |
|   | <b>O</b>    | 5,816          | 6,523          | 7,349          | 7,837          | 8,265          | 8,648          | 9,040          |
| National Science Foundation .....                       | <b>BA</b>   | <b>3,275</b>   | <b>3,427</b>   | <b>3,709</b>   | <b>3,784</b>   | <b>3,861</b>   | <b>3,945</b>   | <b>4,047</b>   |
|   | <b>O</b>    | 2,803          | 3,221          | 3,398          | 3,612          | 3,713          | 3,851          | 3,924          |
| Department of Energy .....                              | <b>BA</b>   | <b>2,444</b>   | <b>2,461</b>   | <b>2,511</b>   | <b>2,558</b>   | <b>2,610</b>   | <b>2,667</b>   | <b>2,735</b>   |
|   | <b>O</b>    | 2,298          | 2,461          | 2,511          | 2,551          | 2,601          | 2,656          | 2,720          |
| Other general science, space and technology .....       | <b>BA</b>   | <b>5</b>       | <b>23</b>      | <b>110</b>     | <b>112</b>     | <b>114</b>     | <b>116</b>     | <b>120</b>     |
|   | <b>O</b>    | 5              | 15             | 94             | 106            | 108            | 111            | 113            |
| Subtotal, general science, space and technology .....   | <b>BA</b>   | <b>12,315</b>  | <b>13,231</b>  | <b>14,186</b>  | <b>14,870</b>  | <b>15,449</b>  | <b>16,040</b>  | <b>16,566</b>  |
|   | <b>O</b>    | 11,172         | 12,465         | 13,695         | 14,446         | 15,026         | 15,612         | 16,150         |
| Energy .....  | <b>BA</b>   | <b>1,347</b>   | <b>1,308</b>   | <b>1,381</b>   | <b>1,553</b>   | <b>1,567</b>   | <b>1,653</b>   | <b>1,902</b>   |
|   | <b>O</b>    | 1,197          | 1,466          | 1,495          | 1,511          | 1,588          | 1,643          | 1,728          |

Table 7-3. FEDERAL INVESTMENT BUDGET AUTHORITY AND OUTLAYS: GRANT AND DIRECT FEDERAL PROGRAMS—Continued

(in millions of dollars)

| Description  | 2002 Actual | Estimate |         |         |         |         |         |         |
|--|-------------|----------|---------|---------|---------|---------|---------|---------|
|  |             | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |         |
| Transportation:  |             |          |         |         |         |         |         |         |
| Department of Transportation .....                     | BA          | 626      | 471     | 533     | 544     | 558     | 573     | 588     |
| O .....  | O           | 502      | 502     | 559     | 531     | 497     | 517     | 530     |
| NASA .....   | BA          | 997      | 976     | 993     | 932     | 939     | 934     | 916     |
| O .....  | O           | 956      | 976     | 976     | 971     | 939     | 938     | 924     |
| Subtotal, transportation .....                         | BA          | 2,970    | 2,755   | 2,907   | 3,029   | 3,064   | 3,160   | 3,406   |
| O .....  | O           | 2,655    | 2,944   | 3,030   | 3,013   | 3,024   | 3,098   | 3,182   |
| Health:  |             |          |         |         |         |         |         |         |
| National Institutes of Health .....                    | BA          | 22,117   | 25,585  | 26,872  | 27,371  | 27,924  | 28,537  | 29,258  |
| O .....  | O           | 19,374   | 22,067  | 25,172  | 26,309  | 26,965  | 27,561  | 28,202  |
| All other health .....                                 | BA          | 695      | 661     | 678     | 690     | 704     | 720     | 739     |
| O .....  | O           | 612      | 644     | 658     | 664     | 676     | 691     | 706     |
| Subtotal, health .....                                 | BA          | 22,812   | 26,246  | 27,550  | 28,061  | 28,628  | 29,257  | 29,997  |
| O .....  | O           | 19,986   | 22,711  | 25,830  | 26,973  | 27,641  | 28,252  | 28,908  |
| Agriculture .....                                      | BA          | 1,327    | 1,297   | 1,293   | 1,455   | 1,502   | 1,569   | 1,606   |
| O .....  | O           | 1,260    | 1,361   | 1,330   | 1,355   | 1,374   | 1,432   | 1,494   |
| Natural resources and environment .....                | BA          | 1,836    | 1,976   | 2,000   | 2,035   | 2,077   | 2,124   | 2,178   |
| O .....  | O           | 1,755    | 1,616   | 1,761   | 1,804   | 1,837   | 1,796   | 1,842   |
| National Institute of Standards and Technology .....   | BA          | 422      | 360     | 318     | 323     | 330     | 338     | 345     |
| O .....  | O           | 396      | 426     | 455     | 402     | 352     | 358     | 364     |
| Hospital and medical care for veterans .....           | BA          | 1,124    | 1,186   | 1,230   | 1,252   | 1,278   | 1,306   | 1,340   |
| O .....  | O           | 1,107    | 1,176   | 1,222   | 1,353   | 1,271   | 1,299   | 1,330   |
| All other research and development .....               | BA          | 1,033    | 1,091   | 982     | 1,000   | 1,020   | 1,042   | 1,077   |
| O .....  | O           | 788      | 1,369   | 1,132   | 1,098   | 1,100   | 1,108   | 1,143   |
| Subtotal, nondefense .....                             | BA          | 43,839   | 48,142  | 50,466  | 52,025  | 53,348  | 54,836  | 56,515  |
| O .....  | O           | 39,119   | 44,068  | 48,455  | 50,444  | 51,625  | 52,955  | 54,413  |
| Subtotal, conduct of research and development .....    | BA          | 96,412   | 109,327 | 117,343 | 124,300 | 123,012 | 124,948 | 129,078 |
| O .....  | O           | 87,357   | 101,129 | 111,353 | 118,661 | 118,524 | 120,861 | 124,959 |
| Conduct of education and training:                     |             |          |         |         |         |         |         |         |
| Elementary, secondary, and vocational education .....  | BA          | 1,893    | 1,207   | 1,304   | 1,335   | 1,361   | 1,390   | 1,425   |
| O .....  | O           | 2,142    | 1,569   | 1,401   | 1,536   | 1,633   | 1,681   | 1,722   |
| Higher education .....                                 | BA          | 19,696   | 22,205  | 21,856  | 20,338  | 20,187  | 20,335  | 20,731  |
| O .....  | O           | 17,960   | 22,391  | 20,157  | 19,551  | 19,361  | 19,480  | 19,772  |
| Research and general education aids .....              | BA          | 1,766    | 1,754   | 1,854   | 1,886   | 1,924   | 1,967   | 2,017   |
| O .....  | O           | 1,839    | 1,826   | 1,825   | 1,836   | 1,875   | 1,915   | 1,959   |
| Training and employment .....                          | BA          | 1,594    | 1,526   | 1,556   | 1,586   | 1,618   | 1,655   | 1,696   |
| O .....  | O           | 1,507    | 1,588   | 1,573   | 1,486   | 1,471   | 1,491   | 1,525   |
| Health .....   | BA          | 1,540    | 1,248   | 1,276   | 1,282   | 1,307   | 1,336   | 1,369   |
| O .....  | O           | 1,368    | 1,338   | 1,295   | 1,272   | 1,272   | 1,297   | 1,317   |
| Veterans education, training, and rehabilitation ..... | BA          | 2,619    | 2,716   | 2,999   | 3,388   | 3,512   | 3,621   | 3,737   |
| O .....  | O           | 2,396    | 3,005   | 3,245   | 3,417   | 3,503   | 3,586   | 3,726   |
| General science and basic research .....               | BA          | 887      | 938     | 914     | 931     | 950     | 971     | 996     |
| O .....  | O           | 666      | 867     | 901     | 905     | 922     | 941     | 958     |
| National defense .....                                 | BA          | 8        | 8       | 8       | 8       | 8       | 8       | 9       |
| O .....  | O           | 8        | 8       | 2       | 7       | 9       | 9       | 9       |
| International affairs .....                            | BA          | 389      | 256     | 361     | 367     | 376     | 384     | 393     |
| O .....  | O           | 372      | 289     | 333     | 377     | 372     | 379     | 388     |
| Other .....  | BA          | 606      | 642     | 741     | 767     | 777     | 790     | 818     |
| O .....  | O           | 581      | 823     | 690     | 766     | 768     | 806     | 864     |
| Subtotal, conduct of education and training .....      | BA          | 30,998   | 32,500  | 32,869  | 31,888  | 32,020  | 32,457  | 33,191  |
| O .....  | O           | 28,839   | 33,704  | 31,422  | 31,153  | 31,186  | 31,585  | 32,240  |
| Subtotal, direct Federal investment .....              | BA          | 230,948  | 250,106 | 259,370 | 274,666 | 286,033 | 302,196 | 314,965 |
| O .....  | O           | 214,065  | 236,061 | 247,796 | 257,523 | 269,592 | 285,999 | 303,344 |
| Total, Federal investment .....                        | BA          | 345,392  | 356,987 | 366,145 | 383,663 | 397,663 | 416,403 | 432,080 |
| O .....  | O           | 312,476  | 342,118 | 355,460 | 366,224 | 379,820 | 398,286 | 417,662 |

## Part II: 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 this 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 and development adds to an “intangible” asset, the Nation’s stock of knowledge. Spending for education adds to the stock of human capital by providing skills that help make people more productive. Although financed by the Federal Government, the research and development or education can be carried out by Federal or State government laboratories, universities and other nonprofit organizations, local governments, 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. 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. The estimates of the capital stock are equal to the sum of net investment in the current and prior years. A limitation of the perpetual inventory

method is that the original investment spending may not accurately measure the current value of the asset created, even after adjusting for inflation, because the value of existing capital changes over time due to changing market conditions. 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 current 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 of these assets.

*Trends.*—Table 7–4 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 2002, with periods of faster growth during the late 1960s and the 1980s. The stock amounted to \$2,016 billion in 2002 and is estimated to increase to \$2,119 billion by 2004. In 2002, the national defense capital stock accounted for \$638 billion, or 32 percent of the total, and nondefense stocks for \$1,378 billion, or 68 percent of the total.

**Table 7-4. 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 |
| <b>Five year intervals:</b> |       |                  |                   |                        |                 |       |                                    |                |                        |                   |       |
| 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    |
| 1995 .....                  | 1,832 | 712              | 1,119             | 311                    | 164             | 146   | 809                                | 496            | 156                    | 115               | 43    |
| <b>Annual data:</b>         |       |                  |                   |                        |                 |       |                                    |                |                        |                   |       |
| 2000 .....                  | 1,922 | 635              | 1,286             | 351                    | 167             | 183   | 936                                | 574            | 170                    | 121               | 70    |
| 2001 .....                  | 1,963 | 632              | 1,330             | 364                    | 170             | 194   | 966                                | 595            | 173                    | 123               | 76    |
| 2002 .....                  | 2,016 | 638              | 1,378             | 378                    | 172             | 206   | 1,001                              | 619            | 176                    | 124               | 81    |
| 2003 est. ....              | 2,068 | 643              | 1,426             | 392                    | 173             | 219   | 1,033                              | 640            | 180                    | 126               | 88    |
| 2004 est. ....              | 2,119 | 651              | 1,468             | 404                    | 174             | 230   | 1,064                              | 661            | 183                    | 127               | 93    |

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 \$1,378 billion in 2002. With the investments proposed in the budget, nondefense stocks are estimated to grow to \$1,468 billion in 2004. 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.

Real national defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade as depreciation from investment in 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 exceeded its earlier Vietnam-era peak. In recent 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 reverse this decline, increasing the stock from an estimated \$638 billion in 2002 to \$651 billion in 2004.

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 nondefense 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 slower growth in direct Federal investment for water resources, for example, shifted the composition of the stock substantially. In 2002, 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 following the enactment of the community development block grant in the early 1970s. The value of this capital stock has grown only slowly in the past few years. The growth in the natural resources area occurred primarily because of construction grants for sewage treatment facilities. The value of this federally financed stock has increased about 30 percent since the mid-1980s.

Table 7-5 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, 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 7-4.

**Table 7-5. 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   |
| 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   |
| <b>Annual data:</b>         |                             |              |      |                           |              |      |                               |       |                                       |              |      |                                  |                                    |                                   |       |
| 2000 .....                  | 71.0                        | 30.9         | 40.2 | 25.7                      | 13.5         | 12.2 | 1.6                           | 10.6  | 45.4                                  | 17.4         | 28.0 | 18.1                             | 2.7                                | 1.6                               | 5.7   |
| 2001 .....                  | 76.0                        | 32.2         | 43.8 | 27.5                      | 14.3         | 13.2 | 2.6                           | 10.6  | 48.5                                  | 17.9         | 30.6 | 20.9                             | 2.8                                | 1.5                               | 5.4   |
| 2002 .....                  | 82.0                        | 33.7         | 48.2 | 29.3                      | 15.2         | 14.1 | 1.9                           | 12.2  | 52.7                                  | 18.5         | 34.1 | 24.0                             | 3.0                                | 1.3                               | 5.8   |
| 2003 est. ....              | 82.8                        | 35.5         | 47.3 | 30.6                      | 16.3         | 14.3 | 1.1                           | 13.2  | 52.1                                  | 19.2         | 33.0 | 21.2                             | 4.0                                | 1.6                               | 6.1   |
| 2004 est. ....              | 79.4                        | 37.0         | 42.3 | 28.9                      | 17.2         | 11.6 | 0.8                           | 10.8  | 50.5                                  | 19.8         | 30.7 | 20.4                             | 3.3                                | 1.2                               | 5.8   |

### The Stock of Research and Development Capital

This section presents data on the stock of research and development capital, taking into account adjustments for its depreciation.

*Trends.*—As shown in Table 7-6, the R&D capital stock financed by Federal outlays is estimated to be \$951 billion in 2002 in constant 1996 dollars. Roughly half is the stock of basic research knowledge; the remainder is the stock of applied research and development.

The nondefense stock accounted for about three-fifths of the total federally financed R&D stock in 2002. 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 geo-

metric 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. Increased defense R&D spending from 1980 through 1990 led to a more rapid growth of the R&D stock. Subsequently, real defense R&D outlays tapered off, depreciation grew, and, as a result, the real net defense R&D stock stabilized at around \$400 billion. Renewed spending for defense R&D in this budget is projected to increase the stock to \$413 billion in 2004.

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.

**Table 7-6. 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                              |
| 1995 .....           | 395              | 38             | 357                              | 406        | 254            | 152                              | 801           | 291            | 509                              |
| Annual data:         |                  |                |                                  |            |                |                                  |               |                |                                  |
| 2000 .....           | 398              | 46             | 353                              | 512        | 347            | 164                              | 910           | 393            | 517                              |
| 2001 .....           | 396              | 48             | 349                              | 531        | 365            | 167                              | 927           | 412            | 515                              |
| 2002 .....           | 397              | 50             | 347                              | 554        | 383            | 171                              | 951           | 432            | 518                              |
| 2003 est. ....       | 404              | 52             | 352                              | 580        | 403            | 177                              | 984           | 455            | 529                              |
| 2004 est. ....       | 413              | 54             | 360                              | 610        | 425            | 185                              | 1,023         | 478            | 545                              |

<sup>1</sup> Excludes stock of physical capital for research and development, which is included in Table 7-4.

### The Stock of Education Capital

This section presents estimates of the stock of education capital financed by the Federal Government.

As shown in Table 7-7, the federally financed education stock is estimated at \$1,120 billion in 2002 in constant 1996 dollars, rising to \$1,248 billion in 2004.

The vast majority of the Nation's education stock is financed by State and local governments, and by students and their families themselves. This federally financed portion of the stock represents about 3 percent of the Nation's total education stock.<sup>1</sup> Nearly three-quarters is for elementary and secondary education, while the remaining one quarter is for higher education.

**Table 7-7. 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 .....           | 704                   | 519                                | 184              |
| 1995 .....           | 802                   | 582                                | 220              |
| Annual data:         |                       |                                    |                  |
| 2000 .....           | 1,040                 | 759                                | 281              |
| 2001 .....           | 1,075                 | 776                                | 300              |
| 2002 .....           | 1,120                 | 803                                | 317              |
| 2003 est. ....       | 1,187                 | 848                                | 339              |
| 2004 est. ....       | 1,248                 | 891                                | 358              |

Despite a slowdown in growth during the early 1980s, the federally financed education stock grew at an average annual rate of 5.3 percent from 1970 to 2002, and the expansion of the stock is projected to continue under this budget.

### Note on Estimating Methods

This note provides further technical detail about the estimation of the capital stock series presented in Tables 7-4 through 7-7.

As stated previously, the capital stock estimates are very rough approximations. Sources of possible error include:

<sup>1</sup> For estimates of the total education stock, see table 3-4 in Chapter 3, "Stewardship."

*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, and adds a dollar, less depreciation and adjusted for inflation, to the stock in future years. In reality, the initial value of the asset created could be more or less than the investment spending. As an extreme example, in cases where a project is canceled before completion, the spending on the project may not result in the creation of any asset at all. Moreover, even if the initial asset value is equal to investment spending, the value could rise or fall in real terms over time due to changing market conditions.

*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 im-

proved 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. 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>2</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. 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 used by BEA, which estimates depreciation using much more detailed categories.<sup>3</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 non-defense 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 re-

<sup>2</sup> BEA most recently presented its capital stocks in "Fixed Assets and Consumer Durable Goods for 1925–2001," *Survey of Current Business*, September 2002, pp. 23–37.

<sup>3</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. Changes in depreciation methods introduced with BEA's October 1999 comprehensive revisions were detailed in "Fixed Assets and Consumer Durable Goods," *Survey of Current Business*, April 2000, pp. 17–30.



sources and environment grants; and 1.8 percent for other nondefense grants.

### Research and Development Capital Stocks

*Method of estimation.*—The estimates were developed from a data base for the conduct of research and development largely consistent with the outlay data in 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>4</sup> More recent experimental work at BEA, extending estimates of tangible

capital stocks to R&D, used slightly different assumptions. This work assumed straight-line depreciation for all R&D over a useful life of 18 years, which is roughly equivalent to a geometric depreciation rate of 11 percent. The slightly higher depreciation rate and its extension to basic research would result in smaller stocks than the method used here.<sup>5</sup>

### Education Capital Stocks

*Method of estimation.*—The estimates of the federally financed education capital stock in Table 7-7 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 3, "Stewardship."

The stock of capital estimated in Table 7-7 is based only on spending for education. Stocks created by other human capital investment outlays included in Table 7-1, 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 III: 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. This section is intended to show the implications of budgeting for capital separately or changing the basis for measuring capital investment in the budget. An Administration proposal being developed for capital acquisition funds is discussed in chapter 1 of this volume, "Budget and Performance Integration." It would neither budget for capital separately nor change 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 capital—such as office buildings, computers, and weapons systems—that primarily contributes to its ability to provide governmental services to the public in the future; some of these services, in turn, are designed to increase growth in the rest of the economy. And it invests in capital—such as highways, education, and research—that contributes more directly to the economic growth of the private sector. 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 7-8 compares total Federal investment as defined in Part I of this chapter with investment in Federal capital and in national capital. Some Federal investment is not classified as either Federal or national capital, and a relatively small part is included in both categories.

Capital budgets and other changes in Federal budgeting have been suggested from time to time for the Government's investment in both Federal and national capital. The proposals differ widely in coverage, depending on the rationale for the suggestion. Some would include all the investment shown in Table 7-1, or more, whereas others would be narrower in various ways. These proposals also differ in other respects, such as whether the basis for measuring capital investment in the budget is altered, 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.

<sup>4</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>5</sup> See "A Satellite Account for Research and Development," *Survey of Current Business*, November 1994, pp. 37-71.

Some of the considerations in this section also apply to the budgetary treatment of leases and to providing appropriations for the full cost of useful segments of capital projects before they are begun. The planning

process for capital assets, which is a different subject, is discussed in a separate publication, the *Capital Programming Guide*.<sup>6</sup>

**Table 7-8. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 2004**

(In millions of dollars)

|   | Investment Outlays                |                 |                  |
|---|-----------------------------------|-----------------|------------------|
|   | All types of capital <sup>1</sup> | Federal capital | National capital |
| Construction and rehabilitation:              |                                   |                 |                  |
| Grants:                                       |                                   |                 |                  |
| Transportation .....                          | 38,975                            | .....           | 38,975           |
| Natural resources and environment .....       | 2,482                             | .....           | 2,482            |
| Community and regional development .....      | 7,402                             | .....           | 1,066            |
| Housing assistance .....                      | 8,216                             | .....           | .....            |
| Other grants .....                            | 367                               | .....           | 283              |
| Direct Federal:                               |                                   |                 |                  |
| National defense .....                        | 7,012                             | 7,012           | .....            |
| General science, space, and technology .....  | 2,411                             | 2,399           | 2,411            |
| Natural resources and environment .....       | 4,960                             | 3,772           | 4,471            |
| Energy .....                                  | 1,182                             | 1,182           | 1,182            |
| Transportation .....                          | 353                               | 299             | 353              |
| Veterans and other health facilities .....    | 2,151                             | 2,151           | 2,151            |
| Postal Service .....                          | 836                               | 836             | 836              |
| GSA real property activities .....            | 1,477                             | 1,477           | .....            |
| Other construction .....                      | 3,388                             | 3,050           | 1,229            |
| Total construction and rehabilitation .....   | 81,212                            | 22,178          | 55,439           |
| Acquisition of major equipment (direct):      |                                   |                 |                  |
| National defense .....                        | 68,103                            | 68,103          | .....            |
| Postal Service .....                          | 642                               | 642             | 642              |
| Air transportation .....                      | 3,465                             | 3,465           | 3,465            |
| Other .....                                   | 8,572                             | 7,385           | 4,823            |
| Total major equipment .....                   | 80,782                            | 79,595          | 8,930            |
| Purchase or sale of land and structures ..... | 469                               | 469             | .....            |
| Other physical assets (grants) .....          | 1,189                             | .....           | 67               |
| Total physical investment .....               | 163,652                           | 102,242         | 64,436           |
| Research and development:                     |                                   |                 |                  |
| Defense .....                                 | 62,898                            | .....           | 1,365            |
| Nondefense .....                              | 49,210                            | .....           | 48,722           |
| Total research and development .....          | 112,108                           | .....           | 50,087           |
| Education and training .....                  | 79,700                            | .....           | 78,985           |
| Total investment outlays .....                | 355,460                           | 102,242         | 193,508          |

<sup>1</sup> Total outlays for "all types of capital" are equal to the total for "major Federal investment outlays" in Table 7-1. Some capital is not classified as either Federal or national capital, and a relatively small part is included in both categories.

### Investment in Federal Capital

The goal of investment in Federal capital is to deliver the intended 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 choos-

ing 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. The optimal amount of investment in Federal capital to meet a goal derives from these decisions; the optimal amount of total investment to meet all of the Government's goals derives from these decisions,

<sup>6</sup> Office of Management and Budget, *Capital Programming Guide* (July 1997).

goal by goal, and from the policy decisions about how much to allocate for each goal. 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 2004 is estimated to be \$102.2 billion, or 29 percent of the total Federal investment outlays shown in Table 7-1. Of the investment in Federal capital, 73 percent is for defense and 27 percent for nondefense purposes.

### ***A Capital Budget for Capital Assets***

Discussion of a capital budget has often centered on Federal capital—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, 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 7-9 illustrates such a capital budget for capital assets as defined above. It is accompanied by an operating budget and a total budget. The operating budget consists of all expenditures except those included in the capital budget, plus depreciation on the stock of assets of the type purchased through the capital budget. The capital budget consists of expenditures for capital assets and, on the income side of the account, depreciation. The total budget is the present unified budget, largely based on cash for its measure of transactions, which records all outlays and receipts of the Federal Government. It consolidates the operating and capital budgets by adding them together and netting out depreciation as an intragovernmental transaction. The operating budget has a smaller deficit than the unified budget by a modest amount, \$19 billion, because capital expenditures are larger than depreciation by \$19 billion. This reflects both the small Federal investment in new capital assets relative to the budget as a whole (\$102 billion out of \$2,229 billion) and the largely offsetting effect of depreciation on the existing stock (\$83 billion). The figures in Table 7-9 and the subsequent tables of this section are rough estimates, intended only to be illustrative and to provide a basis for broad generalizations.

Some proposals for a capital budget would exclude defense capital (other than military family housing). These exclusions—weapons systems, military bases, and so forth—would comprise three-fourths of the expenditures shown in the capital budget of Table 7-9. For 2004, this exclusion would make little difference

**Table 7-9. CAPITAL, OPERATING, AND UNIFIED BUDGETS: FEDERAL CAPITAL, 2004<sup>1</sup>**

(In billions of dollars)

|                              |       |
|------------------------------|-------|
| <b>Operating Budget</b>      |       |
| Receipts .....               | 1,922 |
| Expenses:                    |       |
| Depreciation .....           | 83    |
| Other .....                  | 2,127 |
| Subtotal, expenses .....     | 2,210 |
| Surplus or deficit (-) ..... | -288  |
| <b>Capital Budget</b>        |       |
| Income: depreciation .....   | 83    |
| Capital expenditures .....   | 102   |
| Surplus or deficit (-) ..... | -19   |
| <b>Unified Budget</b>        |       |
| Receipts .....               | 1,922 |
| Outlays .....                | 2,229 |
| Surplus or deficit (-) ..... | -307  |

<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 II of this chapter. Depreciation is measured in terms of current cost, not historical cost.

to the operating budget surplus. If defense capital was excluded, the operating budget would have a deficit that was \$11 billion less than the unified budget deficit instead of \$19 billion less as shown above for the complete coverage of Federal capital. Capital expenditures for defense in 2004 are estimated to be \$8 billion more than depreciation, whereas capital expenditures for nondefense purposes (plus military family housing) are estimated to be \$11 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 that already existed; and suppose the building had an estimated life of 25 years 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>7</sup> In many cases, however, such as constructing an aircraft carrier or rebuilding a dam, an asset is constructed or manufac-

<sup>7</sup> The amount of depreciation typically recorded as an expense in the budget year for purchasing an asset that already exists is overstated by this illustration. Most assets are purchased after the beginning of the year, in which case less than a full year's depreciation would normally be recorded.

tured to order. In these cases, 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 or several years thereafter.

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 set, 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 noted above, it could even be zero if the asset was made to order. As a result, the Government would have 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 for setting priorities.

The present budget provides policymakers the necessary information regarding investment. It records investment on a cash basis, and it requires Congress to vote budget authority before an agency can obligate the Government to make a cash outlay. By these means, 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 costs 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>8</sup>

This comparison is also consistent with common business practice, in which most capital budgeting decisions are made by comparing cash flows. The cash outflow for the full purchase price is compared with expected future net 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>9</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>10</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 net 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>11</sup> This supports the business's goal of deciding upon and controlling the use of its resources to earn income.

The cash-based focus of business budgeting for capital is in contrast to business financial statements—the in-

<sup>8</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 Public Sector* (3rd ed.; New York: Norton, 1999), chap. 11. 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).

<sup>9</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>10</sup>Two surveys of business practice conducted several 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>11</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.

come statement and balance sheet—which use accrual accounting for a different purpose, namely, to record how well the business is meeting its objective of earning profit and accumulating wealth for its owners. For this purpose, the income statement shows the profit in a year from earning revenue net of the expenses incurred. These expenses include depreciation, which is an allocation of the costs 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 property, plant, and equipment owned by the Federal Government as a measure of expense in financial statements and cost accounting for Federal agencies.<sup>12</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 the Federal government 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 will 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. The only constraint is policy decisions about the budget.

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>13</sup>

States did not traditionally record depreciation expense in the financial accounting statements for governmental funds. They recorded depreciation expense only in their proprietary (commercial-type) funds and in those trust funds where net income, expense, or capital maintenance was measured.<sup>14</sup> Under new financial accounting standards, however, depreciation on most capital assets is recognized as an expense in government-wide financial statements. This requirement is now being phased-in and will be effective for all state governments for fiscal years beginning after June 2003.<sup>15</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 study of European countries several years ago found only four at that time which had a real difference between a current budget and a capital budget (Greece, Ireland, Luxembourg, and Portugal).<sup>16</sup>

In addition, three developed countries have recently adopted accrual budgets that include the use of depreciation in place of capital expenditures. These 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

<sup>12</sup>Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment, pp. 5–14 and 34–35; and the proposed SFFAS No. 23, Eliminating the Category National Defense Property, Plant, and Equipment. (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 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>13</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>14</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>15</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. Infrastructure assets must be reported on the balance sheet but do not have to be depreciated if they are part of a network and the State or locality can document that they are being preserved.

<sup>16</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.

assets or before the government can acquire certain capital assets such as state highways. It also requires Cabinet approval for purchases above a threshold amount. 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 budgeted on an accrual basis starting with its 2001–02 fiscal year. However, Parliamentary approval is needed for both the “resource budget,” which includes depreciation, and the departmental cash requirement, which includes the cash payments made for capital assets.

Canada publishes its budget on a modified accrual basis and plans to shift to full accruals, including the depreciation of capital assets. However, it uses the term “budget” differently from the United States. The “budget” sets forth the overall fiscal framework, while the “estimates” comprise the detailed departmental appropriations. The estimates are prepared on a modified cash basis, which records many transactions differently from the budget. The estimates record investment on a cash basis and do not make use of depreciation. This is a major control over resource allocation that would remain when a full accrual budget is adopted.

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>17</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>18</sup> The Netherlands and Sweden, though, are either planning to adopt accruals for their budget generally or are actively considering whether to do so.

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 develop-

ment 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>19</sup>

### Conclusions

The General Accounting Office issued a report in 1993 that criticized budgeting for capital in terms of depreciation. This report affirmed the concerns regarding capital budgeting expressed here. Although the GAO’s 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>20</sup>

After further study of the role of depreciation in budgeting for national capital, GAO reiterated that conclusion in another study in 1995.<sup>21</sup> “The greatest disadvantage . . . was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system.”<sup>22</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>23</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

<sup>17</sup>The practices and plans of New Zealand, Australia, United Kingdom, and Canada are discussed in GAO, *Accrual Budgeting: Experiences of Other Nations and Implications for the United States*, GAO/AIMD-00-57 (February 2000).

<sup>18</sup>Denmark had accrual budgets generally, not just for capital assets, but abandoned that practice a number of years ago. Sweden had separate capital and operating budgets from 1937 to 1981, together with a total consolidated budget from 1956 onwards. One reason for abandoning the capital budget was that borrowing was no longer based on the distinction between current and capital budgets. See GAO, *Budget Issues: Budgeting Practices in West Germany, France, Sweden, and Great Britain*, GAO/AFMD-87-SFS (November 1986); and, for a more extensive discussion of the reasons to abandon a capital budget, 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. The Netherlands distinguished between a current account and a capital budget between 1927 and 1976. See Aad Bac, “Government Budgeting and Accounting Reform in the Netherlands,” in *OECD Journal on Budgeting*, vol. 2, Supplement 1, page 278.

<sup>19</sup>The World Bank, *Public Expenditure Management Handbook* (Washington, D.C.: The World Bank, 1998), Box 3.11, page 53.

<sup>20</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>21</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>22</sup>Ibid., p. 17. Also see pp. 1–2 and 16–19.

<sup>23</sup>GAO, *Budget Issues: Budgeting for Federal Capital*, GAO/AIMD-97-5 (November 1996), p. 28. Also see p. 4.

goal is to support and accelerate sustainable economic growth for the private sector 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.*

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>24</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>25</sup> To increase investment—both public and private—GAO recommended establishing targets for the level of Federal investment.<sup>26</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>27</sup>

**Table 7-10. UNIFIED BUDGET WITH NATIONAL INVESTMENT COMPONENT, 2004<sup>1</sup>**  
(In billions of dollars)

|                              |       |
|------------------------------|-------|
| Receipts .....               | 1,922 |
| Outlays:                     |       |
| National investment .....    | 194   |
| Other .....                  | 2,036 |
| Subtotal, outlays .....      | 2,229 |
| Surplus or deficit (-) ..... | -307  |

<sup>1</sup>The details of this table do not add to the totals in every case due to rounding.

Table 7-10 illustrates the unified budget reorganized as GAO recommended to have a separate component for investment in national capital. This component is roughly estimated to be \$194 billion in 2004. 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 11 percent of national investment consists of assets to be owned by the Federal Government. Military investment and some

<sup>24</sup>*Incorporating an Investment Component in the Federal Budget*, pp. 1-2, 9-10, and 15.  
<sup>25</sup>*Ibid.*, pp. 1 and 5.

<sup>26</sup>*Ibid.*, pp. 2 and 13-16.

<sup>27</sup>The Role of Depreciation in Budgeting for Certain Federal Investments, pp. 2 and 19-20.

other capital assets as defined previously are excluded, because that investment does not primarily enhance the economic growth of the private sector.

**A Capital Budget for National Investment**

Table 7-11 roughly illustrates what a capital budget and operating budget would look like under this definition of investment—although it must be emphasized that this was **not** GAO’s recommendation. Some proponents of a capital budget would make spending decisions within the framework of such a capital budget and operating budget. But the limitations that apply to the use of depreciation in deciding on investment decisions for Federal capital apply even more strongly in deciding on investment decisions for national capital. Most national capital is neither owned nor controlled by the Federal Government. Such investments are sunk costs completely and can be controlled only by decisions made up front when the Government commits itself to the expenditure.<sup>28</sup>

**Table 7-11. CAPITAL, OPERATING, AND UNIFIED BUDGETS: NATIONAL CAPITAL, 2004<sup>1 2</sup>**  
(In billions of dollars)

|   |       |
|---|-------|
| <b>Operating Budget</b>                   |       |
| Receipts .....                            | 1,884 |
| Expenses:                                 |       |
| Depreciation <sup>3</sup> .....           | 84    |
| Other .....                               | 2,036 |
| Subtotal, expenses .....                  | 2,120 |
| Surplus or deficit (-) .....              | -235  |
| <b>Capital Budget</b>                     |       |
| Income:                                   |       |
| Depreciation <sup>3</sup> .....           | 84    |
| Earmarked tax receipts <sup>4</sup> ..... | 38    |
| Subtotal, income .....                    | 121   |
| Capital expenditures .....                | 194   |
| Surplus or deficit (-) .....              | -72   |
| <b>Unified Budget</b>                     |       |
| Receipts .....                            | 1,922 |
| Outlays .....                             | 2,229 |
| Surplus or deficit (-) .....              | -307  |

<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 3. All depreciation estimates are subject to the limitations explained in Part II of this chapter. Depreciation is measured in terms of current cost, not historical cost.

<sup>2</sup>The details of this table do not add to the totals in every case due to rounding.  
<sup>3</sup>Excludes depreciation on capital financed by earmarked tax receipts allocated to the capital budget.  
<sup>4</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

<sup>28</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.”

hard to resolve. The answers could significantly affect budget decisions, because they would determine whether the budget would record all or only a small part of the cost of a decision when policy makers were comparing the budgetary cost of a project with their judgment of its benefits. The process of reaching an answer with a capital budget would open the door to manipulation, because there would be an incentive to make the operating expenses and deficit look smaller by classifying outlays as investment and using low depreciation rates. This would “justify” more spending by the program or the Government overall.<sup>29</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 II 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 fulfilled by the Federal subsector of the national income and product accounts (NIPA) for Government purchases of structures, equipment, and software. The NIPA Federal subsector 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 to measure gross domestic product (GDP), the income generated in its production, and many other variables used in macroeconomic analysis. The NIPA Federal subsector 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 a chapter of 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>30</sup>

The NIPA Federal subsector distinguishes between government purchases of goods and services for con-

sumption and investment.<sup>31</sup> It is a current account or an operating account for the Federal Government and accordingly shows current receipts and current expenditures. The account excludes expenditures for structures, equipment, and software owned by the Federal Government; it includes depreciation on the federally owned stock of structures, equipment, and software as a proxy for the services of capital assets consumed in production and thus as part of the Federal Government’s current expenditures. It applies this treatment to a comprehensive definition of federally owned structures, equipment, and software, both defense and nondefense, similar to the definition of Federal capital in this chapter.<sup>32</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 Federal Government current account surplus was reduced by small amounts several years in the past decade by including depreciation rather than gross investment, because depreciation of federally owned structures, equipment, and software was more than gross investment. During 2002–04, however, gross investment is more than depreciation by growing amounts. The 2004 Federal current account surplus is estimated to be increased \$9.5 billion by using depreciation.<sup>33</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.<sup>34</sup>

<sup>31</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>32</sup>The treatment of investment (except for the recent recognition of software) in the NIPA Federal subsector 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 summary tables of the government account: depreciation on general government capital assets is included as part of government “consumption expenditures”; and depreciation on the capital assets of government enterprises is subtracted in calculating the “current surplus of government enterprises.”

<sup>33</sup>See actuals and estimates for 2002–04 in Table 17–2 of chapter 17 of this volume, “National Income and Product Accounts.”

<sup>34</sup>As this argument has traditionally been framed, it might appear as though it did not apply when the Government has a surplus. When the Government has a surplus, as in 1998–2001, additional expenditure is generally financed by repaying less debt rather than borrowing more. However, the argument about borrowing for investment 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

<sup>29</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>30</sup>See chapter 17 of this volume, “National Income and Product Accounts,” for the NIPA current account of the Federal Government based on the budget actuals and estimates for 2002–04, and for a discussion of the NIPA Federal subsector and its relationship to the budget. The Federal subsector is part of the NIPA government sector, the other subsector being all state and local governments treated as a consolidated entity.



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. Net investment is the change in the capital stock. To measure it correctly, the addition to the capital stock from new purchases and the subtraction from depreciation on existing assets must 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 7–9 and 7–11 suggest that this rationale would currently justify some

borrowing under the two capital budgets roughly illustrated in this chapter, but for Federal capital the borrowing justified in this way would not be great. For Federal capital, Table 7–9 indicates that gross investment is more than current cost depreciation—the capital budget deficit is \$19 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount (\$19 billion) and no more to finance its investment in Federal capital. For national capital, Table 7–11 indicates that gross investment is more than current cost depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways<sup>35</sup>)—the capital budget deficit is \$72 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount (\$72 billion) and no more to finance its investment in national capital.<sup>36</sup>

Even with depreciation calculated at current cost, the rationale for borrowing to finance net investment is not persuasive. The Federal Government, unlike a business or household, is responsible not only for its own affairs but also for the general welfare of the Nation. To maintain and accelerate national economic growth and development, the Government needs to encourage private investment as well as its own investment. A high level of net national saving is needed to meet the demographic and other challenges expected in the decades ahead.<sup>37</sup>

#### Part IV: SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

The Federal Capital Investment Program Information Act of 1984 (Title II of Public Law 98–501; hereafter referred to as the Act) requires that the budget include projections of Federal physical capital spending and information regarding recent assessments of public civilian physical capital needs. This section is submitted to fulfill that requirement.

This part is organized in two major sections. The first section projects Federal outlays for public physical capital and the second section presents information regarding public civilian physical capital needs.

##### Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending is defined here to be the same as the “major public physical capital investment” category in Part I of this chapter. It

covers spending for construction and rehabilitation, acquisition of major equipment, and other physical assets. This section excludes outlays for human capital, such as the conduct of education and training, and outlays for the conduct of research and development.

The projections are done generally on a current services basis, which means they are generally based on 2003 enacted appropriations and adjusted for inflation in later years. The current services concept is discussed in Chapter 15, “Current Services Estimates.”

Federal public physical capital spending was \$156.5 billion in 2002 and is projected to increase to \$191.5 billion by 2012 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 2002.

its net investment? For the present analysis, “borrowing more” is equivalent to “repaying less debt.”

<sup>35</sup>The capital budget deficit would be about \$23 billion larger if current cost depreciation were used instead of earmarked excise taxes for investment in highways and airports and airways.

<sup>36</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 13 of this volume, “Federal Borrowing and Debt,” and the explanation of Table 13–2.

<sup>37</sup>GAO considered deficit financing of investment but did not recommend it. See Incorporating an Investment Component in the Federal Budget, pp. 12–13.

Table 7–12 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 \$44.1 billion in 2002, and current services outlays are estimated to increase to \$51.7 billion by 2012. Outlays for nondefense housing and buildings were \$16.5 billion in 2002 and are estimated to be \$20.7 billion in 2012. Physical cap-

ital outlays for other nondefense categories were \$27.6 billion in 2002 and are projected to be \$32.0 billion by 2012. For national defense, this spending was \$68.3 billion in 2002 and is estimated on a current services basis to be \$87.1 billion in 2012.

Table 7–13 shows current services projections on a constant dollar basis, using fiscal year 1996 as the base year.

**Table 7–12. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING**

(In billions of dollars)

|   | 2002<br>Actual | Estimate     |              |              |              |              |              |              |              |              |              |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         |
| <b>Nondefense:</b>                                |                |              |              |              |              |              |              |              |              |              |              |
| Transportation-related categories:                |                |              |              |              |              |              |              |              |              |              |              |
| Roadways and bridges .....                        | 30.1           | 28.5         | 28.6         | 29.7         | 30.4         | 31.3         | 32.1         | 32.8         | 33.0         | 33.3         | 34.2         |
| Airports and airway facilities .....              | 5.5            | 7.6          | 7.6          | 7.3          | 7.3          | 7.7          | 7.8          | 7.9          | 8.1          | 8.2          | 8.4          |
| Mass transportation systems .....                 | 7.3            | 6.9          | 7.1          | 6.9          | 6.8          | 6.8          | 7.4          | 7.6          | 7.6          | 7.7          | 7.9          |
| Railroads .....                                   | 1.1            | 0.6          | 1.1          | 1.1          | 1.1          | 1.1          | 1.1          | 1.2          | 1.2          | 1.2          | 1.2          |
| Subtotal, transportation .....                    | 44.1           | 43.6         | 44.4         | 45.0         | 45.6         | 46.9         | 48.5         | 49.5         | 49.8         | 50.5         | 51.7         |
| Housing and buildings categories:                 |                |              |              |              |              |              |              |              |              |              |              |
| Federally assisted housing                        | 9.1            | 9.3          | 8.7          | 8.6          | 9.1          | 9.1          | 8.4          | 8.6          | 8.8          | 9.0          | 8.7          |
| Hospitals .....                                   | 2.4            | 2.4          | 2.4          | 2.5          | 2.5          | 2.6          | 2.7          | 2.7          | 2.8          | 2.9          | 3.0          |
| Public buildings <sup>1</sup> .....               | 5.0            | 6.4          | 6.2          | 6.3          | 7.6          | 7.8          | 8.6          | 8.7          | 8.8          | 8.8          | 8.9          |
| Subtotal, housing and buildings .....             | 16.5           | 18.0         | 17.4         | 17.4         | 19.2         | 19.5         | 19.6         | 20.0         | 20.3         | 20.7         | 20.7         |
| Other nondefense categories:                      |                |              |              |              |              |              |              |              |              |              |              |
| Wastewater treatment and related facilities ..... | 3.0            | 3.3          | 3.3          | 3.4          | 3.4          | 3.6          | 3.6          | 3.7          | 3.7          | 3.7          | 3.8          |
| Water resources projects .....                    | 3.8            | 3.6          | 4.0          | 3.8          | 4.1          | 4.1          | 4.2          | 4.3          | 4.5          | 4.6          | 4.7          |
| Space and communications facilities .....         | 4.8            | 4.5          | 4.9          | 5.1          | 5.1          | 5.3          | 5.5          | 5.7          | 5.9          | 5.9          | 5.9          |
| Energy programs .....                             | 1.6            | 1.3          | 1.3          | 1.2          | 1.3          | 1.3          | 1.0          | 0.9          | 0.9          | 0.9          | 1.0          |
| Community development programs .....              | 6.1            | 7.5          | 7.1          | 6.4          | 5.8          | 5.9          | 6.1          | 6.2          | 6.2          | 6.3          | 6.4          |
| Other nondefense .....                            | 8.3            | 9.0          | 8.7          | 8.0          | 8.9          | 9.1          | 9.3          | 9.5          | 9.7          | 10.0         | 10.2         |
| Subtotal, other nondefense .....                  | 27.6           | 29.0         | 29.2         | 27.9         | 28.7         | 29.3         | 29.8         | 30.4         | 31.0         | 31.4         | 32.0         |
| Subtotal, nondefense .....                        | 88.2           | 90.6         | 91.0         | 90.3         | 93.5         | 95.7         | 97.9         | 99.8         | 101.1        | 102.6        | 104.4        |
| National defense .....                            | 68.3           | 70.0         | 74.3         | 77.6         | 78.8         | 80.9         | 82.6         | 82.3         | 84.0         | 85.5         | 87.1         |
| <b>Total .....</b>                                | <b>156.5</b>   | <b>160.6</b> | <b>165.3</b> | <b>167.9</b> | <b>172.2</b> | <b>176.6</b> | <b>180.5</b> | <b>182.1</b> | <b>185.1</b> | <b>188.1</b> | <b>191.5</b> |

<sup>1</sup> Excludes outlays for public buildings that are included in other categories in this table.

**Table 7-13. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING**

(In billions of constant 1996 dollars)

|   | 2002<br>Actual | Estimate |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|
|   |                | 2003     | 2004  | 2005  | 2006  | 2007  |
| <b>Nondefense:</b>                                |                |          |       |       |       |       |
| Transportation-related categories:                |                |          |       |       |       |       |
| Roadways and bridges .....                        | 27.1           | 25.1     | 24.6  | 25.0  | 25.0  | 25.2  |
| Airports and airway facilities .....              | 5.2            | 7.1      | 7.0   | 6.6   | 6.4   | 6.6   |
| Mass transportation systems .....                 | 6.6            | 6.0      | 6.1   | 5.8   | 5.6   | 5.4   |
| Railroads .....                                   | 1.1            | 0.6      | 1.1   | 1.1   | 1.0   | 1.0   |
| Subtotal, transportation .....                    | 40.0           | 38.9     | 38.8  | 38.5  | 38.1  | 38.3  |
| Housing and buildings categories:                 |                |          |       |       |       |       |
| Federally assisted housing .....                  | 8.3            | 8.3      | 7.6   | 7.3   | 7.5   | 7.4   |
| Hospitals .....                                   | 2.4            | 2.3      | 2.3   | 2.4   | 2.4   | 2.4   |
| Public buildings <sup>1</sup> .....               | 4.9            | 6.2      | 5.9   | 5.9   | 7.0   | 7.1   |
| Subtotal, housing and buildings .....             | 15.6           | 16.8     | 15.8  | 15.6  | 16.9  | 16.9  |
| Other nondefense categories:                      |                |          |       |       |       |       |
| Wastewater treatment and related facilities ..... | 2.7            | 2.9      | 2.8   | 2.8   | 2.8   | 2.9   |
| Water resources projects .....                    | 3.8            | 3.5      | 3.8   | 3.6   | 3.9   | 3.8   |
| Space and communications facilities .....         | 4.7            | 4.4      | 4.7   | 4.8   | 4.8   | 4.9   |
| Energy programs .....                             | 1.6            | 1.3      | 1.2   | 1.1   | 1.2   | 1.2   |
| Community development programs .....              | 5.5            | 6.6      | 6.1   | 5.4   | 4.8   | 4.8   |
| Other nondefense .....                            | 8.1            | 8.6      | 8.2   | 7.4   | 8.1   | 8.2   |
| Subtotal, other nondefense .....                  | 26.4           | 27.2     | 27.0  | 25.3  | 25.6  | 25.7  |
| Subtotal, nondefense .....                        | 82.0           | 82.9     | 81.5  | 79.3  | 80.6  | 80.8  |
| National defense .....                            | 70.7           | 71.5     | 74.8  | 77.0  | 76.9  | 77.7  |
| Total .....                                       | 152.7          | 154.4    | 156.4 | 156.3 | 157.5 | 158.5 |

<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 2020 .....                                    | 2.08 percent                  |
| 2. Annual Federal, state, and local cost to maintain 2000 conditions and performance on highways ..... | \$68.6 billion (2000 dollars) |
| 3. Annual Federal, state, and local cost to maintain 2000 conditions and performance on bridges .....  | \$7.3 billion (2000 dollars)  |

### Airports and Airway Facilities

|   |                               |
|---|-------------------------------|
| 1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic ..... | 546                           |
| 2. Air traffic control towers .....   | 659                           |
| 3. Airport development eligible under airport improvement program for period 2001–2005 .....          | \$46.2 billion (2001 dollars) |

### Mass Transportation Systems

|  |                              |
|--|------------------------------|
| 1. Yearly cost to maintain condition and performance of rail facilities over a period of 20 years .....      | \$9.7 billion (2000 dollars) |
| 2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities ..... | \$5.2 billion (2000 dollars) |

### Wastewater Treatment

|   |                              |
|---|------------------------------|
| 1. Total remaining needs of sewage treatment facilities .....   | \$128 billion (1996 dollars) |
| 2. Estimated level of remaining need not covered by State and local receipts and spending for clean water infrastructure assuming 3 percent annual growth ..... | \$21 billion (2001 dollars)  |
| 3. Total Federal expenditures under the Clean Water Act of 1972 through 2001 .....  | \$80 billion                 |
| 4. The population served by centralized treatment facilities: percentage that benefits from at least secondary sewage treatment systems .....                   | 99 percent                   |
| 5. 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 (2002) .....                 | 37.3 percent |
| 2. Average length of stay, IHS hospitals (days) (2002) ..... | 3.9          |
| 3. Hospital admissions (2002) .....                          | 60,311       |
| 4. Outpatient visits (2002) .....                            | 8,159,116    |
| 5. Eligible population (2002) .....                          | 1,568,510    |

### Department of Veterans Affairs (VA) Hospitals (2003)

|                             |     |
|-----------------------------|-----|
| 1. Medical Centers .....    | 163 |
| 2. Outpatient clinics ..... | 848 |
| 3. Domiciliaries .....      | 43  |
| 4. Vet centers .....        | 206 |
| 5. Nursing homes .....      | 137 |

### Water Resources

Water resources projects include navigation (deepwater ports and inland waterways); flood and storm damage protection; irrigation; hydro-power; municipal and industrial water supply; recreation; fish and wildlife mitigation, enhancement, and restoration; and soil conservation.

Potential water resources investment needs typically consist of the set of projects that pass both a benefit-cost test for economic feasibility and a test for environmental acceptability. In the case of fish and wildlife mitigation or restoration projects, the set of eligible projects includes those that pass a cost-effectiveness test.

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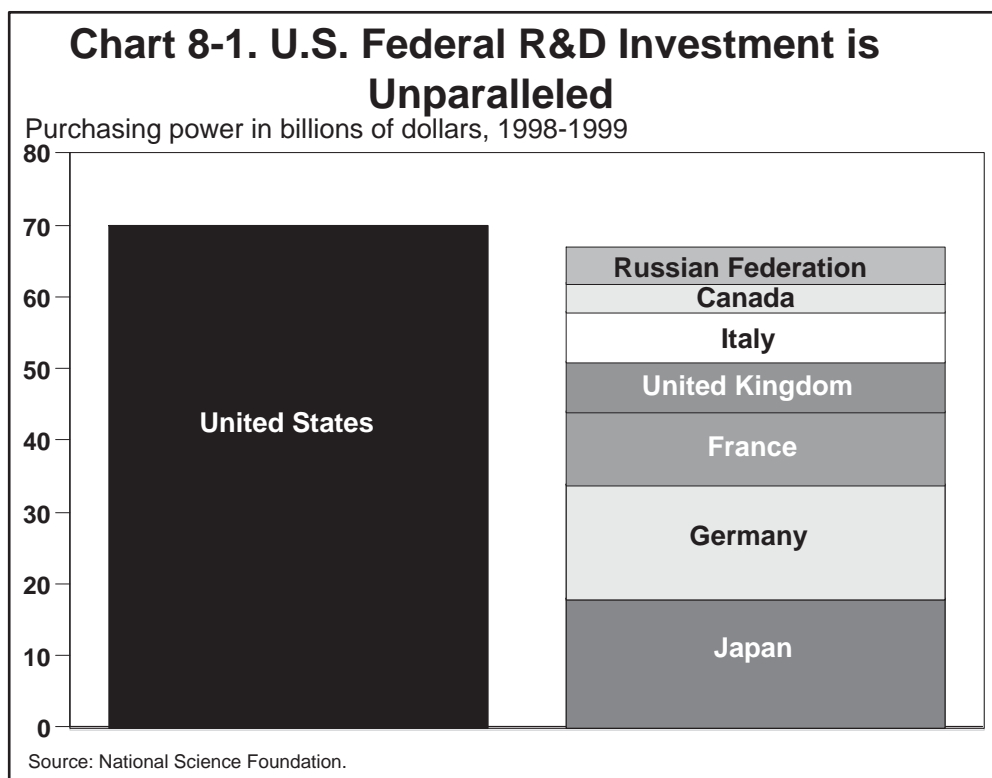
## 8. RESEARCH AND DEVELOPMENT

### I. Introduction

Author Jean-Paul Kauffmann has observed, “The economy depends about as much on economists as the weather does on weather forecasters.” The same cannot be said of those who perform scientific and technological research. Scientific discovery and technological innovation generate countless advancements in our understanding of the world around us. They improve the quality of life. Science and technology have generated much of the nation’s economic growth over the last 50 years. These advances have been possible only

through both public and private investment in research and development (R&D).

The R&D investment of the United States is unparalleled. Not only does the U.S. continue to lead the world in government-supported R&D spending, but U.S. federal R&D expenditures exceed those of the rest of the G-8 countries’ governments combined, as the most recent data indicate in the accompanying figure.



The nation’s investments in innovation and discovery are also vital to strengthening our capabilities to combat terrorism and defend our country. The President’s 2004 Budget focuses on winning the war against terrorism, while moderating the growth in overall spending. These priorities have affected the way R&D is being funded and directed, as well as the way the results of R&D are being used. Within the federal government’s research portfolio, agencies are directing many of their programs to assist in the defense effort, some

of which are being transferred to the Department of Homeland Security (DHS). Investments today in R&D will translate into tomorrow’s capabilities for detecting threats to our security, defending ourselves against them, and responding to emergencies should they arise.

The 2004 Budget provides the highest level of federal funding for R&D in history, but the focus should not be on how much we are spending, but rather on what we are getting for our investment. We must redouble our efforts to meet the President’s charge to improve

the management, performance, and results of the federal government. By strengthening effective programs and addressing lower performers through reforms or shifting funds to higher performers, we will increase the productivity of the federal R&D portfolio and transcend the all-too-common focus on year-to-year marginal increases or decreases. Additionally, while it can be difficult to assess the outcomes of some research programs—many of which may not have a measurable effect for decades—agencies can establish meaningful program goals and measure annual progress and performance in appropriate ways. Toward that end, the Administration is continuing to implement and improve investment criteria for R&D programs across the government. Finally, the government will coordinate inter-related and complementary R&D efforts among agencies, combining programs where appropriate to improve effectiveness and eliminate redundancy, to leverage these resources to the greatest effect.

The federal government has multiple roles in achieving these goals. The government should be strong in its support of basic research, which by definition is directed toward greater understanding of fundamental phenomena without specific applications in mind. Basic research is the source of tomorrow's discoveries and new capabilities, and this long-term research will fuel

further gains in economic productivity, quality of life, and national security. The government should also support applied research, which is defined as research meant to address specific needs, and development, which applies scientific knowledge and technology to specific needs. Together, this R&D is critical to the missions of the federal agencies, particularly in priority areas that private sources are not motivated to support. If the private sector cannot profit from the development of a particular technology, federal funding may be appropriate if the technology in question addresses a national priority or otherwise provides broad societal benefits. Finally, the federal government should help stimulate private investment and provide the proper incentives for private sources to continue to fuel the discovery and innovation of tomorrow. The Administration proposes to do this, for instance, by permanently extending the Research and Experimentation tax credit.

This chapter discusses how the Administration will improve the performance of R&D programs through new investment principles and other means that encourage and reinforce quality research. The chapter also highlights the priority areas proposed for R&D agencies and the coordinated efforts among them. The chapter concludes with details of R&D funding across the federal government.

## II. Improving Performance of R&D Programs

R&D is critically important for keeping our nation economically competitive. It will help solve the challenges we face in health, defense, energy, and the environment. As a result, and consistent with the Government Performance and Results Act, every federal R&D dollar must be invested as effectively as possible.

### R&D Investment Criteria

The Administration is improving the effectiveness of the federal government's investments in R&D by applying transparent investment criteria and considering the expected results of program funding recommendations. R&D—especially basic research—requires special consideration in the context of performance assessment. Rocket pioneer Werner von Braun once explained, "Basic research is what I'm doing when I don't know what I'm doing." Research often leads scientists and engineers down unpredictable pathways with unpredictable results. This poses a difficult problem for determining research priorities in a budget. Adopting ideas first laid out by the National Academy of Sciences, the Administration is improving methods for how to set priorities based on expected results, including applying specific criteria that programs or projects must meet to be started or continued, clear milestones for gauging progress, and improved metrics for assessing results.

As announced in the President's Management Agenda, the investment criteria were first applied in 2001 to selected R&D programs at the Department of Energy (DOE). Through the lessons learned from that DOE pilot, this year the criteria were broadened in scope to cover other types of R&D programs at DOE and other agencies.

To accommodate the scope of a wide range of R&D activities ranging from basic research to development and demonstration programs, a new framework was devised for the criteria to address three fundamental aspects of R&D:

- *Relevance*—Programs must be able to articulate why investments are important, relevant, and appropriate;
- *Quality*—Programs must justify how funds will be allocated to ensure quality; and
- *Performance*—Programs must be able to monitor and document how well the investments are performing.

In addition, R&D projects and programs relevant to industry are expected to meet additional criteria to determine the appropriateness of the public investment, enable comparisons of proposed and demonstrated benefits, and provide meaningful decision points for completing or transitioning the activity to the private sector.



**Broader Application of the R&D Investment Criteria.** This was the first year of implementation of the investment criteria for most R&D agencies. The National Aeronautics and Space Administration is recasting its strategic plans and budget to tie directly to the R&D criteria. To reflect the criteria, the National Science Foundation is changing the way it characterizes its budget, as well as the guidelines it uses to evaluate its research. The National Institutes of Health have dramatically revised their research performance goals to be both clearer and more ambitious. Several agencies' R&D programs were assessed using a Program Assessment Rating Tool (PART) that was based on the R&D criteria (see the Performance and Management Assessments volume of the budget for more details). The R&D agencies have more work to do to integrate the R&D criteria more meaningfully into their management processes and budget decisions.

The Administration has been studying management strategies for R&D that some agencies use to promote particularly effective programs. The Office of Management and Budget (OMB) and the Office of Science and Technology Policy (OSTP) are continuing to assess the strengths and weaknesses of R&D programs across agencies, in order to identify and apply good R&D management practices throughout the government. For example, some agencies have a more deliberate project-prioritization process, while other agencies have more experience estimating the returns of R&D and assessing the impact of prior investments. Assessing and implementing new approaches is an iterative process, involving the research agencies and the science and technology community.

As the investment criteria are implemented more broadly and more deeply, one theme that occurs again and again is the importance of coordination and partnerships. First, partnerships are relevant to the question of the proper federal role. These include partnerships with industry (such as DOE's coal and FreedomCAR R&D initiatives), partnerships with other countries (such as for the International Thermonuclear Experimental Reactor initiative for fusion energy), and partnerships with university researchers. In a different sense, partnerships and coordination across agencies can make the use of research resources more efficient and effective. The themes of coordination and partnerships will be pursued more explicitly in further implementation of the investment criteria.

**Year Two in DOE Implementation of the Criteria.** DOE used the criteria to evaluate 80 applied research projects and programs, and the results of these evaluations guided the budget's allocation of funds among programs. In some cases, the evaluation resulted in shifting funding from activities supporting technologies that are near commercialization, such as clean coal demonstration projects, to long-term, high-risk R&D, such as research on revolutionary new ways to store large amounts of hydrogen in a small space, which will help advance the introduction of fuel cell vehicles.

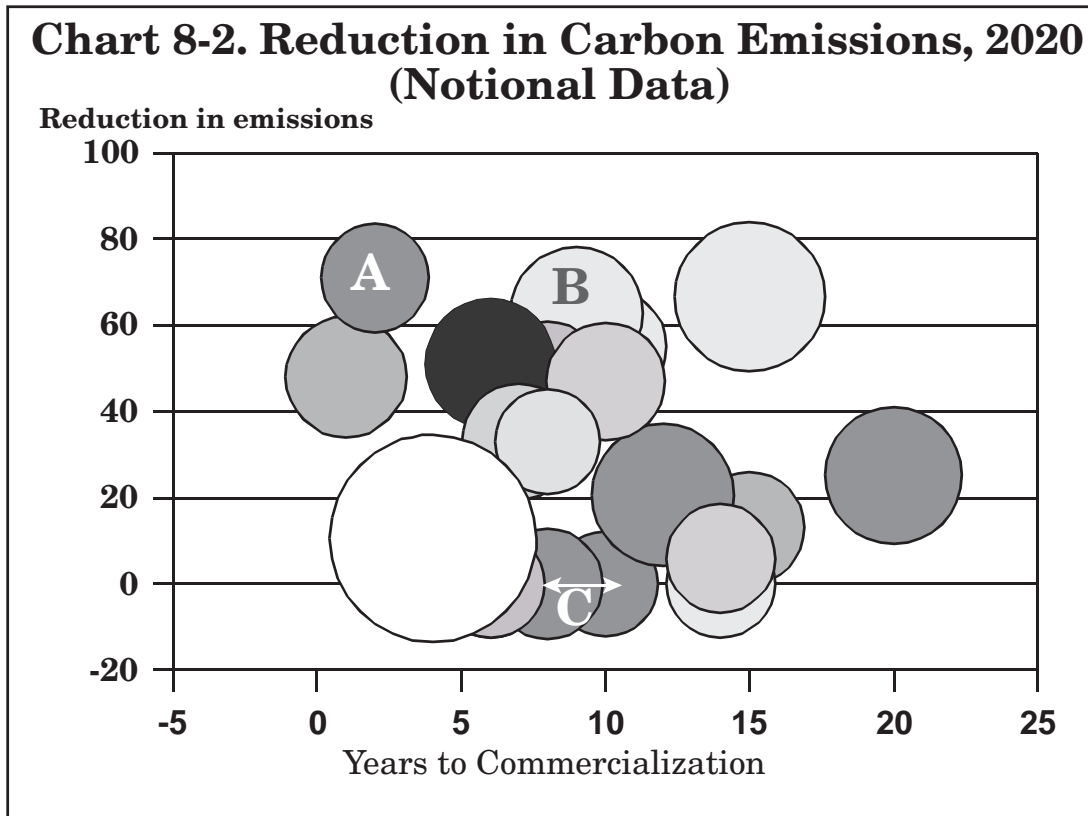
Application of the criteria in DOE programs also led to recommendations to terminate or redirect funding from some activities, either because the case for federal participation was weak or other higher-priority research activities could use these funds more effectively. For example, the budget proposes to significantly reduce funding for the Advanced Petroleum-Based Fuel program, which was determined to supplant private investments that would otherwise be made to achieve the clean air requirements of EPA's regulation.

DOE has started to use the results of the R&D investment criteria to help analyze its portfolio of investments on the basis of the potential public benefits.

For example, the accompanying "bubble chart" illustrates notionally how programs might be compared on their potential ability to reduce future carbon emissions. The chart compares program benefits (left axis) with the years until the technology is expected to be in the marketplace (bottom axis) and the anticipated budget cost (bubble size, where each bubble represents a different program). This approach would help to ana-

lyze whether investments are balanced across time and type of benefits, as well as sensitive to alternative future scenarios (for example, high or low oil prices).

The justification for federal R&D spending is generally greatest where public benefits are the largest, and motivation for private industry to do the research is lowest. For instance, short research horizons in the private sector may postpone or preclude longer-term research with large public benefits.



In this example, two programs (marked “A” and “B”) are expected to deliver about the same benefit, but program “A” will likely enter the market first. However, program “A,” given its near-term nature, may not need federal support to achieve the benefits and might be better left to the private sector.

Analyses like this can be used for many aspects of programs, including cost sharing and federal role. For example, the programs labeled “C” in the chart are not expected to deliver significant carbon-emissions reductions, but may score well on some other type of benefit, such as energy-security benefits.

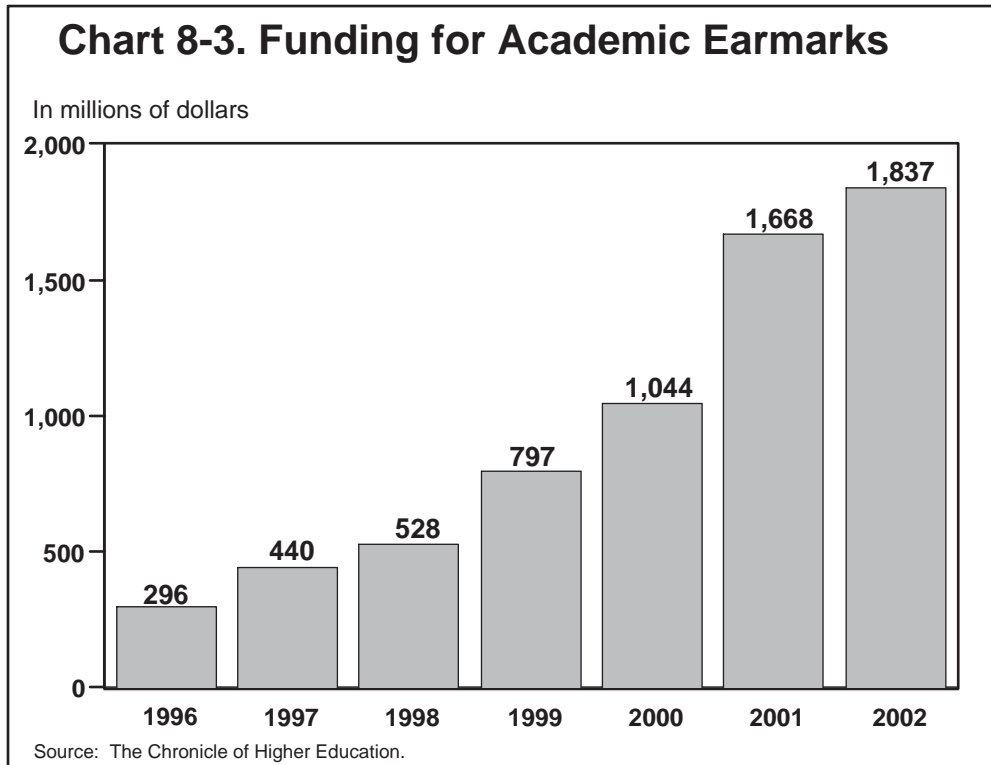
Attempts to analyze such data for the Department’s applied R&D programs have illustrated the need for consistent methods of analysis, including ways to present benefits estimates that make comparisons meaningful. DOE is working to improve the consistency and quality of its data.

OMB will continue to work with the R&D agencies and others to integrate the R&D criteria more meaningfully into the budget formulation process in the coming

year. Based on lessons learned and other feedback from experts and stakeholders, the Administration will continue to improve the R&D investment criteria and their implementation, towards more effective management of R&D programs and better-informed budget allocation decisions across the R&D agencies.

#### Research Earmarks

The Administration supports awarding research funds based on merit review through a competitive process. Such a system ensures that the best research is supported. Research earmarks—in general the assignment of money during the legislative process for use only by a specific organization or project—are counter to a merit-based competitive selection process. The use of earmarks signals to potential investigators that there is an alternative to creating quality research proposals for merit-based consideration, including the use of political influence or by appealing to parochial interests.



Moreover, the practice of earmarking funds directly to colleges and universities for specific research projects has expanded dramatically in recent years. Despite broad-based support for merit review, earmarks for specific projects at colleges and universities have yet again broken prior records. According to *The Chronicle of Higher Education*, academic earmarks have steadily increased from a level of \$296 million in 1996 to over \$1.8 billion in 2002. These funds represent an increasing share of the total federal funding to colleges and universities, which increasingly displaces competitive research, awarded by merit. For example, in 1996, academic earmarks accounted for 2.5 percent of all federal funding to colleges and universities. By 2001, the earmarked share of federal academic funding had increased to a high of 9.4 percent.

Some argue that earmarks help spread the research money to states that would receive less research funding through other means. However, *The Chronicle of Higher Education* reports that this is not the main role they play. In 1999, for example, only a small share of academic earmark funding went to the states with the smallest shares of federal research funds. Meanwhile, earmarks help some rich institutions become richer. In 1999, 13 of the 25 institutions receiving the most earmarks were also members of the top 100 for total research funds.

Some proponents of earmarking assert that earmarks provide a means of funding unique projects that would not be recognized by the conventional peer-review process. On the contrary, a number of agencies have procedures and programs to reward out-of-the-box thinking in the research they award. For example, within the Department of Defense (DOD), the Defense Advanced Research Projects Agency seeks out high risk, high payoff scientific proposals, and program managers at the National Science Foundation (NSF) set aside a share of funding for higher-risk projects in which they see high potential.

Many earmarks have little to do with an agency's mission. For example, the Congress earmarked DOD's 2003 budget to fund research on a wide range of diseases, including breast cancer, ovarian cancer, prostate cancer, diabetes, leukemia, and polio recovery. Funding at DOD for increases to medical research projects over two-thirds of a billion dollars in this year alone. While research on these diseases is very important, it is generally not unique to the U.S. military and can be better carried out and coordinated within civil medical research agencies, without disruption to the military mission.

The Administration will continue to work with academic organizations, colleges and universities, and the Congress to discourage the practice of research earmarks and to achieve our common objectives.

### III. PRIORITIES FOR FEDERAL RESEARCH AND DEVELOPMENT

The 2004 Budget requests record levels for federal R&D (\$122.7 billion, a seven-percent increase, as shown in Table 8–2). This request for federal R&D funding is over 60 percent greater than the request of just five years ago. The 2004 Budget includes an emphasis on basic research, increasing basic research funding across the agencies by \$1.2 billion (or 5 percent) over the already impressive levels requested for 2003.

In a 1995 report from the National Academy of Sciences, the scientific community proposed a “Federal Science and Technology” (FS&T) budget to highlight the creation of new knowledge and technologies more

consistently and accurately than the traditional R&D data collection. Also, because the FS&T budget emphasizes research, funding for defense development, testing, and evaluation is absent. FS&T is readily tracked through the budget and appropriations process, so the effects of budget decisions are clear more immediately. As shown in Table 8–3, the 2004 Budget requests \$58.9 billion for FS&T (a two-percent increase over the 2003 request). The resulting FS&T budget is less than half of the total federal spending on R&D, though FS&T also includes some funding that is not R&D.

**Fueling Our Future.** Hydrogen-powered fuel cell vehicles have the potential to provide energy diversity, fuel economy, and environmental benefits. Since hydrogen can be manufactured from a number of domestic fossil (natural gas and coal), nuclear, and renewable resources, it offers the potential for eventual “freedom” from the nation’s near-exclusive reliance on petroleum for transportation. The budget’s FreedomCAR (Cooperative Automotive Research) and FreedomFuel research initiatives will address the difficult technical and cost challenges faced in commercialization of fuel cell vehicles. The budget proposes to spend over \$1.5 billion on FreedomCAR and FreedomFuel over the next five years, including more than doubling DOE’s spending on hydrogen research and development in 2004. This funding will accelerate achieving the national energy security and environmental benefits from widespread use of hydrogen vehicles.

The President’s Budget strengthens the nation’s investment in the physical sciences. Research in the physical sciences not only leads to a better understanding of the universe but also spurs progress in a host of areas including microelectronics, information technologies, communications, defense technologies, energy, agriculture, and the environment. Physical sciences research provides education and training opportunities vital for a technologically advanced society. Modern health science uses sophisticated approaches that are increasingly reliant on the physical sciences and associated analytical tools. For instance, the development of magnetic resonance imaging (MRI), among the 20th century’s greatest advances in medical diagnosis, depended heavily on advanced concepts from physics. Only with renewed support of research and equipment for fields such as physics, chemistry, and materials science will the nation be able to take full advantage of recent major investments in the health sciences and spur progress in other areas.

To these ends, the 2004 Budget provides NSF with a 13-percent increase in physical science investments. In addition, DOE’s Office of Science will almost double its investment in new nanoscale science research centers while maximizing the operation of the Department’s existing suite of national scientific user facilities. Two new NASA space telescope programs, the Laser Interferometer Space Antenna (LISA) and Constellation-X, will address fundamental questions about the nature of gravity and high-energy physics in space. The changing nature of science has opened significant opportunities for fundamental discovery at the intersec-

tion of physics and astronomy that require the Administration to set priorities and increase interagency coordination. This year, under the auspices of the National Science and Technology Council (NSTC), these and other agencies will work with OSTP to develop a plan for coordination in this area.

Over the past year, OSTP and OMB have worked with the federal agencies and the science community to identify top priorities for federal R&D. Some are in areas critical to the nation, such as information technologies. Some are in emerging fields, such as nanotechnology, that will provide new breakthroughs across many fields. Others, such as anti-terrorism R&D, address newly recognized needs. The discussion below identifies four multi-agency priority areas, followed by highlights of agency-specific R&D priorities.

#### Multi-Agency R&D Priorities

The 2004 Budget targets investments in important research that benefits from improved coordination across multiple agencies. Two of these multi-agency initiatives—nanotechnology and information technology R&D—have separate coordination offices to ensure coordinated strategic planning and implementation. The Administration is in the process of forming new organizations and strengthening interagency coordination for two other priority areas—combating terrorism and climate change R&D. The Administration will continue to analyze other areas of critical need that could benefit in the future from improved focus and coordination among agencies.

**Combating Terrorism R&D:** The nation's advantage in scientific R&D is being harnessed to help prevent future terrorist activities, minimize our nation's vulnerability to terrorist acts, and respond and recover if an attack should occur. Combating terrorism R&D applications span a wide range, including:

- providing tactical warning and assessment of a biological attack;
- developing gear for first responders;
- enabling the most effective use of the wealth of information collected by the intelligence community;
- developing means to assess the efficacy of proposed protective measures;
- determining the vulnerabilities in the nation's critical infrastructure; and
- preventing the importing of a nuclear weapon or special nuclear material.

Research is focused on areas with the potential to dramatically enhance our capabilities for detecting the presence of, and responding to, nuclear, biological, chemical, radiological, and conventional explosive threats in air, sea, rail, and road transport, both within and beyond our borders. Other priority areas include advances in information technology to identify anomalies that might indicate terrorist intent on the part of individuals or groups of individuals, and the development of better biometric techniques for verifying or determining terrorist identity.

The NSTC's Committee on Homeland and National Security will work with the Office of Homeland Security, the National Security Council, and the new Department of Homeland Security to identify priorities for and facilitate planning among federal departments and agencies involved in homeland or national security R&D. The coordinated federal effort will emphasize: strategies to combat weapons of mass destruction; radiological and nuclear countermeasures; biological agent detection, diagnostics, therapeutics, and forensics; information analysis; social, behavioral, and educational aspects of combating terrorism; border entry/exit technologies; and linkages to other countries' information systems to permit tracking of large-scale health phenomena.

**Networking and Information Technology R&D:** The budget provides \$2.2 billion (a six-percent increase) for the multi-agency Networking and Information Technology Research and Development Program (NITRD). By coordinating key advanced information technology research efforts, the NITRD agencies leverage resources to make broader advances in computing and networking than a single agency could attain. For example, the NITRD agencies develop and deploy computing platforms and software that perform over a trillion computing operations per second, to support advanced federal research in the biomedical sciences, earth and space sciences, physics, materials science and engineering, and related scientific fields. Accomplishments include: development of end-to-end optical fiber networking, providing vast improvements in bandwidth

and network security for research and commercial applications; new technologies enabling cluster, or "grid," computing, providing for the first time access to high-performance computation for scientific researchers nationwide; technologies for network security protection such as intrusion detection and risk and vulnerability analyses; and technologies for archiving, managing, and using large-scale information repositories, or "digital libraries." In 2004, research emphases include network "trust" (security, reliability, and privacy); high-assurance software and systems; micro- and embedded sensor technologies; revolutionary architectures to reduce the cost, size, and power requirements of high end computing platforms; and social and economic impacts of information technology.

Due to its impact on a wide range of federal agency missions ranging from national security and defense to basic science, high end computing—or supercomputing—capability is becoming increasingly critical. Through the course of 2003, agencies involved in developing or using high end computing will be engaged in planning activities to guide future investments in this area, coordinated through the NSTC. The activities will include the development of an interagency R&D roadmap for high-end computing core technologies, a federal high-end computing capacity and accessibility improvement plan, and a discussion of issues (along with recommendations where applicable) relating to federal procurement of high-end computing systems. The knowledge gained from this process will be used to guide future investments in this area. Research and software to support high end computing will provide a foundation for future federal R&D by improving the effectiveness of core technologies on which next-generation high-end computing systems will rely.

**Nanotechnology R&D:** The budget provides \$792 million for the multi-agency National Nanotechnology Initiative (NNI), a seven-percent increase over 2003. The initiative focuses on long-term research on the manipulation of matter down to the atomic and molecular levels, giving us unprecedented building blocks for new classes of devices as small as molecules and machines as small as human cells. This research could lead to continued improvement in electronics for information technology; higher-performance, lower-maintenance materials for defense, transportation, space, and environmental applications; revolutionary advances in energy conversion and storage technologies; and accelerated biotechnical applications in medicine, healthcare, and agriculture. In 2004, the initiative will continue to focus on fundamental nanoscale research through investments in investigator-led activities, centers and networks of excellence, as well as the supporting infrastructure. Priority areas include:

- research to enable efficient nanoscale manufacturing; novel instrumentation for nanoscale measurements;
- nano-biological systems for medical advances and new products;

- innovative nanotechnology solutions for detection of and protection from biological-chemical-radio-logical-explosive agents;
- the education and training of a new generation of workers for future industries; and
- partnerships and other policies to enhance industrial participation in the nanotechnology revolution.

The convergence of nanotechnology with information technology, modern biology and social sciences will reinvigorate discoveries and innovation in many areas of the economy.

A recent report of the National Research Council (NRC) underscored the importance of nanoscale science and engineering research and praised the NNI for its role in coordinating interagency nanotechnology funding. In response to the recommendations in the report, an external advisory board will provide advice aimed at strengthening the NNI. The President's Council of Advisors for Science and Technology (PCAST), with expertise relevant to nanotechnology or the management of large-scale, multidisciplinary R&D programs, will conduct this external review. PCAST will be tasked with articulating a strategic plan for the program, defining specific grand challenges to guide the program and identifying metrics for measuring progress toward those grand challenges. PCAST will undertake this effort immediately, and it will advise the federal nanotechnology R&D effort on a continuing basis.

**Climate Change R&D:** In February 2002 President Bush announced the formation of a new management structure, the Climate Change Science Program (CCSP), to coordinate and oversee ongoing work in the US Global Change Research Program (USGCRP) and the Climate Change Research Initiative (CCRI), launched by the President in June 2001. The CCSP includes participation from 13 federal agencies with a combined budget of approximately \$1.7 billion for climate change research.

The CCRI component of the program focuses on reducing significant uncertainties in climate science, improving global climate observing systems, and developing resources to support policymaking and resource management. To meet these goals, the 2004 Budget includes \$182 million for government-wide CCRI activities, an increase of \$142 million, which support the following three priority areas: (1) key climate change science efforts in ongoing USGCRP activities; (2) climate quality observations, monitoring, and data management; and (3) climate modeling and other tools to inform decision-makers.

The budget also continues significant funding for climate change technology R&D, which is coordinated through the Climate Change Technology Program (CCTP) as part of the President's National Climate Change Technology Initiative (NCCTI). The CCTP is creating an inventory of climate change technology R&D and will recommend priority programs to help meet the President's near-term goal of an 18-percent reduction in energy intensity by 2012, as well as to

help address the long-term climate change challenge. One priority program and a key component of the President's initiative is the NCCTI Competitive Solicitation program, which competitively awards funds based on a technology's potential to reduce, avoid, or sequester emissions of greenhouse gases. The budget provides \$40 million for this innovative program.

**Education R&D:** The Administration continues to support research that enables the successful development and implementation of research-based programs and practices called for in the No Child Left Behind Act of 2002, including: (1) comparative trials of pre-school curricula, research on developing the English literacy or Spanish speaking students, research on effective mathematics education, and research on social and character development; and, (2) efforts to address fundamental gaps in research knowledge in reading comprehension, cognition and learning in the classroom, teacher quality, knowledge utilization, and proficiency in algebra. This education R&D agenda builds upon the ongoing efforts of the Interagency Education Research Initiative (IERI) being carried out in partnership by the National Science Foundation (\$25 million in 2004), the Department of Education (\$20 million in 2004), and the National Institute of Child Health and Human Development (\$5 million in 2004), as well as the research programs of the individual agencies.

The President's goal of improving the quality of math and science education in Grades K-12 continues to be pursued through the Math and Science Partnerships (MSP) Initiative, which supports school districts to form partnerships with institutions of higher education, allowing scientists and engineers to be part of the solution in improving student math and science achievement. The budget provides \$200 million for this initiative at the National Science Foundation and \$12.5 million at the Department of Education.

### Agency R&D Highlights

Each federal agency conducts R&D in the context of that agency's unique mission, structure, and statutory requirements. Below are highlights of key programs in selected agencies in the 2004 Budget. Table 8-3 shows the FS&T budget. As shown in Table 8-2, these programs and those of other agencies are part of the larger federal R&D portfolio.

**National Institutes of Health (NIH):** The 2004 Budget provides \$27.9 billion for NIH.

- The Administration has demonstrated its strong commitment to biomedical research by completing a five-year doubling of the NIH budget.
- NIH continues to play a key role in addressing pressing health research issues, such as access to state-of-the-art instrumentation and biomedical technologies; development of specialized animal and non-animal research models; and emphasis on "smart" network-connected technologies, computer-aided drug design, gene and molecular ther-

apy development, and bioengineering approaches to decreased health care costs.

- In addition, the NIH budget continues support for biodefense research by providing \$1.6 billion for NIH to accelerate clinical trials; target the development of new therapeutic and vaccine products for agents of bioterrorism; and establish regional Centers of Excellence in Biodefense and Emerging Infectious Diseases.

**National Aeronautics and Space Administration (NASA):** The 2004 Budget provides \$9.2 billion for FS&T programs at NASA, a five-percent increase over the 2003 request.

- The 2004 Budget restructures NASA's programs to fit into a new agency vision and mission that emphasize R&D that only NASA can do, which includes reducing or terminating programs that are low priority or are not central to the agency's mission.
- The budget provides \$90 million (\$2 billion over five years) for the development of the Jupiter Icy Moons Orbiter, the first nuclear-electric space mission. This mission is important in the ongoing search for life beyond Earth, and it will also help prove new power and propulsion technologies for future NASA missions.
- NASA will begin a Human Research Initiative (\$37 million), which will provide the research and experience to understand and address health and logistical challenges posed by the hazardous environment of space.
- The budget provides \$1.1 billion for investments in future launch systems.
- The budget initiates the next generation of Earth Observing System satellites that are a significant part of the Climate Change Science Program.
- A PART assessment found the Mars Exploration Program to be effective, but the program should improve its long-term measures of program results.

**National Science Foundation (NSF):** To further promote research and education across the fields of science and engineering, the 2004 Budget provides \$5.5 billion for NSF (a nine-percent increase over the 2003 request).

- The budget provides a 13-percent increase (or a \$100 million boost) for NSF programs that emphasize the physical sciences, such as awards for individual researchers and centers in physics, chemistry, and astrophysics research. This represents a 35-percent increase (\$219 million) over funding levels of five years ago.
- The budget provides: \$656 million for NSF's lead role in NITRD, focusing on long-term computer science research and applications; \$221 million for NSF's lead role in the National Nanotechnology Initiative; and \$213 million for climate change research.

- To enhance science infrastructure capabilities, the 2004 Budget continues construction of the international Atacama Large Millimeter Array telescope in Chile, the EarthScope projects for investigating features and processes beneath the North American continent, and IceCube, a South Pole facility for detecting neutrinos.
- The budget provides \$200 million for the President's Math and Science Partnership program, to improve the quality of math and science education in Grades K-12. The budget also aims to further attract the most promising U.S. students into graduate level science and engineering by increasing graduate stipends to \$30,000 annually, compared with \$18,000 in 2001.
- PART assessments were conducted on two NSF programs, Tools and Geosciences, which were found to be effective and moderately effective, respectively.

**Department of Energy (DOE):** The 2004 Budget provides \$5.2 billion for FS&T at DOE, a three-percent increase from 2003.

- DOE will begin a major new initiative to accelerate the worldwide availability and affordability of hydrogen-powered fuel cell vehicles. The new FreedomFuel initiative will focus on research to advance hydrogen production, storage, and infrastructure. It complements the FreedomCAR program announced last year, which is aimed at developing viable hydrogen fuel cell vehicle technology.
- The 2004 Budget provides \$3.3 billion for the Office of Science, including funding to ensure its continuing leadership in physical science research and its unique research in genomics, climate change, and supercomputing.
- The budget dedicates \$320.5 million to the President's Coal Research Initiative on clean coal technologies, including \$62 million for carbon sequestration research on ways to economically dispose of greenhouse gases or otherwise isolate them from the environment.
- DOE will continue its emphasis on R&D to improve energy efficiency and reliability in buildings, industry, and the federal government (\$549 million) and on R&D to reduce the cost of renewable energy technologies, such as wind, solar, geothermal, and biomass (\$444 million in 2004, a nine-percent increase).
- The budget provides \$10 million for Generation IV Nuclear Energy Systems Initiative and \$63 million for the Advanced Fuel Cycle Initiative to develop innovative, next-generation nuclear reactor and fuel cycle technologies that are sustainable, proliferation-resistant, and economical.
- This year, DOE assessed all of its major basic science programs using the PART and evaluated 80 individual applied research projects and programs through the R&D investment criteria. The Department will work to improve its measures of

performance and how it estimates the benefits of its R&D.

**Department of Defense (DOD):** DOD funds a wide range of R&D to ensure that our military forces have the tools to protect the nation's security. DOD's 2004 budget includes \$5.0 billion that appears in the FS&T budget.

- The 2004 Budget funds "Science and Technology" programs to explore and develop technical options for new defense systems and to avoid being surprised by new technologies in the hands of adversaries. Areas of emphasis include computing and communications, sensors, nanotechnology, and hypersonic propulsion systems. DOD's S&T includes the basic and applied research counted in FS&T, plus advanced technology development.
- The Missile Defense Agency continues to develop technologies for intercepting ballistic missiles in multiple phases of flight. The budget provides funding for missile defense R&D, which includes new efforts for high-speed, boost-phase interceptors, sea-based radars, directed energy technology and advanced battle management systems.
- The Army continues development efforts in support of the Future Combat System as a major part of its transformation to a lighter, more mobile, and more effective fighting force.
- Development continues on the Joint Strike Fighter, the next generation affordable multi-role fighter aircraft, which will use innovative technologies to keep costs low.
- R&D to address terrorist and other unconventional threats continues to be a high priority. Systems and technologies under development to address defense against chemical or biological agents include: improved detectors of chemical and biological threats; troop protective gear for use under chemical and biological attack that is both more effective and more comfortable; and vaccines to protect against biological agents.

**Department of Agriculture (USDA):** The 2004 Budget provides \$1.8 billion, a one-half percent increase, for FS&T at the Department of Agriculture.

- The budget includes increases above the 2003 Budget for in-house research for high priority needs as follows: counter-terrorism and emerging and exotic diseases (\$8 million increase), genomics (\$8 million increase), and cybersecurity (\$2 million increase).
- The 2004 Budget includes \$5 million in funding for new priority Forest Service research on biobased products, bioenergy, Sudden Oak Death (SOD), and to accelerate research on rapid management response for invasive species.
- A portion of funding associated with the Plum Island Animal Disease Center (PIADC) is included in the budget for the Department of Homeland Security.

**Department of the Interior (DOI):** Within the Department of the Interior, the 2004 Budget provides \$896 million for the United States Geological Survey (USGS), a three-percent increase.

- The budget provides an increase of \$4.1 million to support site specific research to focus eradication efforts against established invasive species, and to initiate development of an invasive species national early detection network.
- An additional \$3 million will enhance the ability of scientists, state and local governments, and citizens to integrate and apply geospatial data and remote sensing imagery.
- \$200 million for water quality and quantity information includes support for 7,200 streamgages, with data available on the web for 80 percent of the streamgages, and continues study on 42 sites for the National Water Quality Assessment program.
- \$5 million will support data integration to inform decisions related to: using water and mineral resources; planning for transportation and utility infrastructure; and reducing the costs of geologic hazards throughout the nation.
- A PART assessment of the National Mapping Program found that the program has a clear purpose and is designed to have a unique impact, but the program is not optimally designed. USGS is working to address these concerns through program evaluation, workforce planning and future business practices.

**Department of Commerce (DOC):** The 2004 Budget provides \$851 million for FS&T at the Department of Commerce.

- For the National Institute of Standards and Technology (NIST), the budget provides \$457 million for research and physical improvements at NIST's Measurement and Standards Laboratories. The budget also supports NIST facilities, including equipment for the Advanced Measurement Laboratory in Maryland and renovations of facilities in Boulder, Colorado.
- The 2004 Budget terminates the Advanced Technology Program (ATP), requesting \$27 million for administrative and termination costs. ATP is intended to fund the development and dissemination of high-risk technologies through cost-shared grants to companies. The Administration believes that other federal R&D programs have a clearer federal role and are of higher priority. Large shares of ATP funding have gone to major corporations, and projects often have been similar to those being carried out by firms not receiving such subsidies. The Administration previously proposed legislative reforms to ATP to help address these concerns, but these have not been enacted.
- For the National Oceanic and Atmospheric Administration (NOAA) the 2004 Budget provides \$367 million, an increase of \$76 million (26 percent),



to improve understanding of climate change, weather, air quality, and ocean processes.

- Within this funding level, the budget provides \$57 million for the National Sea Grant College Program. The recently passed Sea Grant reauthorization takes initial steps to increase the focus on competition within this program. The Administration will continue to work with NOAA to further increase the percentage of funding awarded through merit-based competition.

**Department of Veterans Affairs (VA):** The 2004 Budget provides \$822 million for FS&T at the Department of Veterans Affairs, an increase of 3.4 percent. In addition, the Department receives significant funding from other governmental agencies and private entities to support VA-conducted research, which brings the total VA R&D to \$1.8 billion.

- The 2004 Budget funds clinical, epidemiological, and behavioral studies across a broad spectrum of medical research disciplines.
- Among the agency's top research priorities are improving the translation of research results into patient care, special populations (those afflicted with spinal cord injury, visual and hearing impairments, and serious mental illness), geriatrics, diseases of the brain (e.g., Alzheimer's and Parkinson's disease), treatment of chronic progressive multiple sclerosis, and chronic disease management.

**Environmental Protection Agency (EPA):** The budget provides \$776 million for FS&T for the Environmental Protection Agency to ensure that its efforts to safeguard human health and the environment are based upon the best available scientific and technical information.

- EPA has appointed an Agency Science Advisor to improve environmental science integration and coordination at EPA.
- The President's Budget provides \$6.5 million to improve the validity of existing and proposed chemical testing programs through computational toxicology research, which integrates modern computing with advances in genomics to develop alternatives to traditional animal testing approaches.
- In support of the President's Management Agenda, the Agency will use the R&D Investment Criteria to improve R&D program management and effectiveness and demonstrate performance.
- EPA will continue to improve its risk assessment capabilities, methodologies, and management.

**Department of Transportation (DOT):** The 2004 Budget provides \$606 million for FS&T at the Department of Transportation, an increase of 11 percent.

- The Federal Highway Administration (\$404 million in 2004) supports research, technology, and education to improve the quality and safety of the nation's transportation infrastructure, such as increasing the quality and longevity of roadways,

identifying safety improvements, and promoting congestion mitigation through the use of Intelligent Transportation Systems.

- The budget of the National Highway Traffic Safety Administration provides \$95 million (an increase from 2003 of \$14 million) for R&D in crash worthiness, crash avoidance, and data analysis to help reduce highway fatalities and injuries. The budget also includes funding for a crash causation survey.
- In 2004, R&D at the Federal Motor Carrier Safety Administration focuses on issues including driver safety performance, commercial vehicle safety performance, carrier compliance and safety, and other studies toward the goal of achieving a substantial reduction in crashes and fatalities.
- The 2004 Budget provides \$100 million for the Federal Aviation Administration to maintain its focus on safety and environmental research to develop the most effective technologies to prevent aviation-related accidents and reduce noise pollution.
- The Transportation Security Administration and the Coast Guard, which have each contributed to DOT's R&D portfolio in the past, have been transferred to DHS.

**Department of Education:** The 2004 Budget provides \$373 million for FS&T at the Department of Education, a decrease of \$68 million from the 2003 request.

- The President fulfills his promise to reform education research with the recent creation of the Institute of Education Sciences (IES), through the Education Sciences Reform Act.
- Within IES, the 2004 research portfolio of the National Center for Education Research will support comparative trials of curricula in preschool, mathematics, and English instruction for language minority students, as well as continuing efforts to study reading comprehension and cognition as it relates to student learning.
- The National Institute for Disability and Rehabilitation Research (NIDRR) (\$110 million in 2004) conducts research, demonstration projects and training, and related activities that increase the opportunities for people with disabilities to lead independent lives. Consistent with the President's New Freedom Initiative, NIDRR's activities enhance community integration and employment outcomes. In 2004, NIDRR will continue priority research in areas such as accessibility of telecommunications systems and mental illness.
- The Office of Special Education Programs (OSEP) supports special education research projects, demonstrations, and outreach to provide new knowledge in the field of special education and early intervention, and to translate scientifically valid information into applied educational strategies. These activities promote improved education outcomes for students with disabilities. In 2004, OSEP is planning new research in areas such as teacher quality, assessment and accountability.

**Department of Homeland Security (DHS):** While funding for the new Department of Homeland Security is not currently included in the FS&T budget, the 2004 Budget requests \$1.0 billion for DHS R&D.

- The Department will house a Science and Technology (S&T) Directorate, which will assess the Department’s long-term needs, help develop a policy and strategic plan for identifying priorities and goals and will support the conduct of R&D for developing countermeasures to chemical, biological, radiological and nuclear weapons and other terrorist threats. The 2004 request for direct activities of the S&T Directorate is \$803 million.
- DHS will harness the expertise, energy and ingenuity of the private sector, academia, and government labs to develop and produce advanced technologies, systems, and procedures needed for homeland security.
- The creation of DHS consolidates a large share of homeland-security related R&D into one agency, which will ensure consistent strategic direction; DHS will coordinate with other agencies to avoid wasteful duplication. For example, the Department will carefully plan and coordinate R&D to increase the effectiveness of threat detection, destruction, and mitigation activities, and provide new related capabilities where none existed previously.

**Stimulating Private Investment**

Along with direct spending on R&D, the federal government has sought to stimulate private R&D investment through 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 nearly \$23 billion over the period from 2004 to 2008, and \$68 billion through 2013. In addition, a permanent tax provision lets companies deduct, up front, the costs of certain kinds of research and experimentation, rather than capitalize these costs. Finally, equipment used for research benefits from relatively rapid cost recovery. Table 8–1 shows a forecast of the costs of the tax credit.

**Table 8–1. PERMANENT EXTENSION OF THE RESEARCH AND EXPERIMENTATION TAX CREDIT**  
(Budget authority, dollar amounts in millions)

|                          | 2004         | 2005         | 2006         | 2007         | 2008         | 2004–2008     |
|--------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Current Law .....        | 4,990        | 2,910        | 1,240        | 520          | 170          | 9,830         |
| Proposed Extension ..... | 1,005        | 3,278        | 5,187        | 6,291        | 7,129        | 22,890        |
| <b>Total .....</b>       | <b>5,995</b> | <b>6,188</b> | <b>6,427</b> | <b>6,811</b> | <b>7,299</b> | <b>32,720</b> |

**IV. FEDERAL R&D DATA**

**Federal R&D Funding**

R&D is the collection of efforts directed towards gaining fuller knowledge or understanding and applying knowledge toward the production of useful materials, devices, and methods. R&D investments can be characterized as basic research, applied research, development, R&D equipment, or R&D facilities, and OMB has used those or similar categories in its collection of R&D data since 1949.

**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 or understanding, directed 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 such fixed facilities as reactors, wind tunnels, and particle accelerators.

There are over twenty federal agencies that fund R&D in the U.S. The nature of the R&D that these agencies fund depends on the mission of each agency and on the role of R&D in accomplishing it. Table 8–2

shows agency-by-agency spending on basic and applied research, development, and R&D equipment and facilities.

**Table 8–2. FEDERAL RESEARCH AND DEVELOPMENT SPENDING**

(Budget authority, dollar amounts in millions)

|   | 2002 Estimate  | 2003 Proposed  | 2004 Proposed  | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|---|----------------|----------------|----------------|--------------------------------|---------------------------------|
| <b>By Agency</b>                                    |                |                |                |                                |                                 |
| Defense .....                                       | 49,409         | 57,498         | 62,753         | 5,255                          | 9%                              |
| Health and Human Services .....                     | 23,497         | 27,466         | 28,031         | 565                            | 2%                              |
| National Aeronautics and Space Administration ..... | 9,611          | 10,071         | 11,009         | 938                            | 9%                              |
| Energy .....  | 8,056          | 8,076          | 8,535          | 459                            | 6%                              |
| National Science Foundation .....                   | 3,557          | 3,692          | 4,062          | 370                            | 10%                             |
| Agriculture .....                                   | 2,112          | 1,911          | 1,943          | 32                             | 2%                              |
| Veterans Affairs .....                              | 1,126          | 1,188          | 1,232          | 44                             | 4%                              |
| Commerce .....                                      | 1,376          | 1,304          | 1,190          | -114                           | -9%                             |
| Homeland Security .....                             | 266            | 761            | 1,001          | 240                            | 32%                             |
| Transportation .....                                | 774            | 627            | 693            | 66                             | 11%                             |
| Interior .....                                      | 623            | 575            | 633            | 58                             | 10%                             |
| Environmental Protection Agency .....               | 416            | 627            | 556            | -71                            | -11%                            |
| Other .....   | 1,206          | 1,206          | 1,100          | -106                           | -9%                             |
| <b>Total .....</b>                                  | <b>102,029</b> | <b>115,002</b> | <b>122,738</b> | <b>7,736</b>                   | <b>7%</b>                       |
| <b>Basic Research</b>                               |                |                |                |                                |                                 |
| Defense .....                                       | 1,334          | 1,417          | 1,309          | -108                           | -8%                             |
| Health and Human Services .....                     | 13,000         | 14,304         | 14,983         | 679                            | 5%                              |
| National Aeronautics and Space Administration ..... | 1,911          | 2,268          | 2,535          | 267                            | 12%                             |
| Energy .....  | 2,536          | 2,522          | 2,571          | 49                             | 2%                              |
| National Science Foundation .....                   | 3,090          | 3,228          | 3,505          | 277                            | 9%                              |
| Agriculture .....                                   | 797            | 823            | 819            | -4                             | 0%                              |
| Veterans Affairs .....                              | 465            | 509            | 495            | -14                            | -3%                             |
| Commerce .....                                      | 362            | 359            | 412            | 53                             | 15%                             |
| Homeland Security .....                             | 32             | 47             | 47             | 0                              | 0%                              |
| Transportation .....                                | 17             | 16             | 37             | 21                             | 131%                            |
| Interior .....                                      | 41             | 39             | 38             | -1                             | -3%                             |
| Environmental Protection Agency .....               | 63             | 100            | 101            | 1                              | 1%                              |
| Other .....   | 201            | 213            | 218            | 5                              | 2%                              |
| <b>Subtotal .....</b>                               | <b>23,849</b>  | <b>25,845</b>  | <b>27,070</b>  | <b>1,225</b>                   | <b>5%</b>                       |
| <b>Applied Research</b>                             |                |                |                |                                |                                 |
| Defense .....                                       | 4,081          | 4,289          | 3,670          | -619                           | -14%                            |
| Health and Human Services .....                     | 10,038         | 12,152         | 12,820         | 668                            | 5%                              |
| National Aeronautics and Space Administration ..... | 2,810          | 3,101          | 2,947          | -154                           | -5%                             |
| Energy .....  | 2,458          | 2,538          | 2,901          | 363                            | 14%                             |
| National Science Foundation .....                   | 185            | 199            | 204            | 5                              | 3%                              |
| Agriculture .....                                   | 875            | 821            | 847            | 26                             | 3%                              |
| Veterans Affairs .....                              | 638            | 653            | 712            | 59                             | 9%                              |
| Commerce .....                                      | 715            | 660            | 592            | -68                            | -10%                            |
| Homeland Security .....                             | 78             | 64             | 126            | 62                             | 97%                             |
| Transportation .....                                | 502            | 376            | 411            | 35                             | 9%                              |
| Interior .....                                      | 522            | 481            | 537            | 56                             | 12%                             |
| Environmental Protection Agency .....               | 262            | 355            | 356            | 1                              | 0%                              |
| Other .....   | 610            | 645            | 661            | 16                             | 2%                              |
| <b>Subtotal .....</b>                               | <b>23,774</b>  | <b>26,334</b>  | <b>26,784</b>  | <b>450</b>                     | <b>2%</b>                       |
| <b>Development</b>                                  |                |                |                |                                |                                 |
| Defense .....                                       | 43,775         | 51,677         | 57,625         | 5,948                          | 12%                             |
| Health and Human Services .....                     | 104            | 139            | 124            | -15                            | -11%                            |
| National Aeronautics and Space Administration ..... | 2,588          | 2,630          | 3,061          | 431                            | 16%                             |
| Energy .....  | 1,990          | 2,007          | 2,088          | 81                             | 4%                              |
| National Science Foundation .....                   | 0              | 0              | 0              | 0                              | N/A                             |
| Agriculture .....                                   | 132            | 134            | 137            | 3                              | 2%                              |
| Veterans Affairs .....                              | 23             | 26             | 25             | -1                             | -4%                             |
| Commerce .....                                      | 145            | 78             | 43             | -35                            | -45%                            |
| Homeland Security .....                             | 93             | 537            | 663            | 126                            | 23%                             |
| Transportation .....                                | 244            | 216            | 226            | 10                             | 5%                              |
| Interior .....                                      | 60             | 55             | 58             | 3                              | 5%                              |
| Environmental Protection Agency .....               | 91             | 172            | 99             | -73                            | -42%                            |

**Table 8-2. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued**

(Budget authority, dollar amounts in millions)

|   | 2002 Estimate | 2003 Proposed | 2004 Proposed | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|---|---------------|---------------|---------------|--------------------------------|---------------------------------|
| Other .....   | 379           | 334           | 214           | -120                           | -36%                            |
| <b>Subtotal .....</b>                               | <b>49,624</b> | <b>58,005</b> | <b>64,363</b> | <b>6,358</b>                   | <b>11%</b>                      |
| <b>Facilities and Equipment</b>                     |               |               |               |                                |                                 |
| Defense .....                                       | 219           | 115           | 149           | 34                             | 30%                             |
| Health and Human Services .....                     | 355           | 871           | 104           | -767                           | -88%                            |
| National Aeronautics and Space Administration ..... | 2,302         | 2,072         | 2,466         | 394                            | 19%                             |
| Energy .....  | 1,072         | 1,009         | 975           | -34                            | -3%                             |
| National Science Foundation .....                   | 282           | 265           | 353           | 88                             | 33%                             |
| Agriculture .....                                   | 308           | 133           | 140           | 7                              | 5%                              |
| Veterans Affairs .....                              | 0             | 0             | 0             | 0                              | N/A                             |
| Commerce .....                                      | 154           | 207           | 143           | -64                            | -31%                            |
| Homeland Security .....                             | 63            | 113           | 165           | 52                             | N/A                             |
| Transportation .....                                | 11            | 19            | 19            | 0                              | 0%                              |
| Interior .....                                      | 0             | 0             | 0             | 0                              | N/A                             |
| Environmental Protection Agency .....               | 0             | 0             | 0             | 0                              | N/A                             |
| Other .....   | 16            | 14            | 7             | -7                             | -50%                            |
| <b>Subtotal .....</b>                               | <b>4,782</b>  | <b>4,818</b>  | <b>4,521</b>  | <b>-297</b>                    | <b>-6%</b>                      |

**Federal Science and Technology Budget**

Table 8-3 contains the FS&T budget, which accounts for nearly all of federal basic research, over 80 percent of federal applied research, and about half of civilian development. The FS&T budget highlights the creation of new knowledge and technologies more consistently

and accurately than the traditional R&D data collection. Also, because the FS&T budget emphasizes research, funding for defense development, testing, and evaluation is absent. FS&T is readily tracked through the budget and appropriations process, so the effects of budget decisions are clearer more immediately.

**Table 8-3. FEDERAL SCIENCE AND TECHNOLOGY BUDGET**

(Budget authority, dollar amounts in millions)

|   | 2002 Estimate | 2003 Proposed | 2004 Proposed | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|---|---------------|---------------|---------------|--------------------------------|---------------------------------|
| <b>By Agency</b>  |               |               |               |                                |                                 |
| <b>National Institutes of Health .....</b>                | <b>23,279</b> | <b>27,344</b> | <b>27,893</b> | <b>549</b>                     | <b>2%</b>                       |
| <b>NASA .....</b>   | <b>7,868</b>  | <b>8,701</b>  | <b>9,164</b>  | <b>463</b>                     | <b>5%</b>                       |
| Space Science .....                                       | 2,902         | 3,414         | 4,007         | 593                            | 17%                             |
| Earth Science .....                                       | 1,592         | 1,628         | 1,552         | -76                            | -5%                             |
| Biological & Physical Research .....                      | 824           | 842           | 973           | 131                            | 16%                             |
| Aeronautics Technology <sup>1</sup> .....                 | 997           | 947           | 959           | 12                             | 1%                              |
| Crosscutting Technologies <sup>1</sup> .....              | 1,553         | 1,869         | 1,673         | -196                           | -11%                            |
| <b>National Science Foundation .....</b>                  | <b>4,823</b>  | <b>5,028</b>  | <b>5,481</b>  | <b>453</b>                     | <b>9%</b>                       |
| <b>Energy<sup>2</sup> .....</b>                           | <b>5,194</b>  | <b>5,065</b>  | <b>5,211</b>  | <b>146</b>                     | <b>3%</b>                       |
| Science Programs .....                                    | 3,232         | 3,256         | 3,311         | 55                             | 2%                              |
| Renewable Energy .....                                    | 385           | 407           | 444           | 37                             | 9%                              |
| Nuclear Energy <sup>3</sup> .....                         | 362           | 327           | 388           | 61                             | 19%                             |
| Energy Conservation <sup>4</sup> .....                    | 631           | 596           | 549           | -47                            | -8%                             |
| Fossil Energy <sup>5</sup> .....                          | 583           | 479           | 519           | 40                             | 8%                              |
| <b>Defense .....</b>                                      | <b>5,415</b>  | <b>5,706</b>  | <b>4,979</b>  | <b>-727</b>                    | <b>-13%</b>                     |
| Basic Research .....                                      | 1,334         | 1,417         | 1,309         | -108                           | -8%                             |
| Applied Research .....                                    | 4,081         | 4,289         | 3,670         | -619                           | -14%                            |
| <b>Agriculture .....</b>                                  | <b>1,862</b>  | <b>1,834</b>  | <b>1,843</b>  | <b>9</b>                       | <b>0%</b>                       |
| CSREES Research & Education <sup>6</sup> .....            | 551           | 560           | 526           | -34                            | -6%                             |
| Economic Research Service .....                           | 67            | 73            | 77            | 4                              | N/A                             |
| Agricultural Research Service <sup>7</sup> .....          | 1,003         | 958           | 987           | 29                             | 3%                              |
| Forest Service <sup>8</sup> .....                         | 241           | 243           | 253           | 10                             | 4%                              |
| <b>Interior (USGS) .....</b>                              | <b>914</b>    | <b>867</b>    | <b>896</b>    | <b>29</b>                      | <b>3%</b>                       |
| <b>Commerce .....</b>                                     | <b>926</b>    | <b>841</b>    | <b>851</b>    | <b>10</b>                      | <b>1%</b>                       |
| NOAA (Oceanic & Atmospheric Research) <sup>9</sup> .....  | 356           | 291           | 367           | 76                             | 26%                             |
| NIST <sup>10</sup> .....                                  | 570           | 550           | 484           | -66                            | -12%                            |
| <b>Veterans Affairs<sup>11</sup> .....</b>                | <b>756</b>    | <b>794</b>    | <b>822</b>    | <b>28</b>                      | <b>4%</b>                       |
| <b>Environmental Protection Agency<sup>12</sup> .....</b> | <b>788</b>    | <b>825</b>    | <b>776</b>    | <b>-49</b>                     | <b>-6%</b>                      |
| <b>Transportation .....</b>                               | <b>693</b>    | <b>548</b>    | <b>606</b>    | <b>58</b>                      | <b>11%</b>                      |

**Table 8-3. FEDERAL SCIENCE AND TECHNOLOGY BUDGET—Continued**

(Budget authority, dollar amounts in millions)

|  | 2002 Estimate | 2003 Proposed | 2004 Proposed | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|--|---------------|---------------|---------------|--------------------------------|---------------------------------|
| Highway research <sup>13</sup> .....                         | 448           | 421           | 506           | 85                             | 20%                             |
| Aviation research <sup>14</sup> .....                        | 245           | 127           | 100           | -27                            | -21%                            |
| <b>Education</b> .....                                       | <b>310</b>    | <b>363</b>    | <b>373</b>    | <b>10</b>                      | <b>3%</b>                       |
| Special Education Research and Innovation .....              | 78            | 78            | 78            | 0                              | 0%                              |
| NIDRR <sup>15</sup> .....                                    | 110           | 110           | 110           | 0                              | 0%                              |
| Research, Development, and Dissemination <sup>16</sup> ..... | 122           | 175           | 185           | 10                             | 6%                              |
| <b>Total</b> .....   | <b>52,828</b> | <b>57,916</b> | <b>58,894</b> | <b>978</b>                     | <b>2%</b>                       |

<sup>1</sup> Aeronautics Technology and Crosscutting Technologies replace what had been listed as Aerospace Technology.<sup>2</sup> All years reflect levels before transfer of funds to Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.<sup>3</sup> All years reflect transfer of oversight responsibility for the Idaho National Engineering and Environmental Laboratory.<sup>4</sup> Excludes weatherization and state grant programs.<sup>5</sup> Enacted and requested levels exclude balances transferred from the Clean Coal Technology program: \$34 million in 2002 and \$40 million in 2003.<sup>6</sup> Excludes receipts for Native American Endowment, \$7 million in 2002, and \$7 million in 2003, and \$9 million in 2004.<sup>7</sup> Excludes buildings and facilities. Excludes portion of Plum Island Animal Disease Center, now included in DHS.<sup>8</sup> Forest and Rangeland Research.<sup>9</sup> The 2003 level does not include the Sea Grant program.<sup>10</sup> Excludes Manufacturing Extension Program.<sup>11</sup> Medical Research.<sup>12</sup> Science and Technology plus superfund transfer. Includes combating-terrorism supplemental funding, primarily for drinking water vulnerability assessments. The 2003 superfund transfer includes funding for building decontamination research.<sup>13</sup> Includes R&D funding for the Federal Highway Administration, the Federal Motor Carrier Safety Administration, and the National Highway Traffic Safety Administration.<sup>14</sup> Federal Aviation Administration Research, Engineering, and Development. Starting with 2003 request, excludes funding for aviation security research, now funded through DHS's Transportation Security Administration.<sup>15</sup> National Institute on Disability and Rehabilitation Research.<sup>16</sup> Does not include funding for Regional Educational Labs.**Interagency R&D Efforts**

Nanotechnology Initiative, and the Climate Change Science Program.

Table 8-4 shows agency spending for Networking and Information Technology R&amp;D, the National

**Table 8-4. AGENCY DETAIL OF SELECTED INTERAGENCY R&D EFFORTS**

(Budget authority, dollar amounts in millions)

|  | 2002 Estimate | 2003 Proposed | 2004 Proposed | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|--|---------------|---------------|---------------|--------------------------------|---------------------------------|
| <b>Networking and Information Technology R&amp;D</b> |               |               |               |                                |                                 |
| National Science Foundation .....                    | 662           | 678           | 724           | 46                             | 7%                              |
| Defense .....  | 439           | 442           | 461           | 19                             | 4%                              |
| Health and Human Services <sup>1</sup> .....         | 347           | 374           | 441           | 67                             | 18%                             |
| Energy .....   | 306           | 310           | 317           | 7                              | 2%                              |
| NASA .....   | 181           | 213           | 195           | -18                            | -8%                             |
| Commerce .....                                       | 36            | 38            | 39            | 1                              | 3%                              |
| Environmental Protection Agency .....                | 2             | 2             | 2             | 0                              | 0%                              |
| <b>Total</b> .....                                   | <b>1,973</b>  | <b>2,057</b>  | <b>2,179</b>  | <b>122</b>                     | <b>6%</b>                       |
| <b>National Nanotechnology Initiative</b>            |               |               |               |                                |                                 |
| National Science Foundation .....                    | 204           | 221           | 247           | 26                             | 12%                             |
| Energy .....   | 89            | 133           | 197           | 64                             | 48%                             |
| Defense .....  | 180           | 202           | 176           | -26                            | -13%                            |
| National Institutes of Health .....                  | 59            | 65            | 70            | 5                              | 8%                              |
| Commerce (NIST) .....                                | 77            | 78            | 53            | -25                            | -32%                            |
| NASA .....   | 35            | 33            | 31            | -2                             | -6%                             |
| Agriculture .....                                    | 0             | 1             | 10            | 9                              | 900%                            |
| Environmental Protection Agency .....                | 6             | 6             | 5             | -1                             | -17%                            |
| Homeland Security (TSA) <sup>2</sup> .....           | 2             | 2             | 2             | 0                              | 0%                              |
| Justice .....  | 1             | 1             | 1             | 0                              | 0%                              |
| <b>Total</b> .....                                   | <b>653</b>    | <b>742</b>    | <b>792</b>    | <b>50</b>                      | <b>7%</b>                       |
| <b>Climate Change Science Program</b>                |               |               |               |                                |                                 |
| NASA .....   | 1,090         | 1,112         | 1,068         | -44                            | -4%                             |
| National Science Foundation .....                    | 189           | 203           | 213           | 10                             | 5%                              |
| Commerce (NOAA) .....                                | 100           | 118           | 136           | 18                             | 15%                             |
| Energy .....   | 117           | 129           | 133           | 4                              | 3%                              |
| Agriculture .....                                    | 55            | 66            | 73            | 7                              | 11%                             |
| National Institutes of Health .....                  | 56            | 59            | 61            | 2                              | 3%                              |
| Interior (USGS) .....                                | 26            | 26            | 26            | 0                              | 0%                              |
| Environmental Protection Agency .....                | 21            | 22            | 22            | 0                              | 0%                              |

**Table 8-4. AGENCY DETAIL OF SELECTED INTERAGENCY R&D EFFORTS—Continued**  
(Budget authority, dollar amounts in millions)

|  | 2002 Estimate | 2003 Proposed | 2004 Proposed | Dollar Change:<br>2003 to 2004 | Percent Change:<br>2003 to 2004 |
|--|---------------|---------------|---------------|--------------------------------|---------------------------------|
| Smithsonian .....                                    | 6             | 6             | 6             | 0                              | 0%                              |
| U.S. Agency for International Development .....      | 6             | 6             | 6             | 0                              | 0%                              |
| Transportation .....                                 | 0             | 0             | 4             | 4                              | N/A                             |
| State .....  | 0             | 0             | 1             | 1                              | N/A                             |
| <b>Total .....</b>                                   | <b>1,666</b>  | <b>1,747</b>  | <b>1,749</b>  | <b>2</b>                       | <b>0%</b>                       |
| <b>Subtotal, CCRI (included in CCSP total) .....</b> | <b>0</b>      | <b>40</b>     | <b>182</b>    | <b>142</b>                     | <b>355%</b>                     |

<sup>1</sup> Includes funds from offsetting collections for the Agency for Healthcare Research and Quality: \$21 million in 2002, \$15 million in 2003, and \$55 million in 2004.

<sup>2</sup> Activities of the Transportation Security Administration, formerly within DOT.

**Allocation of Research Funding**

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. The Administration supports the competitive, merit review process for funding research in most cases. However, there are appropriate roles for other modes of allocating research funding in some circumstances, such as funding research at specific facilities that have unique capabilities.

In order to better understand and characterize the methods agencies use to allocate their research funding, agencies reported how research funds are allocated by the following five categories:

**Research performed at congressional direction** consists of intramural and extramural research programs where funded activities are awarded to a single performer or collection of performers with limited or no competitive selection or with competitive selection but outside of the agency’s primary mission, based on direction from the Congress in law, in report language, or by other direction.

**Inherently unique research** is intramural and extramural research programs 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 to address an emergency).

**Merit-reviewed research with limited competitive selection** is intramural and extramural research programs where funded activities are competitively award-

ed 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 DOD, NASA, EPA, NOAA, and NIH; Federally-Funded Research and Development Centers; formula funds for USDA).

**Merit-reviewed research with competitive selection and internal (program) evaluation** is intramural and extramural research programs 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 DOD).

**Merit-reviewed research with competitive selection and external (peer) evaluation** is intramural and extramural research programs 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 8-5 lists how federal R&D agencies report allocating research funding among these categories.

**Table 8-5. ALLOCATION OF FEDERAL RESEARCH FUNDING, 2002 and 2003**  
(Percent of Agency Research)

|   | Research Performed at Congressional Direction* |            | Inherently Unique Research |              | Merit-Reviewed Research with Limited Competitive Selection |               | Merit-Reviewed Research, Competitive Selection and Internal Evaluation |              | Merit-Reviewed Research, Competitive Selection and External Evaluation |               |
|---|--|------------|----------------------------|--------------|--|---------------|--|--------------|--|---------------|
|   | 2002   | 2003       | 2002                       | 2003         | 2002   | 2003          | 2002   | 2003         | 2002   | 2003          |
| <b>By Agency.</b>                                   |  |            |                            |              |  |               |  |              |  |               |
| Health and Human Services .....                     | 1%   | N/A        | 1%                         | 1%           | 18%  | 17%           | 1%   | 1%           | 80%  | 81%           |
| Defense .....                                       | 10%  | N/A        | 8%                         | 8%           | 19%  | 21%           | 60%  | 67%          | 3%   | 3%            |
| National Aeronautics and Space Administration ..... | 6%   | N/A        | 3%                         | 1%           | 5%   | 6%            | 39%  | 37%          | 46%  | 55%           |
| Energy .....  | 5%   | N/A        | 21%                        | 21%          | 51%  | 55%           | 7%   | 7%           | 16%  | 17%           |
| National Science Foundation .....                   | 0%   | N/A        | 0%                         | 0%           | 5%   | 5%            | 7%   | 6%           | 88%  | 89%           |
| Agriculture .....                                   | 4%   | N/A        | 50%                        | 51%          | 36%  | 39%           | 0%   | 0%           | 9%   | 10%           |
| Veterans Affairs .....                              | 0%   | N/A        | 0%                         | 0%           | 0%   | 0%            | 33%  | 33%          | 67%  | 67%           |
| Commerce .....                                      | 4%   | N/A        | 42%                        | 49%          | 15%  | 15%           | 22%  | 22%          | 17%  | 14%           |
| Interior .....                                      | 7%   | N/A        | 33%                        | 32%          | 34%  | 39%           | 24%  | 27%          | 2%   | 2%            |
| Environmental Protection Agency .....               | 5%   | N/A        | 7%                         | 9%           | 54%  | 45%           | 15%  | 15%          | 19%  | 31%           |
| Transportation .....                                | 16%  | N/A        | 14%                        | 24%          | 0%   | 0%            | 69%  | 76%          | 0%   | 0%            |
| Education .....                                     | 0%   | N/A        | 0%                         | 0%           | 0%   | 0%            | 0%   | 0%           | 100%   | 100%          |
| Homeland Security .....                             | 15%  | N/A        | 5%                         | 41%          | 75%  | 55%           | 5%   | 4%           | 0%   | 0%            |
| Smithsonian Institution .....                       | 0%   | N/A        | 100%                       | 100%         | 0%   | 0%            | 0%   | 0%           | 0%   | 0%            |
| Other .....   | 81%  | N/A        | 1%                         | 7%           | 3%   | 15%           | 14%  | 72%          | 1%   | 5%            |
| <b>Percent of Agency Research .....</b>             | <b>4%</b>                                      | <b>N/A</b> | <b>7%</b>                  | <b>7%</b>    | <b>20%</b>   | <b>20%</b>    | <b>15%</b>   | <b>15%</b>   | <b>54%</b>   | <b>58%</b>    |
| <b>Research Funding (dollars in millions) .....</b> | <b>1,977</b>                                   | <b>N/A</b> | <b>3,553</b>               | <b>3,548</b> | <b>9,313</b>   | <b>10,235</b> | <b>7,064</b>   | <b>7,541</b> | <b>25,717</b>  | <b>29,772</b> |

\*2003 levels for this category are generally not available yet, so percentages shown for 2003 have been modified to add to 100 percent without this category.





## 9. 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 2002, there were \$251 billion in Federal direct loans outstanding and \$1,145 billion in loan guarantees. Through its insurance programs, the Federal Government insures bank, thrift, and credit union deposits, guarantees private defined-benefit pensions, and insures against other risks such as natural disasters, all up to certain limits.

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 2002, the face value of GSE lending totaled \$3.6 trillion. In return for serving social purposes, GSEs enjoy many privileges, which differ across GSEs. In general, GSEs can borrow from Treasury in amounts ranging up to \$4 billion at Treasury's discretion, GSEs' corporate earnings are exempt from state and local income taxation, GSE securities are exempt from SEC registration, and banks and thrifts are allowed to hold GSE securities in unlimited amounts and use them to collateralize public deposits. 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 fast because of rapid technological advances and active deregulation. The Federal Government, therefore, needs to monitor financial market developments closely and to adapt the extent and nature of credit and insurance programs to changing environments.

The rest of this chapter is organized as follows.

- The first section analyzes 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 role of Federal programs, however, may still be critical in some areas.
- The second section identifies four key criteria for evaluating Federal programs: objectives, economic justification, availability of alternative means, and efficiency. Recognizing that improving efficiency is a continual concern, this section pays particular attention to it, including discussion of asset management.
- The third section reviews Federal credit programs and GSEs in four sectors: housing, education, business and community development, and exports. This section discusses program objectives, recent developments, and future plans for each program.
- The final section describes Federal deposit insurance, pension guarantees, disaster insurance, and insurance against terrorism and other security-related risks 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 categories: 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 cases, private lending and insurance businesses efficiently meet societal demands by allocating resources to the most productive uses, and Federal intervention is unnecessary or can even be distortionary. However, Federal intervention may im-

prove the market outcome in some situations. The market imperfections that justify some Federal involvement are the following.

- **Information opacity** interferes with the optimal allocation of capital. 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 limited incomes and credit histories. Because it is difficult for those borrowers to prove their creditworthiness to a large number of lenders, they must rely on the subjective judgments of a few lenders. In this situation, many creditworthy borrowers may fail to obtain credit.

Even for borrowers who are approved for credit, insufficient competition can result in higher interest rates. Government intervention, such as loan guarantees, enables these groups of borrowers to obtain credit more easily and cheaply and provides an opportunity for the lender to become more comfortable with that group of borrowers. Similarly, the private sector efficiently insures against various risks. Insurance companies estimate expected loss based on probabilities of loss-generating events and charge adequate premiums. Private insurers, however, are reluctant to insure against an event for which they cannot reasonably estimate the probability and the magnitude of loss. Without these estimates, they cannot properly set the premium. Terrorism emerged as one of these cases after the September 11 attacks. The loss from terrorism is highly unpredictable and can turn out to be enormous. In this case, Government intervention limiting uncertainties for the private sector is necessary to ensure the provision of insurance, until the private sector understands the particular risk better.

- **Externalities** cause either underinvestment or overinvestment in some sectors. Decisions at the individual level are not socially optimal when individuals 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. The general public benefits from high productivity and good citizenship of a well-educated person and suffers from pollution. Without Government intervention, people will 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 those activities that produce positive externalities or reduce negative externalities by offering subsidized credit or other rewards such as tax benefits, while discouraging activities producing negative externalities by imposing taxes or other penalties.
- **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 economic times. Furthermore, if depositors come to doubt 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. Some catastrophic events can also threaten the solvency of private

insurers. For some events involving a very large loss concentrated in a short time period, therefore, Government insurance commanding more resources can be more credible and effective.

- Imperfect competition justifies some Government intervention. Competition is imperfect in some markets because of barriers to entry, economies of scale, and foreign government intervention. For example, legal barriers to entry or 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 lending programs aiming to increase the availability of credit and lower the borrowing cost for those rural residents may improve economic efficiency.

### Changing Financial Markets

Financial markets have undergone fundamental changes that continue to alter their long-term trend. The main forces behind these changes are financial services deregulation and technological advances, which promoted competition and economic efficiency. Deregulation has promoted consolidation by removing legal barriers to business combinations. By increasing the availability of information and lowering transaction costs, technological advances have significantly contributed to enhancing liquidity, refining risk management tools, and spurring globalization. Interacting with these developments, however, have been some unsettling events, such as the ballooning and then plunging stock market, recession, and accounting scandals.

**Financial services deregulation** has promoted competition by removing geographic and industry barriers. The Riegle-Neal Interstate Banking and Branching Act of 1997 completed the demolition of geographic barriers in banking that had been going on at the state level for two decades. The Financial Services Modernization Act of 1999 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 computers, 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 generally 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 unique characteristics, customers in distant areas, and customers offering small business volume. A notable example of increased competition is the credit card business, where offering lower rates to lower-risk customers has become much more common in recent years.

**Consolidation** among financial institutions, especially banks, has been very active due to deregulation and increased competition. Because of active consolidation, the number of banks has sharply decreased, and the market share of large banks has increased. At the end of calendar 2001, there were about 8,100 commercial banks, which represented a decrease by about 4,300 or 35 percent from the end of calendar 1990. The top 10 and 100 banks respectively controlled 40 and 73 percent of banking assets at the end of calendar 2001, compared with 21 and 51 percent at the end of calendar 1990. Consolidation across traditional industry boundaries has produced financial holding companies that control multiple types of financial institutions. The pace of consolidation, however, slowed in recent years due to slumping stock markets.

**Direct capital market** access by borrowers has become easier. Advances in communication and information processing technology enabled many companies (less-established medium-sized companies, as well as large well-known ones) to validate their financial information at low costs and to borrow directly in capital markets, instead of relying on banks. In particular, growth of commercial paper (short-term financing instruments issued by corporations) substantially outpaced growth of bank business loans in the 1990s. This long-term trend, however, has been seriously interrupted by the last recession and recent accounting scandals that caused some instability in financial markets. In recent periods, the volume of commercial paper issued by nonfinancial companies dropped below \$160 billion, which was less than one half of the peak level reached in 2000. Some borrowers with relatively low credit ratings were denied access, and even borrowers with higher credit ratings had to reduce their reliance on commercial paper because of investors' increased concern about the riskiness of short-term financing. Heavy reliance on short-term financing can quickly worsen financial distress by causing refinancing difficulty.

**Nonbank financial institutions** have increased their market share, partly thanks to advanced communications and information processing technology that helped to level the playing field. Finance companies are a major nonbank lender. Over the last decade, both consumer loans and business loans have been growing at finance companies faster than at commercial banks. In the 1990s, venture capital firms emerged as a major

financing source for small, start-up firms that had relied heavily on banks. During the last stock-market boom, the growth of venture capital firms was rather phenomenal. Between calendar 1995 and calendar 2000, their new investments, which were mostly in small firms' equity, jumped 18-fold, to over \$100 billion. Venture capital investments, however, plunged, as the stock market slumped. During the first three quarters of calendar 2002, venture capital firms invested only about \$17 billion.

**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, facilitating small investors' participation in the stock market. Internet-only banks, which emerged recently, bid up deposit interest rates. Furthermore, their services are nationwide. The Electronic Signatures in Global and National Commerce Act of 2000, which eliminates legal barriers to the use of electronic technology to sign contracts, should accelerate the growth of transactions over the Internet.

**Securitization** (pooling a certain type of asset and selling shares of the asset pool to investors) is a financial process accelerated by technological advances. Increased transparency of asset quality created demand for securitized assets. Securitization has enhanced liquidity in financial markets by enabling lenders to raise funds without borrowing or issuing equity. It also helps financial institutions to reduce risk exposure to a particular line of business. 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 to a limited extent 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, swaps, and futures, have improved investors' ability to manage risk. Financial institutions and many nonfinancial companies are increasingly using these relatively new instruments to manage various types of risk such as price risk, interest rate risk, credit risk, and even catastrophe-related risk. Price risk can be easily managed through standard derivative contracts such as options and futures. The interest rate swap is an effective tool to reduce a firm's exposure to interest rate movements. Interest rate swaps are widely used by financial institutions that have many fixed-interest rate assets, such as mortgage lenders. Credit derivatives, which can be used as insurance against loan default, gained more popularity in recent periods, as default by some large corporations such as Enron and WorldCom heightened investors' concern about default risk. After the September 11 attacks, catastrophe bonds drew considerable attention as a potential means to manage a large risk. Through the bonds, the potential large loss from a catastrophe can be spread among a large number of inves-

tors, instead of a few insurance companies. The size of the catastrophe bond market, however, is still very small.

**Globalization** is another important consequence 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. With international competition, even very large financial institutions have little ability to influence the market.

**Slumping stock markets, the last recession, and recent accounting scandals** caused financing difficulties for some businesses. Stock market declines raised the cost of equity financing for most corporations and substantially reduced the supply of venture capital for small, start-up businesses. The last recession increased the delinquency rate of business loans. The delinquency rate kept increasing because, as usual, loan delinquencies followed the economic downturn with a lag. The increased delinquency rate made it more difficult for some businesses to obtain loans by making banks more cautious. Recent accounting scandals involving large companies such as Enron and WorldCom caused investors to become unusually jittery about the reliability of financial reports and default risk. The stock market reacted negatively, further increasing the cost of equity financing. Bond financing also became more difficult and expensive for companies with low credit ratings, despite low interest rates in other sectors of the economy. The financing difficulties, however, were largely confined to risky or less-established businesses. Well-established companies with high credit ratings benefited from the lowest interest rates in decades, which could offset the effect of a high equity-financing cost. Consumers and home buyers kept having easy access to credit, partly thanks to the continued strength of the housing market. The delinquency rates of consumer and real estate loans remained at low levels, suggesting that credit conditions in those sectors may continue to be favorable in the foreseeable future.

### **Implications for Federal Programs**

Financial evolution has been increasing the private market's capacity to serve the populations traditionally targeted by Federal programs. This long-term trend will continue in the future, but can be interrupted temporarily. In general, financial evolution has weakened the role of Federal credit and insurance programs. To improve the effectiveness of credit and insurance programs, therefore, the Federal Government may focus on narrower target populations that still have difficulty in obtaining credit from private lenders and on more specific objectives that have been less affected by financial evolution. The Federal Government, however, may take more active roles during the periods in which financial instability temporarily interrupts the smooth functioning of the private market.

**Information about borrowers** is more widely available and easier to process, thanks to technological advances. 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, can be uneven across groups and over time. Credit scoring, for example, is still difficult to apply to some groups with unique characteristics that are difficult to standardize. In times of economic downturn or financial instability, lenders can be overly cautious, turning away some creditworthy borrowers. The Federal Government may need to target those underserved groups better, 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 or man-made catastrophe among a large number of investors through catastrophe-related derivatives, although the extent of risk sharing in this way is still limited because of the small size of the market for those products.

**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. Large financial institutions with global operations may want to focus more on large customers and business lines that utilize economies of scale and scope more fully. 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. Thus, the failure of even a single large bank can seriously drain the federal deposit insurance fund. As a result of deregulation, banks engage in more activities. While diversification across business lines may generally improve the safety of banks, new businesses introduce new risks. For example, one concern raised recently is that the motive to obtain underwriting business from borrowing firms may have been affecting lending decisions, undermining loan quality at some large banking organizations. Globalization also

has both an upside and a downside. A financial institution with a worldwide operation may overcome difficulties in the U.S. market more easily, but it is more heavily exposed to economic turmoil in other countries, especially those that are less-developed or politically unstable. 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. Overall, the financial market evolves to be more efficient and safer. Financial evolution, however, is often

accompanied by new risks. Thus, Federal agencies need to be vigilant to identify and manage new risks.

The stock market plunge and the slow economic recovery have increased the risk and uncertainty for the pension benefit guaranty program by impairing the financial health of many pension funds and firms offering pension benefits. New and amended insurance programs for security-related risks also make the Federal Government's liability more uncertain. Security-related events such as terrorism and war are highly uncertain in terms of both the frequency of occurrence and the magnitude of potential loss.

## II. A CROSS-CUTTING ASSESSMENT

To assess Federal programs systematically policy-makers 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 to any of the first three questions is "No," 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 clear and 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. Programs lacking a clear, worthwhile objective should be either refocused or discontinued.

### Economic Justifications

For a credit or insurance program to be economically justified, the program's benefits must exceed its costs. The main benefit measure should be the improvement in intended outcomes (for example, an increase in homeownership) net of what would have occurred in the absence of the program (for example, the portion of the increase owing to economic growth and financial evolution). 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 benefit would be substantially smaller for the Federal programs that were mainly intended to increase credit availability in those sectors by alleviating the information problem. Only a small portion of the increased credit availability may be attributable to those Federal programs.

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, servicing, and monitoring. The 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 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, resulting 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 helping the private market to improve efficiency, 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 inadequate. Standardization helps to improve the quality of information by facilitating information proc-

essing. With reduced opaqueness, 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.

### **Improving Efficiency**

Some programs may be well-justified based on the three criteria above. However, few programs are perfectly designed or managed. It is almost impossible to take all relevant factors into consideration when a program is created. In addition, financial evolution can lower the efficiency of initially well-designed and well-managed programs. Thus, improving efficiency is a continual concern. Although the ways to improve efficiency vary across programs, there are some general categories and principles that apply to most programs.

**Pricing** (setting appropriate lending terms or insurance premiums) is a critical part of credit and insurance programs. To maximize efficiency, program managers need to set the subsidy rate at an optimal level and calculate the subsidy rate accurately. If a program's subsidy is too small, the intended population may benefit little and may even be discouraged from using the program. On the other hand, an excessive subsidy will transfer too much resources to a small group of the population. In either case, program efficiency can be seriously undermined. Miscalculation of the subsidy rate would also result in resource misallocation. If program managers fail to accurately estimate the default and prepayment probabilities for a credit program and the loss probability for an insurance program, the actual subsidy may substantially deviate from the intended subsidy. For a given amount of the budget, the program size (total amount of loans or number of beneficiaries) is determined by the estimated subsidy rate. Thus, an estimated subsidy smaller than the actual subsidy would increase the program size beyond the level intended by policymakers, while an estimated subsidy larger than the actual subsidy would unduly prevent the program from helping more people.

To set the subsidy rate at the optimal level, policymakers and program managers should carefully weigh the benefit of improving economic efficiency in the targeted sector against the risk of misallocating resources. To improve the accuracy of subsidy estimation, program managers need to utilize fully both historical experience and advanced analytical tools. Private sector participation may also help the pricing of complicated programs. Federal agencies can make risk-sharing arrangements with private firms that may have better pricing expertise and derive information from the private firms' pricing.

**Targeting the right population** is also an important element of program efficiency. The net benefit will

increase if program managers more successfully identify the populations that would most benefit from credit and insurance programs. The ideal target populations include borrowers who have worthwhile projects but have difficulty in obtaining private credit (e.g., beginning farmers, new businesses, new exporters), populations underserved by the private market (e.g., low-income, minority), underserved neighborhoods (e.g., rural, inner city), and legislatively targeted populations (e.g., students, veterans). In addition to making credit available, program managers need to inform potential borrowers of the credit availability and provide high-quality customer services, so that ignorance or inconvenience does not deter the targeted populations from accessing the program.

In conducting outreach, program managers may also consider the state of the financial market. The target population can expand when the private market fails to function smoothly due to temporary interruptions, such as economic downturns and asset-price declines. Interruptions can reduce credit availability in the private market, as evidenced by declines in commercial paper and venture capital investment in recent periods. Reduced credit availability can mean that more credit-worthy borrowers have difficulty in obtaining credit in the private market. On those occasions, Federal credit programs can also play a more useful role.

While conducting outreach, program managers should avoid overreaching (assisting those who have easy access to private credit or insurance). Excessive government intervention wastes taxpayers' money and distorts economic outcomes. To avoid overreaching, program managers need to define eligibility clearly and carefully screen applicants based on eligibility. The eligibility screening is especially important for programs offering a large subsidy because the large subsidy can attract many customers who can easily obtain credit or insurance in the private sector. In addition, plans to expand the scale or the scope of a program should be carried out cautiously; they should be convincingly supported by careful cost-benefit analyses.

**Risk management** needs to be effective to limit the cost of credit and insurance programs. Careful screening of borrowers' creditworthiness would reduce the default risk. Although the goal of most credit programs is not to lend to the most creditworthy borrowers, it is important to identify relatively more creditworthy borrowers even among those who might be denied credit by private lenders. Other key elements of risk management include monitoring existing borrowers and collecting defaulted loans.

One way to improve screening, monitoring, and collecting is to use advanced analytical tools such as credit scoring and to maintain useful data bases. Using state-of-the-art tools is especially important for programs that compete with the private sector for the same group of customers. Private financial institutions are quick to adopt new technology. Falling behind, Federal programs could be left with riskier customers. In cases where the private sector has a clear advantage in per-

forming some risk management functions, delegating those functions is an effective strategy. For example, if banks are better at screening some groups of borrowers because of their extensive experience with those borrowers, Federal agencies may delegate the screening of those borrowers to banks. To realize the potential benefit from delegation, Federal agencies need to monitor the performance of private partners closely. More importantly, the partnership should be structured such that the profit motives of private-sector partners are preserved. Risk-sharing arrangements and performance-based contracts would help to preserve the profit motive.

**Cost control** is a concern for all types of organizations. For Federal credit and insurance programs, key elements include delivery and servicing costs, in addition to the general administration cost. There are many ways for Federal agencies to minimize costs. They may streamline the delivery system, computerize loan servicing, and eliminate redundant servicing facilities. Inter-agency cooperation can also result in a substantial cost saving. When several Federal agencies serve similar purposes, those agencies may share databases, facilities, and expertise. Outsourcing some functions to the private sector is always a possibility because the private sector is generally more efficient.

For Federal programs involving private-sector partners, cost efficiency critically depends on whether contract terms with private-sector partners are adequate. To utilize the private sector's expertise, it is necessary to offer reasonable profit opportunities to private-sector partners. However, contract terms allowing excessive profits would result in serious inefficiency. Profit margins for private-sector partners should be carefully examined and set at an appropriate level. Preferably, Federal agencies may use competitive bidding when it is practical.

**Initiative** plays an important role in a rapidly changing environment. Information technology and financial markets have been changing rapidly. To achieve the maximum efficiency, program managers need to watch closely and adapt their programs quickly to new developments. Tardy responses to changes in information technology may mean missed opportunities for improving risk management and reducing costs. Financial market developments also have important implications. 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. Private lenders are more willing to serve many customers to whom they did not want to lend in the past. Thus, some Federal credit programs may need to focus more narrowly on customers who are still underserved by private lenders. Without the agencies' initiative, needed adjustments might be substantially delayed because in-

dividual agencies conducting daily businesses are best positioned to detect changes in market conditions.

### **Federal Loan Portfolio Management: Improving Performance and Efficiency**

At the end of 2002, the Federal Government held loan assets valued at \$251 billion. Of this figure, \$220 billion were direct loans, and \$31 billion were guaranteed loans acquired by the Federal Government after default. In addition, the Federal government holds liabilities on a \$1,145 billion loan guarantee portfolio. While the Government sets aside resources for the future costs of these activities, better management of the portfolio can allow more accurate estimates of credit program subsidy costs, lower the risk exposure of the Federal government, and produce more reliable financial reporting. More efficient management can also free up existing agency resources to better serve program target populations and work more effectively with borrowers and lenders. The size of the Government's portfolio means that even small changes in management practices can have substantial qualitative and quantitative effects in a time of scarce resources.

Over the next year, OMB will work with agencies to identify ways of improving loan portfolio management across the four basic credit functions: program development, loan origination, servicing or lender monitoring during repayment, and liquidation. These improvements will build on principles from:

- the President's Management Agenda, which includes improved asset management (including physical assets) as a component of successful financial management,
- OMB Circular A-129, which outlines policies governing the four basic credit functions, and
- the Debt Collection Improvement Act of 1996, which authorized a variety of techniques, including loan asset sales and Treasury tax refund offset and cross-servicing, to improve management of loans in default by increasing the chance of recovery.

While some agencies have adopted techniques to improve efficiency and performance, such as competitive servicing contracts and lender monitoring, the evolution of private-sector best practices has far outpaced the Government's. In many cases, agencies perform one of the basic credit functions well—usually loan origination—but have poor systems in place for tracking loan performance. Other agencies may track borrowers reasonably well during repayment, but have no risk management system in place to identify and closely monitor borrowers in danger of defaulting.

Implementing changes cannot happen in isolation, however; changes made in one function can significantly affect performance in another. Analyzing these effects may inform agencies' resource decisions through the basic functions, such as whether or not to improve internal accounting systems or to outsource loan servicing and liquidation. Equally important is the fact that this analysis may improve program performance by reduc-

ing the default rate, allowing the agency to stretch its subsidy dollars over more borrowers.

Any changes to program management will be made in light of the programs' justifications to ensure that the Government neither crowds out the private sector

nor expands the target population beyond that intended. However, the main focus of OMB efforts will be on efficient stewardship of taxpayer dollars and more effective credit assistance to those borrowers who need it.

### 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.

#### Federal Housing Administration

In June 2002, the President issued America's Homeownership Challenge to increase first-time minority homeowners by 5.5 million through 2010. HUD's Federal Housing Administration (FHA) will help to achieve this goal through its insurance funds, mainly the Mutual Mortgage Insurance Fund. FHA mortgage insurance provides access to homeownership for people who lack the financial resources or credit history to qualify for a conventional home mortgage. In 2002, FHA insured \$136 billion in mortgages for over 1.2 million households, 21 percent more households than in 2001. Most of these were people buying their first homes many of whom were minorities. The dollar volume of mortgages exceeded the 2001 volume by 27 percent, partially driven by the rapid increase in house prices and low interest rates.

For fiscal year 2004, FHA is proposing a new mortgage product. This product will be geared toward families with poor credit records who are currently being served at a higher cost in the subprime market or not served at all. Borrowers could reduce their annual mortgage insurance premiums once they have established a history of regular payments thereby demonstrating their creditworthiness. This innovative product is consistent with FHA's traditional pioneering role in reducing the cost of homeownership and protecting buyers from predatory practices.

To better manage its risks, FHA requires its lenders to evaluate each potential foreclosure and use loss mitigation tools where appropriate. Last year, incentive payments for over 68 thousand loss mitigation actions were made, up from 53 thousand in fiscal year 2001. Loss mitigation helps to avoid costly foreclosures, enables many distressed borrowers to retain their homes, and reduces FHA's claim expenses. FHA also is reducing its losses through more aggressive management of

its property oversight and disposition program and is testing a new joint venture approach to this task.

The Budget expands HUD's support for new homeowners by increasing funds for pre- and post-purchase counseling services through a network of counseling agencies. With this increase, over 950 thousand homeowners will receive counseling in 2004.

The President's Management Agenda sets out several critical tasks for FHA to combat fraud and improve risk management. In 2003, FHA will issue a final rule that will prevent the predatory practice of property flipping, in which a lender and an appraiser conspire to sell a home at a falsely inflated price, thereby victimizing the borrower and exposing FHA to excessive losses. HUD also will strengthen its Credit Watch initiative—a lender monitoring program that rates lenders and underwriters by the performance of their loans and allows FHA to sever relationships with those showing poor performance. Credit Watch is critical to protect the FHA Mutual Mortgage Insurance Fund from unexpected losses due to mismanagement and fraud.

#### 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 2002, VA provided \$37 billion in guarantees to assist 294,800 borrowers. Both the volume of guarantees and the number of borrowers increased substantially from 2001 as lower interest rates increased loan originations and refinancings in the housing market.

Since the main purpose of this program is to help veterans, lending terms are more favorable than loans without a VA guarantee. In particular, VA guarantees zero down payment loans. As a result, the default rate is somewhat higher than the national average. The subsidy rate has remained relatively stable during the past couple of years and continues to be less than one percent.

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 43 percent of its 2002 interventions, and its goal is to maintain at least a 41 percent success rate in 2004. Future military base closures, however, may negatively affect the default rate in the VA guar-



anteed 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 and consolidations.

### **Rural Housing Service**

The U.S. Department of Agriculture's (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 low to moderate-income rural residents. The program's emphasis is on reducing the number of rural residents living in substandard housing. In 2002, \$2.4 billion of guarantees went to 29,218 households, of which 33 percent went to low-income borrowers (with income 80 percent or less than median area income).

In 2002, RHS approved separate risk categories for the guarantee refinancing (refis) and guarantees of new loans. As part of that change, RHS also reduced the guarantee fee to 0.5 percent for the refis. This change reflected the lower risk on refis as compared to an unseasoned borrower receiving a new loan. It is also consistent with the rate HUD and VA charge on their refis of similar loans. For 2003, RHS will also lower the guarantee fee on new loans to 1.5 percent from 2 percent, partly undoing the 1-percentage-point increase that was implemented in 2001. Recent data revealed that the full 1-percentage-point increase was inconsistent with the housing market condition and too costly for the target borrower, low and moderate income families. The high fee resulted in less assistance going to rural areas for guaranteed single family housing loans than what had been authorized. The new rate is more in line with the housing industry, including HUD and VA, and will result in more rural Americans realizing the dream of homeownership.

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 2003, 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, consistency and timeliness for RHS, the lenders, and customers. RHS is currently working with HUD to determine if RHS can utilize or modify the TOTAL scorecard being developed by HUD. 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 to dispose of the property. RHS is currently in the process of centralizing and automating the loss claim process to improve consistency and efficiency.

RHS programs differ from other Federal housing loan guarantee programs. RHS programs are means-tested and more accessible to low-income, rural residents. In addition, the RHS direct loan program offers deeper assistance to very-low-income homeowners by reducing the interest rate down to 1 percent for such borrowers. The program helps the "on the cusp" borrower obtain a mortgage, and requires graduation to private credit as the borrower's income increases over time. The interest rate depends on the borrower's income. Each loan is reviewed annually to determine the interest rate that should be charged on the loan in that year based on the borrower's actual annual income. The program cost is balanced between interest subsidy and defaults. For 2004, RHS expects to provide \$1.4 billion in loans with a subsidy cost of 9.27 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. A subset of these loans is the farm labor housing direct loans, which are similarly subsidized and provide rental units for farm workers, the majority of whom are minorities. RHS rental assistance grants supplement both of these loan programs in the form of project based rent subsidies for very low-income rural households (for continuation of this assistance plus new commitments, the cost will be \$740 million in 2004). RHS will address management issues in its multifamily housing portfolio in 2004 by restricting the \$71 million loan level to repair and rehabilitation of its existing portfolio (17,400 projects, 446,000 units). They will also conduct a study on how to fund new construction in a more cost efficient manner with a continued emphasis on the preservation of existing units. Farm labor housing will have a program level of \$59 million and will provide for new construction as well as repair/rehabilitation. RHS also offers guaranteed multifamily housing loans with a loan level of \$100 million a year.

### **Fannie Mae and Freddie Mac**

Fannie Mae and Freddie Mac (the "Enterprises") are Federally-chartered, shareholder owned corporations that were created by Congress to achieve public purposes. Specifically, the Enterprises are required to establish a secondary market for residential mortgages below a certain size and to assist the secondary mortgage market by increasing the liquidity of mortgage investments. The Enterprises also are required to purchase mortgages that serve low-and moderate-income families and families living in communities underserved by the mortgage markets. To assist the Enterprises in achieving their public purpose, Congress granted Fannie Mae and Freddie Mac certain benefits that are

not available to fully private corporations, including an exemption from State and local taxes. The Secretary of the Treasury also has authority to purchase up to \$2.25 billion of each Enterprises' debt securities.

The Enterprises carry out their public mission by providing financing for mortgages. The Enterprises create mortgage-backed securities (MBS) from pools of loans provided by lenders. The lenders can then choose to hold these securities themselves or to sell them into the market. The Enterprises earn profits for their stockholders by charging fees for their guarantees against potential credit losses on these securities.

The Enterprises also earn profits by purchasing mortgages and other mortgage-backed assets (including MBS that they have issued) and funding the purchases through the issuance of debt. The mortgage asset portfolios of the two Enterprises have grown in the past year by 11 percent. Each Enterprise also markets technology and services to support the mortgage lending process, another source of earnings.

The bulk of the Enterprises' profits reflect the rewards they earn for taking and managing risks. These risks mainly fall into two categories: Credit risk and Interest rate risk.

**Credit risk** arises from the Enterprises' guarantee against losses when mortgages they have purchased default, whether the mortgages support investor-owned MBS or whether they are held in the Enterprises' portfolios as individual loans or as MBS. The Enterprises manage credit risk by establishing underwriting guidelines for the mortgages they purchase, using automated underwriting tools, and manage loan performance through servicing and loss mitigation activities. The Enterprises also share credit risk with private mortgage insurers on pools of mortgages and on individual mortgages with low down payments. They also share risk with other third-party guarantors and, in some cases, with lenders.

**Interest rate risk** arises from the mortgages and other assets that the Enterprises hold in their portfolios. This risk results from changes in market interest rates that might reduce the spread between the return that the Enterprises earn on their holdings and the interest they pay on borrowings used to finance them. Mismatches between the duration of assets and liabilities and the potential for changes in prepayment speeds give rise to interest rate risk. The Enterprises limit interest rate risk by various means, including matching the projected duration of their assets and liabilities, and purchasing options that effectively allow them to alter the speed with which they retire their fixed-rate liabilities.

- The Enterprises must manage the interest rate risk on MBS they hold in portfolio just as they manage the risks on individual loans. As of September 2002, the two Enterprises held a combined \$797 billion of their own previously issued MBS, accounting for 62 percent of their combined mortgage asset portfolios.

- Although holding substantially more securities rather than individual loans could facilitate the sale of portfolio assets should the Enterprises choose to liquidate these assets, some have proposed limiting the size of the Enterprises' retained portfolios for both MBS and individual loans. These proposals are based partly on a desire to minimize the Enterprises' exposure to possible losses that could result from substantial interest rate risk.

The inherent risks of the Enterprises' business are constantly monitored by the market and by their Federal safety and soundness regulator, established in October 1992, the Office of Federal Housing Enterprise Oversight (OFHEO).

Increased voluntary disclosures, which the Enterprises initiated in the first quarter of 2001, have helped investors better assess the level of each Enterprise's risk exposure. Both Enterprises now disclose measures of their interest rate risk on a monthly basis and issue credit risk disclosures on a quarterly basis. They also obtain and disclose an annual rating of their financial condition from a nationally recognized agency. In July 2002, Fannie Mae and Freddie Mac announced that they would voluntarily register their common stock with the SEC under provisions of Section 12(g) of the Exchange Act, 15 U.S.C. 781 (g). As part of this voluntary step, OFHEO will promulgate a regulation that will require the Enterprises to comply with SEC requirements. Taken together, these steps will subject the Enterprises to the same periodic disclosures that the SEC requires of other publicly traded companies.

OFHEO's new capital requirements will enhance its regulatory oversight and reinforce market discipline. OFHEO began quarterly publication of a risk-based capital requirement for the Enterprises in the second quarter of FY 2002, and this requirement became fully enforceable in the fourth quarter. Both Enterprises held more than the required capital in that quarter. Fannie Mae's capital was \$27.278 billion while its risk based requirement was \$21.440 billion. Freddie Mac's capital was \$23.101 billion while its risk based requirement was \$4.919 billion. Besides ensuring that the Enterprises maintain a level of capital commensurate with their risk, the risk-based capital requirement also can enhance market discipline. The Enterprises and the marketplace may use the quarterly changes in this measure as another indication of their overall risk exposure and their ability to manage it.

**Who benefits from Enterprise risk-taking?** Because they receive substantial advantages from the Federal Government, such as conditional access to up to \$2.25 billion of US Treasury borrowing and exemption from State and local income taxes, some perceive the Enterprises as having Government support—despite the fact that the Government explicitly does not guarantee their securities. As a result, they are able to fund their operations at lower cost than would other private firms with similar financial characteristics. In a report published in May 2001, the Congressional

Budget Office (CBO) estimated this funding advantage for the year 2000 to be a \$10.6 billion annual subsidy. Of this amount, CBO estimated that borrowers received \$6.7 billion of the subsidy, while the Enterprises retained about \$3.9 billion, or 37 percent of the subsidy, for their shareholders or other stakeholders. Subsequently, through September 2002, the Enterprises have increased their combined debt-funded retained portfolios by 29 percent and their off-balance sheet MBS by 34 percent.

To help ensure that the Enterprises' subsidy contributes to the maximum extent possible to underserved housing needs, the Congress in 1992 mandated that the Department of Housing and Urban Development (HUD) establish annual "housing goals." The housing goals define percentages of the Enterprises' annual purchases that must serve very-low, low-, and moderate-income borrowers and borrowers living in communities that are underserved by the private market. Underserved communities include high-minority and low-income census tracts, which traditionally have had more difficulty than other areas in obtaining mortgage credit. Congress has directed that, in setting the level of the housing goals, HUD must consider, among other factors, the extent to which the Enterprises "lead the mortgage finance industry" in service to these categories of potential borrowers.

The President has set a goal for the Nation of adding 5.5 million new minority homebuyers by 2010. To help meet this goal, together the Enterprises have pledged to purchase \$1 trillion in mortgages made to minority families, and both Enterprises are implementing initiatives designed to remove barriers to and increase opportunities for homeownership by minorities. Numerous studies by HUD and other researchers have shown that Fannie Mae and Freddie Mac generally have trailed the rest of the private mortgage market in funding mortgage loans for low-income and minority families. For example, during the 1997–1999 period, HUD estimates that while the home loans acquired by these Enterprises represented 36 percent of all new home buyer purchases, they represented only 15 percent of homes purchased by first-time minority families. On the other hand, FHA loans, the traditional entry point to the home finance market for many minority homebuyers and first-time homebuyers, were only 16 percent of the overall market, but totaled 37 percent of the first-time minority market.

In 2001, both Fannie Mae and Freddie Mac achieved all of their HUD-established housing goals. Fannie Mae financed over \$87 billion in loans to nearly 680,000 minority families. Fannie Mae also financed over \$132 billion in loans to over 1,500,000 low- and moderate-income families. Freddie Mac purchased \$132 billion in single-family mortgages funding homes for 1.5 million low- and moderate-income families. Additionally, Freddie Mac's purchases of almost \$12 billion in multi-family mortgages financed 300,000 units of rental housing affordable to low- and moderate-income families.

Freddie Mac also financed \$54 billion in mortgages funding homes for more than 400,000 minority families.

HUD is also looking at new ways to encourage improved performance from the Enterprises. HUD's current rule established the Enterprises' housing goals for 2001–2003. In accordance with its rulemaking responsibilities, HUD is re-examining these housing goals to determine appropriate performance levels for the years 2004–2006. At the same time, HUD is looking at ways to create new housing goals incentives that will have the effect of increasing minority homeownership, thereby further ensuring that the benefits each Enterprise derives from its Congressional charter are used to increase minority homeownership opportunities.

### **Federal Home Loan Bank System**

The Federal Home Loan Bank System, consisting of 12 banks (FHLBs) serving their districts, was established in 1932 to provide liquidity to home mortgage lenders. The FHLBs carry out this mission by issuing debt and using the proceeds to make advances (secured loans) to their members. Member institutions, which include thrifts, commercial banks, and credit unions, secure advances primarily with residential mortgages and other housing-related assets. To assist the FHLBs in achieving their public purpose, Congress granted certain benefits that are not available to fully private corporations, including a \$4 billion conditional line of credit with the U.S. Treasury and exemption from State and local taxes.

The FHLBs experienced moderate growth in the past year, while their profitability declined slightly. Outstanding advances reached \$490.7 billion in September 2002, a 5.1 percent increase over the \$466.8 billion outstanding a year earlier. As of September 30, 2002, about 69 percent of advances had a remaining maturity of greater than one year—up from 64 percent one year earlier. Mortgage loans outstanding were \$47.1 billion, up from \$22.6 billion one year earlier. Mortgage loans accounted for approximately 6.2 percent of total FHLBs' assets. In 2002, the FHLBs issued \$4.6 trillion in debt securities, most of which represented the rollover of overnight or short-term debt. While the majority of the debt issued by the System is overnight or short-term, 79 percent of debt outstanding had an original maturity of one year or longer. Total debt outstanding was about \$688 billion at the end of 2002. The FHLBs reported net income of \$1.9 billion for the year ending September 30, 2002, down from \$2.1 billion in the previous 12 months.

Traditionally, the FHLBs have been exposed to little credit risk. All advances to member institutions are collateralized, and the FHLBs can call for additional or substitute collateral during the life of an advance. As long as FHLBs adhere to conservative collateral policies (high-quality collaterals and a high ratio of collateral value to the loan amount), their exposure to credit risk will continue to be minimal in the future. The benefit of using collateral, however, comes at the cost of increasing the potential liability of the Federal De-

posit Insurance Corporation (FDIC). Since the FHLBs' collateralized claim is senior to the FDIC's claim, the FDIC has less to recover in cases where a member institution with large FHLB advances fails. Thus, FHLB advances, like secured loans from other creditors, could indirectly increase the Federal Government's exposure to credit risk. As is the case with other financial intermediaries, FHLBs are potentially exposed to interest rate risk, which should be carefully managed.

The System's new investment activities, including mortgage purchase programs, involve more risk while offering new alternative ways of doing mortgage business. In one of these programs, the Mortgage Partnership Finance Program, the FHLBs finance mortgage loans and assume the interest-rate and prepayment risk, while the member banks and thrifts originate and service the loans and assume a portion of the credit risk. All assets held by an FHLB 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 FHLB must hold risk-based capital against mortgage assets that have credit risk equivalent to an instrument rated lower than double A.

To control the System's risk exposure, the Federal Housing Finance Board (the FHLBs' regulator) has established regulations and policies that the FHLBs must follow to evaluate and manage their credit and interest-rate risk. FHLBs must file periodic compliance reports, and the Finance Board conducts an annual on-site examination of each FHLB. Each FHLB's board of directors must establish risk-management policies that comport with Finance Board guidelines. Each FHLB is also required to adopt and implement a capital plan consistent with provisions of the Gramm Leach Bliley Act and Finance Board regulations. In 2002, the Finance Board approved the capital plan of each FHLB. These plans call for implementation over the next several years.

### 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 one or both programs. Loans are available to students regardless of income. However, borrowers with low family incomes are eligible for additional interest subsidies. For these loans, the Federal Government subsidizes interest costs while borrowers

In 2002, the Administration encouraged all Government Sponsored Enterprises, including the FHLBs, to voluntarily register their equity securities with the Securities and Exchange Commission (SEC). This voluntary registration is part of the Administration's efforts to have GSEs undergo the same scrutiny process as other corporate enterprises. Unlike Fannie Mae and Freddie Mac, which have committed to participating in the disclosure process, the FHLBs have not yet decided to register their stock with the SEC.

The FHLBs' evolving member composition and investment activities raise questions about the degree to which the System continues to promote the public policy objective of providing liquidity to home mortgage lenders. As a result of opening membership to commercial banks and credit unions, for example, many member institutions now have very limited involvement in mortgage lending. In addition, like other GSEs, the FHLBs issue debt securities at close to U.S. Treasury rates and invest the proceeds in higher-yielding securities. Through September 2002, the FHLBs' investments other than advances rose to \$215 billion, compared with \$194 billion a year earlier. As a percentage of total assets, those investments remained at 28 percent. While these investments may enable the FHLBs to provide benefits to member institutions, they do not necessarily result in lower costs to home buyers. According to a report by the Congressional Budget Office (CBO), member advances can be used to fund other loans besides mortgages. While the CBO report found, through competitive pressures, that "members may be forced to pass most of the benefit through to their own customers," the report concluded that of the \$3 billion annual subsidy that the FHLBs received from their funding advantage and other benefits in 2000, only \$0.3 billion was passed on to mortgage borrowers in the form of lower interest rates.

are in school, during a six-month grace period after graduation, and during certain deferment periods.

In 2004, more than 6 million borrowers will receive over 12 million loans totaling \$67 billion. Of this amount, nearly \$48 billion is for new loans, and the remainder reflects the consolidation of existing loans. Loan levels have risen dramatically over the past 10 years as a result of rising educational costs, higher loan limits, and an increase in eligible borrowers.

The FFEL program provides loans through an administrative structure involving over 3,500 lenders, 36 State and private guaranty agencies, roughly 50 participants in the secondary market, and approximately 6,000 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 2004, FFEL lenders will disburse

nearly 9 million loans totaling almost \$47 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 was authorized by the Student Loan Reform Act of 1993. Under the Direct Loans program, the Federal Government provides loan capital directly to roughly 1200 schools, which then disburse loan funds to students. In 2004, the Direct Loan program will generate more than 3.5 million loans with a total value of nearly \$20 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 with any residual balances forgiven.

Recently, historically low interest rates have significantly affected the Federal costs and receipts associated with these programs, as well as borrowers' decisions to consolidate their student loans. In FFEL, for example, low interest rates have decreased the Federal interest subsidies paid to lenders on behalf of low-income borrowers while they are in school or during grace or deferment periods. In Direct Loans, the steep decline in short-term interest rates has decreased borrowers loan repayments, resulting in lower Federal receipts.

In recent years, low interest rates have also contributed to a dramatic increase in fixed-rate Consolidation Loans, which allow borrowers to combine one or more FFEL, Direct Loan, or other Federal student loans. When interest rates are low, borrowers have a strong incentive to consolidate their existing loans to lock in at a low fixed rate. In 1995, Consolidation Loans totaled \$3.6 billion, accounting for roughly 13 percent of overall student loan volume. By 2002, these loans grew more than six fold to nearly \$22.7 billion, making up approximately 56 percent of total student loan volume. This high rate of growth should slow if, as projected, interest rates increase from current levels. Consolidation Loans are projected to be \$24.4 billion in 2003 and to decrease to \$19.1 billion in 2004.

For Fiscal Year 2004, the Administration is once again proposing to address the shortage of qualified, skilled math, science, and special education teachers

in elementary and secondary schools by expanding loan forgiveness. This proposal builds upon the teacher loan forgiveness program authorized in the 1998 Higher Education Amendments, which provided up to \$5,000 of loan forgiveness to teachers of any subject who teach for five consecutive years in schools serving low-income populations. The Administration is proposing to increase loan forgiveness to \$17,500 for highly qualified teachers who teach math, science, or special education for five years in high-need schools. Such 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, science, and special education 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 SLM Corporation and must wind down and be liquidated by September 30, 2008. In January 2002, the GSE's board of directors announced that it expects to complete dissolution of the GSE by September 30, 2006. The Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 allows the SLM Corporation to affiliate with a financial institution upon the approval of the Secretary of the Treasury. Any affiliation will require the holding company to dissolve the GSE within two years of the affiliation date (unless such period is extended by the Department of the Treasury).

Sallie Mae makes funds available for student loans by providing liquidity to lenders participating in the FFEL program. Sallie Mae purchases 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 approximately 42 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 and the Federal Agricultural Mortgage Corporation, increase liquidity in the agricultural lending market.

### **Small Business Administration**

The Small Business Administration (SBA), created in 1953, helps entrepreneurs start, sustain, and grow small businesses. As a "gap lender" SBA works to supplement market lending and provide access to credit where private lenders are reluctant to do so without a Government guarantee.

The 2004 Budget requests \$226 million for SBA to leverage more than \$20 billion in financing for small

businesses. The 7(a) General Business Loan program will support \$9.3 billion in guaranteed loans, while the 504 Certified Development Company program will support \$4.5 billion in guaranteed loans. SBA will supplement the capital of Small Business Investment Companies (SBICs), which provide equity capital and long-term loans to small businesses, with \$7 billion in participating securities and guaranteed debentures. In addition, SBA expects to provide \$20 million in microloans, along with \$15 million in technical assistance to increase the likelihood of success of these very small business borrowers.

To continue to serve the needs of small businesses, SBA will focus program management in three areas: (1) targeting economic assistance to the neediest small businesses, (2) improving risk management, and (3) operating more efficiently.

While SBA can guarantee loans up to \$1 million, the greatest need for Government assistance is for loans below \$150,000. Loans below \$150,000 are usually for very small or start-up businesses. Lenders, however, are generally reluctant to make these loans due to high administrative costs and low financial returns. The SBA guarantee will encourage banks to increase the number of loans they make that are below \$150,000.

To more effectively target economic assistance to small businesses, SBA will address the findings of a Program Assessment Rating Tool (PART), which was used to evaluate the 504 loan program. The PART found that the 504 program duplicates the 7(a) program in that both provide long-term financing for fixed assets (land, buildings, and large equipment). Additionally, the PART revealed that the 504 program does not have long-term, measurable public policy objectives that flow from an agency strategic plan. Finally, the PART found that the 504 program needs to increase the availability of intermediaries so that borrowers can more readily determine which of SBA's programs (7(a) or 504) better meets their needs.

To address these findings, the 2004 Budget proposes to increase program evaluations to determine the factors that affect both demand and performance in the 504 and 7(a) programs. The proposed evaluations would also compare the cost of 504, 7(a), and private sector loans. Further, SBA will solicit the public's views as it prepares to develop a regulation regarding long-term programmatic goals and increasing borrower choice for 504 and 7(a) loans.

Improving management by measuring and mitigating risks in SBA's \$50 billion business loan portfolio is one of the agency's greatest challenges. As the agency delegates more responsibility to the private sector to administer SBA guaranteed loans, oversight functions become increasingly important. SBA established the Office of Lender Oversight, which is responsible for evaluating individual SBA lenders. This office will employ a variety of analytical techniques to ensure sound financial management by SBA and its lending partners, including overall financial performance analysis, industry concentration analysis, peer lending performance

comparisons, portfolio performance analysis, and selected credit reviews. The oversight program will also encompass on-site safety and soundness examinations and off-site monitoring of Small Business Lending Companies (SBLCs) and compliance reviews of SBA lenders. In addition, the office will develop incentives for lenders to minimize defaults and to adopt measurable performance measures.

SBA has also been developing a Loan Monitoring System (LMS), which will further support lender oversight by improving SBA's data collection and processing capabilities, providing a direct and better interface with lenders, and helping to increase lender accountability.

Improving risk management also means improving SBA's ability to more accurately estimate the cost of subsidizing small business loans. This has been a source of some controversy for the Section 7(a) program in recent years. During the period of strong economic growth over the last few years, initial subsidy estimates appeared to significantly overstate actual experience for various loan cohorts. However, during the recent economic downturn, actual defaults have increased and are now more closely aligned with original projections. For the Section 7(a) program, SBA projected an estimate of \$757 million in defaults for loans made in fiscal year 2002, which was only 2.3 percent higher than the actual amount of defaults, which was \$740 million. For the Section 504 program, SBA underestimated fiscal year 2002 defaults by 8 percent. Although the agency projected \$100 million in defaults for loans made in fiscal year 2002, actual defaults reached \$108 million. Such swings in subsidy estimates are not surprising as statistical forecasts are not precise but rather represent the best estimates that can be made with available data.

The Administration has also made two technical improvements that enhance the Section 7(a) credit subsidy estimate. First, SBA has improved the quality of the data. Second, SBA has made significant progress in improving the accuracy of the subsidy estimate in the 7(a) program through the development of an econometric model. This new model incorporates predictive economic variables. As a result, the new model is more accurate in capturing yearly fluctuations in program performance than the straight averaging method applied in prior years. The difference can be substantial. Applying the econometric model to fiscal year 2003 produces a subsidy rate of 1.04 percent, rather than the 1.76 percent included in the fiscal year 2003 Budget that was delivered using the previous model.

Further, SBA is improving oversight and accounting practices in the ongoing sale of more than \$5 billion in direct loans from SBA's portfolio. The agency is reassessing the accounting of prior sales to more accurately reflect the impact of asset sales on the overall cost of SBA's direct loans. SBA is committed to resolving accounting discrepancies prior to conducting any further asset sales. SBA also sells 7(a) guaranteed loans through a master reserve fund (MRF), which serves as the agency's vehicle for managing loans sold in the

secondary market. To properly manage any risk associated with this fund, SBA will budget and account for the Government's liability in accordance with the Federal Credit Reform Act. Specifically, SBA will reflect in the 2004 Budget the estimated liability of MRF financial activity. In the future SBA will refine these estimates and develop financial reports to measure portfolio risk.

To operate more efficiently, SBA will automate loan origination activities in the disaster loan program with a paperless loan application. As a result, loan-processing costs, times, and errors will decrease, while Government responsiveness to the needs of disaster victims will increase. While still in the design stage, SBA expects to begin full implementation of the paperless disaster loan application in 2004. Additionally, because loan-servicing functions can often be better performed by the private sector, SBA is subjecting performance of these activities to competition. The agency will, therefore, focus its resources on core programs such as providing access to capital, technical assistance, and Federal contracting opportunities.

### **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 the poorest communities. These 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.

The program level for the Water and Waste (W&W) loan and grant program in the 2004 President's Budget is \$1.5 billion. These funds are available to communities of 10,000 or less residents. The program finances drinking water, sewer, solid waste disposal, and storm drainage facilities through direct or guaranteed loans and grants. In order to qualify, applicant communities must be unable to finance their needs through their own resources or with credit from commercial lenders. Priority is given to loans serving smaller communities that have greater financial need, based on their median household income, poverty levels, and size of service population as determined by the USDA's field office staff. The community typically receives a combination of loans and grants depending on how much they can afford. The grant is usually for 35–45% of the project cost (it can be up to 75%). Loans are for 40 years with interest rates based on a three-tiered structure (poverty, intermediate, and market) depending on community income. The community facility programs are targeted to rural communities with fewer than 20,000 residents and have a program level of \$477 million in 2004. USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, including cooperatives, to increase employment and diversify the rural economy. In 2004, USDA proposes to provide \$602

million in loan guarantees to rural businesses (these loans serve communities of 50,000 or less).

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 (B&I). 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 community development projects in rural areas. In 2003, USDA expects to retain or create 53,494 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 have occurred in the electric program. In 1997, \$667 million worth of largely nuclear power construction loans was written off, but this case was unusual. The large nuclear generation loans have proven to be the most risky electric loans. USDA has not approved a nuclear power generation loan for over 20 years.

The subsidy rates for most of the electric and telecommunication programs are negative. The subsidy rates have decreased largely due to the low interest rates that are projected in the Budget and used to discount future loan repayments. The default rates for both programs are very low, less than one percent. With increased deregulation, however, there is the possibility of increased defaults in the electric program because competition resulting from deregulation may erode the ability of some borrowers to repay. So far there has not been any significant effect on rural cooperatives due to deregulation. As information on the impact of deregulation increases, this risk will be factored into the default rates. In addition, recent problems in the telecommunications industry have not had a significant impact on rural telecommunications cooperatives. The number of electric loans has been increasing due to large increases in loan level appropriated over the last several years. The average size for electric loans has also been increasing. The number and the size of telecommunications loans have remained steady.

Providing funding and services to needy areas is of concern to USDA. Many rural cooperatives provide service to areas where there are high poverty rates. Based on findings of the PART analysis, the 2004 Budget proposes to increase funding (increases of \$120 million for electric loans and \$70 million for telecommunications loans) to those electric and telecommunications loans which are targeted to severely depressed areas. USDA will target electric loan funds to areas of high poverty. These changes will increase the availability

of utility service in needy areas, improving the quality of life and helping to retain and attract businesses. In addition, to ensure the program's focus on rural areas, the Budget proposes to require recertification of rural status for each electric and telecommunications borrower on the first loan request received in or after FY 2004 and on the first loan request received after each subsequent Census.

USDA's Rural Utilities Service (RUS) proposes to make \$2.6 billion in direct and guaranteed loans in 2004 to rural electric cooperatives, public bodies, non-profit associations, and other utilities in rural areas for generating, transmitting, and distributing electricity. This funding request includes provision for guaranteeing \$100 million in electric loans made by private banks. The demand for loans to rural electric cooperatives has been increasing and is expected to increase further as borrowers replace many of the 40-year-old electric plants. With the \$2.6 billion in loans, RUS borrowers are expected to upgrade 225 rural electric systems, which will benefit over 3.4 million customers and create or preserve approximately 50,000 jobs.

USDA's RUS proposes to make \$495 million in direct loans in 2004 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 fund over 50 telecommunication systems for advanced telecommunications services. This funding will provide broadband and high-speed Internet access and benefit over 300 thousand rural customers.

The Rural Telephone Bank (RTB), which provides financing for rural telecommunications systems, is in the process of privatization. The 2004 Budget does not propose funding to support new loans. There is significant member and borrower support for statutorily authorized privatization. The RTB is financially able to privatize by the end of 2004, and this provides enough time to finish a privatization study and prepare for privatization. The RTB is provided full salaries and expenses to service existing loans, to finish a privatization study, and prepare for privatization by the end of 2004.

The Distance Learning and Telemedicine program provides grants and loans to improve distance learning and telemedicine services in rural areas and encourage students, teachers, medical professionals, and rural residents to use telecommunications, computer networks, and related advanced technologies. With the \$25 million in grants and \$50 million in loans, RUS borrowers are expected to provide distance learning facilities to 300 schools, libraries, and rural education centers and also provide telemedicine equipment to 150 rural health care providers, benefiting millions of residents in rural America.

There were various legislative actions that impacted RUS. This includes the Local TV Act that provides authorization for RUS to provide loans to bring local television to rural customers. Funding was provided in the 2002 appropriations and in the 2002 Farm Bill. The

2002 Farm Bill also authorized a broadband loan program and provided funding through 2007. This program will help bring high speed Internet access to rural areas. The 2004 Budget proposes converting the mandatory broadband funding into discretionary funding.

### Loans to Farm Operators

Farm Service Agency (FSA) assists low-income family farmers in starting and maintaining viable farming operations. Emphasis is placed upon aiding beginning and socially disadvantaged farmers. FSA offers operating loans and ownership loans, both of which may be either direct or guaranteed loans. Operating loans provide credit to farmers and ranchers for annual production expenses and purchases of livestock, machinery, and equipment. Farm ownership loans assist producers in acquiring and developing their farming or ranching operations. As a condition of eligibility for direct loans, borrowers must be unable to obtain private credit at reasonable rates and terms. As FSA is the "lender of last resort," default rates on FSA direct loans are generally higher than those on private-sector loans. However, in recent years the loss rate has decreased to 4.8 percent in 2002, compared with 5.4 percent in 1999.

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 the repayment ability of borrowers. As a result, losses on guaranteed farm loans have been low. As for direct loans, the default rate on guaranteed loans declined in recent years; it was percent 0.6 percent in 2002, as compared with 0.9 percent in 1999.

The 2002 Farm Bill changed some of the requirements for managing inventory property. Property acquired through foreclosure on direct loans must now be sold at auction within 165, rather than 105 days of acquisition. The new rule allows more time to advertise and encourage participation from beginning farmers.

The subsidy rates for these programs have been fluctuating over the past several years. These fluctuations are mainly due to the interest component of the subsidy rate. The default rates for these programs tend to be below ten percent. As shown above, both the direct and guaranteed loans have experienced a decreasing default rate.

In fiscal year 2002, FSA provided loans and loan guarantees to approximately 30,000 family farmers totaling \$3.5 billion. The number of loans provided by these programs have fluctuated over the past several years. The average size for farm loans has been increasing. The majority of assistance provided in the operating loan program is to existing FSA farm borrowers. In the farm ownership program, new customers receive the bulk of the benefits furnished.

In the last few years, the demand for FSA direct and guaranteed loans have been high due to crop/livestock price decreases and some regional production problems. In 2004, USDA's FSA proposes to make \$3.5



billion in direct and guaranteed loans through discretionary programs.

### USDA's Loan Sale Initiative

In 2004, USDA's Rural Development along with the Farm Service Agency will conduct a review and develop a pilot loan asset sale. The sale should include both performing and non-performing loans with a loan mix that results in the greatest budgetary savings for the Federal government. Although the exact mix of loans has not been determined a placeholder has been included in the 2004 Budget to reflect the sale.

### The Farm Credit System and Farmer Mac

The Farm Credit System (FCS or System) and the Federal Agricultural Mortgage Corporation (Farmer Mac) are Government-Sponsored Enterprises (GSEs) that enhance credit availability for the agricultural sector. The FCS provides production, equipment, and mortgage lending to farmers and ranchers, aquatic producers, their cooperatives, and related businesses, while Farmer Mac provides a secondary market for agricultural real estate and rural housing mortgages. Both GSEs face a business risk because their borrowers are generally dependent on a single economic sector, agriculture. The downturn in the agricultural sector in the 1980s caused severe financial difficulties within the FCS.

Legislation in 1987 provided temporary Federal assistance to the FCS and created Farmer Mac. The Nation's agricultural sector and, in turn, its lenders continue to exhibit stability in their income and balance sheets. Unfortunately, this is due, in part, to ad-hoc Government emergency assistance payments that have been provided from 1998 through 2001. The current economic malaise that began in 2001 may not have a significant effect on the agricultural economy because the farm economic cycle doesn't quite coincide with the general economic cycle. Commodity prices remained relatively low in 2002, and drought conditions were widespread. Long-term forecasts are for gradual recovery in commodity prices. 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. However, such aggregate facts may mask the problems of certain sectors within the farm economy as is evident in the rice and cotton sectors where prices are down 50 and 44 percent, respectively, this year when compared to their respective ten year price averages. Farmland values increased moderately in 2001 (up 4.5 percent) due to a combination of Government payments and urban influences. Projections for 2002 see a minimal rise of 1.0 percent in farmland values.

Commercial banks continued their long standing hold on the predominant market share of all farm debt registering a 40.5 percent share in 2001. The FCS trailed with a significant share of 28.3 percent. The United States Department of Agriculture (USDA) direct farm loan programs market share was 3.8 percent, though that percentage would more than double if adjusted

for its guaranteed loans issued through private institutional lenders. USDA expects that both commercial banks and the FCS have maintained their market share in 2002.

### The Farm Credit System

The financial condition of the System's banks and associations during 2002 continued a 14-year trend of improving financial health and performance. Improved asset quality and strong income generation enabled FCS to post record capital levels: on September 30, 2002, capital stood at \$15.2 billion—an increase of 8.9 percent for the year. Not included in the \$15.2 billion is restricted capital totaling \$1.8 billion held by the Farm Credit System Insurance Corporation (FCSIC). Loan volume has increased since 1995 to \$87.9 billion in September 2002, which easily surpasses the high of \$81.9 billion in the early 1980s. The rate of asset growth seen in the years 2001 and 2000 has been significant, 7.2 percent and 6.0 percent respectively. The rate of capital accumulation, however, has been greater, resulting in total capital equaling 15.3 percent of total assets at yearend 2000 and 15.8 percent at yearend 2001. Non-performing assets increased slightly to 1.4 percent of the portfolio in September 2002 after remaining steadfast at 1.2 percent in both December 2001 and December 2000. Competitive pressures have narrowed the FCS's net interest margin from 3.03 percent in 1995 to 2.82 percent in 2001. The net interest margin has remained relatively stable at about the 2001 level during 2002. However, the net interest margin is expected to increase in the near-term, given the lower interest rate environment seen through 2002. Substantial consolidation continues in the structure of the FCS. In January 1995, there were nine banks and 232 associations; by October 2002, the numbers reduced to seven banks and 103 associations. From October 2001 to October 2002, the number of associations fell by 12 because of mergers and acquisitions.

The 1987 legislation established FCSIC to ensure timely payment of interest and principal on FCS obligations. FCSIC's net assets, largely comprised of premiums paid by FCS institutions, supplements the System's capital and supports the joint and several liability of all System banks for FCS obligations. On September 30, 2002, FCSIC's net assets totaling \$1.6 billion were slightly below (1.94 percent) the statutory minimum of 2.0 percent of outstanding debt. The Insurance Corporation resumed premium collection from System institutions in 2002 and will quadruple its premium rate in 2003 to ensure the Insurance Fund grows in concert with the expansion in the System's outstanding debt necessitated by strong growth in its loan portfolio.

Improvement in the FCS's financial condition is also reflected in the examinations of FCS member institutions by the Farm Credit Administration (FCA), its Federal regulator. Each of the System institutions is rated under the FCA Financial Institution Rating System (FIRS) for capital, asset quality, management, earnings, liquidity, and sensitivity. At the beginning of 1995, 197

institutions carried the best FIRS ratings of 1 or 2, 36 were rated 3, one institution was rated 4, and no institutions received the lowest rating of 5. In September 2002, in contrast, all but one of the 111 institutions were given ratings of 1 or 2, the remaining one, a relatively small association, was rated 3. As of September 30, 2002, there were no FCS institutions under an enforcement action.

The System had \$87.9 billion in gross loans outstanding as of September 30, 2002. Total loans outstanding have grown by \$7.8 billion, or 9.8 percent, over the year ended September 30, 2002, and by \$24.9 billion, or 39.5 percent, over the past five years. The volume of lending secured by farmland increased 47.6 percent, while farm-operating loans have increased 41.6 percent since 1997. Total members served increased about 3 percent during the past year. Agricultural producers represented by far the largest borrower group, with \$68.1 billion including loans to rural homeowners and leases, or more than three-quarters of the total dollar amount of loans outstanding. As required by law, all borrowers are also stockholder of System institutions. The System has more than 444,000 stockholders; about 84 percent of these are farmers with voting stock. Over half of the System's total loan volume outstanding (51.0 percent) is in long-term real estate loans, over one-quarter (26.5 percent) is in short- and intermediate-term loans to agricultural producers, and 19.1 percent is to cooperatives. International loans (export financing) represent 3.4 percent of the System's loan portfolio.

The System, while continuing to record strong earnings and capital growth, remains exposed to numerous risks, including concentration risk, changes in Government assistance payments, the volatility of exports and crop prices, and lower non-farm earnings of farm households associated with weakness in the general economy.

### **Farmer Mac**

Farmer Mac was established in 1987 to facilitate a secondary market for farm real estate and rural housing loans. Since the Agricultural Credit Act of 1987, there have been several amendments to Farmer Mac's chartering statute. Perhaps the most significant amending legislation for Farmer Mac was the Farm Credit System Reform Act of 1996 that transformed Farmer Mac from a guarantor of securities backed by loan pools into a direct purchaser of mortgages, enabling it to form pools to securitize. The 1996 Act increased Farmer Mac's ability to achieve its statutory mission. Since the passage of the 1996 Act, Farmer Mac's program activities and business have steadily increased.

Farmer Mac continues to meet statutory minimum core capital requirements. Additionally, Farmer Mac was first required to be in compliance with FCA's risk-based capital rule and stress test on May 23, 2002. This rule and stress test determine the minimum level of regulatory capital necessary to enable Farmer Mac to maintain positive capital during stressful credit and interest rate risk conditions. Farmer Mac is in compliance with the regulatory capital requirements of the risk-based capital rule and stress test.

## **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 (USAID), the Export-Import Bank, and the Overseas Private Investment 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, stabilize international financial markets, and promote sustainable development.

### **Leveling the Playing Field**

Federal export credit programs counter 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 that standardized the fees for sovereign lending across all ECAs 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, GSM programs 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 of an IMF loan to the country. 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 is an important tool in U.S. bilateral assistance to promote sustainable development. In 2002, all of USAID’s credit programs were consolidated to create the unified Development Credit Authority (DCA), which allows USAID to use a variety of credit tools to support its development activities abroad. This unit encompasses newer DCA activities, such as municipal bond guarantees for local governments in developing countries, as well as USAID’s traditional microenterprise and urban environmental credit programs. 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. While there is clear demand for DCA’s facilities in some emerging economies, the utilization rate for these facilities is still very low.

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 ICRAS default estimates. The methodology establishes assumptions about default risks in international lending using averages of international bond market data. The strength of this method is its link to the market.

For 2004, OMB used the 2003 methodology, updated for current market data. The 2003 methodology was a significant revision which uses more sophisticated financial analyses and comprehensive market data, and better isolates the expected cost of default implicit in interest rates charged by private investors to sovereign borrowers. All else equal, this change expands the level of international lending an agency can support with a given appropriation. For example, the Export-Import Bank will be able to generally provide higher lending levels using lower appropriations in 2004.

### **Adapting to Changing Market Conditions**

Overall, officially supported finance and transfers account for a tiny fraction of international capital flows. Furthermore, the private sector is continuously adapting its size and role in emerging markets finance to changing market conditions. In response, the Administration is working to adapt international lending at Export-Import Bank and OPIC to dynamic private sector finance. The Export-Import Bank, for example, is developing a sharper focus on lending that would otherwise not occur without Federal assistance. Measures under development include reducing risks, collecting fees from program users, and improving the focus on exporters who truly cannot access private export finance.

OPIC in the past has focused relatively narrowly on providing financing and insurance services to large U.S. companies investing abroad. As a result, OPIC did not devote significant resources to its mission of promoting development through mobilizing private capital. OPIC is developing and implementing policy changes that reflect the mandate to revitalize its core development mission.

These changes at the Export-Import Bank and at OPIC will place more emphasis on correcting market imperfections as the private sector’s ability to bear

emerging market risks becomes larger, more sophisticated, and more efficient.

Due to sufficient carry-over resources, the Budget does not request subsidy appropriations for the Export-Import Bank. The carry-over balance will support a projected increase over the Bank's level of lending in 2003. The Budget provides \$24 million for OPIC credit subsidy in 2004.

## Performance Assessment

For FY 2004, The Administration used the Performance Assessment Rating Tool (PART) to rate Export-Import Bank's long term guarantee program and OPIC's finance program. The PART revealed that both of these programs were well-managed, but need to strengthen their performance measures. The Administration will work with these Agencies to develop and implement more effective performance measures.

## 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 a combined \$3.3 trillion of deposits at almost 8,000 commercial banks and 1,500 savings institutions. The NCUA insures almost 10,000 credit unions with \$432 billion in insured shares.

### Current Industry and Insurance Fund Conditions

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.

One SAIF member and 8 BIF members with a combined \$2.5 billion dollars in assets failed during 2002. Since 1997, assets associated with BIF failures have averaged \$778 million per year. During 2002, 14 Federally insured credit unions with \$57 million in assets failed (including assisted mergers). The FDIC currently classifies 148 institutions with \$42 billion in assets as "problem institutions," compared to 94 institutions with \$18 billion in assets a year ago. By comparison, at the height of the banking crisis in 1989, failed assets rose to over \$150 billion.

Bank earnings increased in fiscal year 2002. The industry net income totaled \$87 billion, an increase of 19 percent from fiscal year 2001. The largest factor in the earnings increase is higher net interest income, which has more than offset a rise in loan loss provisions. Thrift earnings also increased in fiscal year 2002. Net income was \$3 billion higher than a year ago. Despite these favorable conditions, the banking industry faces numerous challenges ahead. Specific areas of concern for FDIC-insured institutions include (1) continuing credit losses at large banks on loans to large, corporate borrowers, (2) concentrations of credit risk among smaller institutions headquartered in formerly fast-growing metro areas, and (3) subprime lenders, which continue to figure prominently among failed and troubled institutions.

In the first calendar year quarter of 2002, the reserve ratio (ratio of insurance reserves to insured deposits) of BIF fell to 1.23-percent, below the 1.25-percent statutory target. The ratio, however, recovered in subsequent quarters. As of September 30, 2002, BIF had estimated reserves of \$31 billion, or 1.25 percent of insured deposits. The SAIF reserve ratio, by contrast, remained comfortably above 1.25-percent throughout the year. As of September 30, 2002, SAIF had reserves of \$12 billion, or 1.39 percent of insured deposits. Through June 30, 2003, the FDIC will continue to maintain deposit insurance premiums in a range from zero for the healthiest institutions to 27 cents per \$100 of assessable deposits for the riskiest institutions. In May, the FDIC will set assessment rates for July through December of this year. Due to the strong financial condition of the industry and the insurance funds, 91 percent of commercial banks and 90 percent of thrifts did not pay insurance premiums in 2002.

The National Credit Union Share Insurance Fund (NCUSIF) also remains strong with assets of nearly \$6 billion. Each insured credit union is required to deposit and maintain an amount equal to 1 percent of its member share accounts in the fund. Premiums were waived during 2002 because sufficient investment income was generated. For the first time in six years, the NCUA Board did not approve a dividend for calendar year 2001, as the Fund's equity ratio did not exceed 1.30 percent. As the equity ratio did not exceed

1.30 percent in 2002, the Fund will not restore dividends this year.

As a result of consolidation, fewer large banks control an increasingly substantial share of banking assets. Thus, the failure of even one of these large institutions could strain the insurance fund. Banks are increasingly using sophisticated financial instruments such as asset-backed securities and financial derivatives, which could have unforeseen effects on risk levels. Whether or not these new instruments add to risk, they do complicate the work of regulators who must gauge each institution's financial health and the potential for deposit insurance losses that a troubled institution may represent.

### Federal Deposit Insurance Reform

While the deposit insurance system is in good condition, the Administration proposes to make improvements in the operation and fairness of the deposit insurance system for banks and thrifts. The 2004 Budget proposes to merge the BIF and the SAIF, which offer an identical product. A single merged fund would be stronger and better diversified than either fund alone. A merged fund would prevent the possibility that institutions posing similar risks would again pay significantly different premiums for the same product. Under the current system, the FDIC is required to maintain

a designated reserve ratio (DRR, the ratio of insurance fund reserves to total insured deposits) of 1.25 percent. If insurance fund reserves falls below the DRR, the FDIC must charge either sufficient premiums to restore the reserve ratio to 1.25 percent within one year, or no less than 23 basis points if the reserve ratio remains below 1.25 percent for more than one year. The Administration's proposal would give the FDIC authority to adjust the DRR periodically within prescribed upper and lower bounds and greater discretion in determining how quickly it restores the DRR to target levels. This flexibility would help reduce potential pro-cyclical effects by stabilizing industry costs over time and avoiding sharp premium increases when the economy may be under stress. Finally, the FDIC has been prohibited since 1996 from charging premiums to "well-capitalized" and well-run institutions as long as insurance fund reserves equal or exceed 1.25 percent of insured deposits. Therefore, only nine percent of banks and ten percent of thrifts pay insurance premiums, allowing a large number of financial institutions to rapidly increase their insured deposits without any contribution to the insurance fund. The Administration proposal would repeal this prohibition to ensure that institutions with rapidly increasing insured deposits or greater risks appropriately compensate the insurance fund.

### 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 the possibilities that currently healthy firms become distressed in the future and that currently well-funded plans become underfunded due to inadequate contributions or poor 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 increased slightly during the 1980's but started to decline in the 1990's. The increase in the number of participants in PBGC-insured plans—from 38 million in 1985 to almost 44 million in calendar 2002—is attributable to aging of the participant population, which includes retirees, separated vested workers, and beneficiaries of deceased workers and retirees, in addition to active workers. The number of active workers in PBGC-covered plans fell from almost 27 million in calendar 1985 to fewer than 23 million in calendar 2000, a decrease of 15 percent. If the trend continues, active workers may constitute

less than half of PBGC-insured participants in calendar 2003.

PBGC's single-employer program returned to a deficit position in 2002 for the first time in seven years, as a result of record losses on plan terminations in 2001 and 2002. LTV, a steel company, terminated its plan with underfunding of nearly \$2 billion, which then was PBGC's largest claim ever. Other large underfunded terminations during the fiscal year included Reliance Insurance Company, RTI, Anchor Glass Container Corporation, and Polaroid Corporation. Additionally, in December 2002, an even larger pension plan than LTV terminated. Bethlehem Steel's plan covers 95,000 workers and retirees and is underfunded by about \$4.3 billion, of which PBGC is liable for about \$3.7 billion.

PBGC's "snapshot" current measure of financial position (deficit or surplus) includes the financial effects only of pension plans that have already terminated and of seriously underfunded large plans for which termination is considered "probable." Additional risk and exposure may remain for the future because of economic uncertainties and significant underfunding in pension plans. Some of the companies with the most underfunded plans are in troubled industries (like airlines or the old-line steel companies), or already are in Chapter 11 bankruptcy proceedings. Because pension underfunding and risk are concentrated in a relatively small number of plans and industries, the number and size of claims is often volatile from year to year. As a result

of this volatility, budget estimates are based on an average of recent claims experience.

PBGC monitors troubled companies with underfunded plans and acts, in bankruptcies, to protect its beneficiaries and the future of the program. Such protections include, where necessary, initiating plan termination. Under its Early Warning Program, PBGC negotiates settlements with companies that improve pension security and reduce PBGC's future exposure to risk. Working with the rest of the Administration, PBGC is identifying options to address structural weaknesses that exacerbate pension underfunding and potential losses to PBGC, workers and retirees, in the event of plan termination.

In 2002, overall investment returns in PBGC's single-employer program were 2.1 percent, with negative returns in its trust funds, which hold mostly equities, and positive returns in the revolving funds, which are invested in U.S. Government securities. Single-employer premium revenues decreased slightly from \$821 million to \$787 million.

PBGC's multiemployer program, which guarantees pension benefits of certain unionized plans offered by several employers in an industry, remained financially

strong, however. The program had a gain in 2002 as a result of reduced liability for future loans to such plans.

PBGC continues to speed up issuance of benefit determinations so that when a participant retires, PBGC can put him or her into pay status with a final (rather than estimated) benefit amount, thereby providing the participant certainty and avoiding the complexities and costs associated with benefit adjustments. The average calculation time for benefit determinations issued in 2002 was 3.3 years, down from 4.9 years in 2000. Improved automated benefit calculation programs are reducing the cost of determining the final benefits and helping to speed the process. This automation will help PBGC administer benefits for the 89,000 participants taken into trusteeship in 2001 and the 187,000 new participants in 2002, the largest increase in PBGC's history. PBGC is working to send first benefit checks more speedily. In 2002, 95 percent of pensioners got their first benefit checks within three months of completing their applications. PBGC also has established a pilot project that enables participants in certain plans to estimate their benefits online at PBGC's website.

## Disaster Insurance

### Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP), which is administered by the Department of Homeland Security (DHS) (the program was formerly administered by the Federal Emergency Management Agency). Flood insurance is available to homeowners and businesses in communities that have adopted and enforced appropriate flood plain management measures. Coverage is limited to buildings and their contents. By 2004, the program is projected to have approximately 4.7 million policies from more than 19,000 communities with \$699 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 requires building standards and other mitigation efforts to reduce losses, and operates a flood hazard mapping program to quantify the geographic risk of flooding. These efforts have made substantial progress.

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 2001, and by about 42,000 policies in 2002. DHS is using three strategies to increase the number of flood insurance policies in force: lender compliance, program simplification, and expanded marketing. DHS is educating financial regulators about the mandatory flood insurance requirement for properties with mortgages from federally regulated lenders. The NFIP also has a multi-pronged strategy for reducing future flood damage. The

NFIP offers mitigation insurance to allow flood victims to rebuild to code, thereby reducing future flood damage costs. Further, DHS adjusts premium rates to encourage community and State mitigation activities beyond those required by the NFIP.

Despite these efforts, the program faces financial challenges. The program's financing account, which is a cash fund, has sometimes had expenses greater than its revenue, preventing it from building sufficient long-term reserves. This is mostly because a large portion of the policyholders pay subsidized premiums. DHS charges subsidized premiums for properties built before a community adopted the NFIP building standards. Properties built subsequently are charged actuarially fair 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, but remains substantial; it was 70 percent in 1978 and is 29 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 relied on Treasury borrowing to help finance its loss expenses (the NFIP may borrow up to \$1.5 billion). As of October 31, 2002, the NFIP had repaid all of its outstanding debt.

The NFIP was evaluated on its effectiveness and efficiency this year using the Program Assessment Rating Tool (PART). The PART revealed that the program has clear purpose and is well designed, with the exception of the fact that it is not actuarially sound. The program also received high marks for strategic planning, dem-

onstrating that it has both well-defined long-term and annual goals.

Although the program is generally well run, it receives some criticism about the low participation rate and the inclusion of subsidized properties, especially those that are repetitively flooded. Currently, less than half of the eligible properties in identified flood plains participate in this program. In comparison, the participation rate for private wind and hurricane insurance is nearly 90 percent in at-risk areas. Given that flood damage causes roughly \$6 billion in property damage annually, DHS will have to evaluate its incentive structure to attract more participation in the program, while not encouraging misuse of the program. The Budget also proposes a \$300 million predisaster mitigation grant program to be funded within DHS, some of which will be targeted to buyouts of repetitively flooded properties.

### **Crop Insurance**

Subsidized Federal crop insurance administered by USDA's Risk Management Agency (RMA) 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. In 2002, much of the agriculture region across the US suffered from severe drought conditions. As a result, the amount of claim payments made under the crop insurance program increased significantly. This suggests that the Federal Government plays an important role in mitigating the risks faced by the agricultural community. RMA continues to create new products for commodities that are not offered coverage under the current crop insurance program so that the Government can reduce the need for ad-hoc disaster assistance payments to the agriculture community in bad 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. In crop year 2002, 216 million acres were insured, with an estimated \$2.9 billion in total premium income, including \$1.7 billion in premium subsidy.

Included in the 2004 Budget is a proposal to amend the Federal Crop Insurance Act by limiting the reimbursement rate the private insurance companies receive for administrative costs to 20 percent of the premiums sold. This rate has not changed since set at 24.5 percent in 1998, even though the 2000 Agriculture Risk Protection Act significantly increased the level and volume

of insurance coverage by farmers. While, the total premiums received by each company grew correspondingly, the costs of selling and servicing these policies have grown much less (due to economies of scale). This would argue that the current rate exceeds a reasonable amount for the companies' costs related to selling and servicing these policies. A reimbursement rate of 20 percent would be more reasonable and is expected to save \$68 million in 2004.

There are various types of insurance programs. The most basic type of coverage is Catastrophic Crop Insurance (CAT), which compensates the farmer for losses up to 50 percent of the individual's average yield at 55 percent of the expected market price. The CAT premium is entirely subsidized, and farmers pay only a small administrative fee. Commercial insurance companies deliver the product to the producer in all states. Additional coverage is available to producers who wish to insure crops above the basic coverage. Premium rates for additional coverage depend on the level of coverage selected and vary from crop to crop and county to county. The additional levels of insurance coverage are more attractive to farmers due to availability of optional units, other policy provisions not available with CAT coverage, and the ability to obtain a level of protection that permits them to use crop insurance as loan collateral and to achieve greater financial security. 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. Approximately XX percent of eligible acres participated in one or more crop insurance programs in 2002.

Revenue insurance programs protect against loss of revenue stemming from low prices, poor yields, or a combination of both. The plans available are Revenue Coverage (CRC), Revenue Assurance (RA), and the Income Protection (IP) plan. These three plans have many similar features and some very distinctive features. All provide a guaranteed revenue by combining coverage on both yield and price variability. CRC and RA also provide protection against crop price changes. These programs extend traditional multi-peril crop insurance protection by adding price variability to production history. Indemnities are due when any combination of yield and price result in revenue that is less than the revenue guarantee. Revenue protection for all products is provided. The price component common to CRC, RA, and IP uses the commodity futures market for price discovery. These programs all seek to help ensure a certain level of annual income and are offered through private insurance companies. For 1999, a Group Risk Income Protection plan was developed by the private sector to provide protection against decline in county revenue, based on futures market prices and National Agricultural Statistics Service county average yields, as adjusted by Federal Crop Insurance Corporation (FCIC). FCIC is also piloting an Adjusted Gross Revenue (AGR) program, which is designed to insure a portion of producers' gross revenue based on their Schedule F Farm and Income Tax reports.

USDA continues to expand revenue coverage. RMA plans to roll out Round IV of the Dairy Options Pilot Program (DOPP) during 2002, which includes reaching producers in a total of 300 counties in 40 states. RMA's partners in the program are registered commodities brokers who are authorized by the Commodity Futures Trading Commission to buy put options on behalf of DOPP participants on the Chicago Mercantile Exchange. In September 2001, RMA published an interim

rule that allows RMA to reimburse developers of private crop insurance products for their research and development costs and maintenance costs. In November 2001, two livestock pilot programs were approved—the Livestock Gross Margin and Livestock Risk Protection. The pilot livestock programs will cover swine in the State of Iowa and will be made available beginning in 2002.

### **Insurance Against Security-Related Risks**

The Federal Government newly offers terrorism risk insurance and Airline War Risk Insurance on a temporary basis, and has expanded the vaccine compensation program. After the September 11 attacks, private insurers became reluctant to insure against security-related risks such as terrorism and war. Those events are so uncertain in terms of both the frequency of occurrence and the magnitude of potential loss that private insurers can hardly estimate the expected loss. Furthermore, terrorism can produce a really large loss that can wipe out private insurers' capital. These uncertainties make the private sector reluctant to provide security-related insurance. Thus, it is necessary for the Federal Government to insure against security-related risks, at least until the private sector learns enough to be comfortable about estimating those risks, to ensure the smooth functioning of the economy.

#### **Terrorism Risk Insurance**

On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002. Since the September 11, 2001 terrorist attacks, the economy has been harmed by the withdrawal of many insurance companies from the marketplace for terrorism risk insurance. Their withdrawal in the face of great uncertainty as to their risk exposure to future terrorist attacks led to the cancellation of construction projects, increased business costs for the insurance that was available, and substantial shifting of risk from reinsurers to primary insurers, and from insurers to policyholders (e.g., investors, businesses, and property owners). Ultimately, these costs are borne by American workers and communities through fewer construction projects and lower economic activity.

The new law establishes a temporary Federal program that provides for a system of shared public and private compensation for insured commercial property and casualty losses arising from acts of terrorism. The program is administered by the Treasury Department and will sunset on December 31, 2005.

Under the new law, insurance companies included under the program must make available to their policyholders coverage for losses from acts of terrorism under the program. The law also requires insurance companies to disclose to policyholders the premium charged for terrorism risk insurance and the Federal share of compensation provided under the law.

In the event of a future terrorist attack on private businesses and others covered by this program, insurance companies will cover insured losses up to each company's deductible as specified in the law. Insured losses above that amount in a given year would be shared between the insurance company and the Treasury, with Treasury covering 90 percent of the losses above the company's deductible. However, neither the Treasury nor any insurer would be liable for any amount exceeding the statutory annual cap of \$100 billion in aggregate insured losses. The law also provides authority for the Treasury to recoup Federal payments via surcharges on policyholders.

#### **Airline War Risk Insurance**

After the September 11 attacks, private insurers cancelled third party liability war risk coverage for airlines and dramatically increased the cost of other war risk insurance. In response, the Department of Transportation (DOT) provided a short-term reimbursement to airlines for the increased cost of aviation hull and passenger liability war risk insurance under the authority provided in P.L. 107-42. Under Presidential Determination No. 01-29, the President delegated the authority to extend aviation insurance to the Secretary of Transportation. Due to the extended disruption in the marketplace, DOT also offered airlines third-party liability war risk insurance coverage at subsidized rates to replace coverage initially withdrawn by private insurers. For the last year, DOT has continued to provide this insurance coverage in 60-day increments.

On November 26, the President signed the Homeland Security Act of 2002 which included the Airline War Risk Insurance Legislation. This law extends the term of third party war risk coverage and expands the scope of coverage to include war risk hull, passenger, crew, and property liability insurance. Under the law, the Secretary of Transportation shall extend insurance policies until August 31, 2003, but may extend until December 31, 2003. At this time DOT is preparing policies that extend insurance coverage until August 31st 2003. In addition, the law states that the total premium for the three types of insurance shall not exceed twice the premium rate charged for the third party liability insurance as of June 19, 2002.

Currently 73 air carriers are insured by DOT. Coverage for individual carriers ranges from \$80 million to \$4 billion per carrier with the median insurance



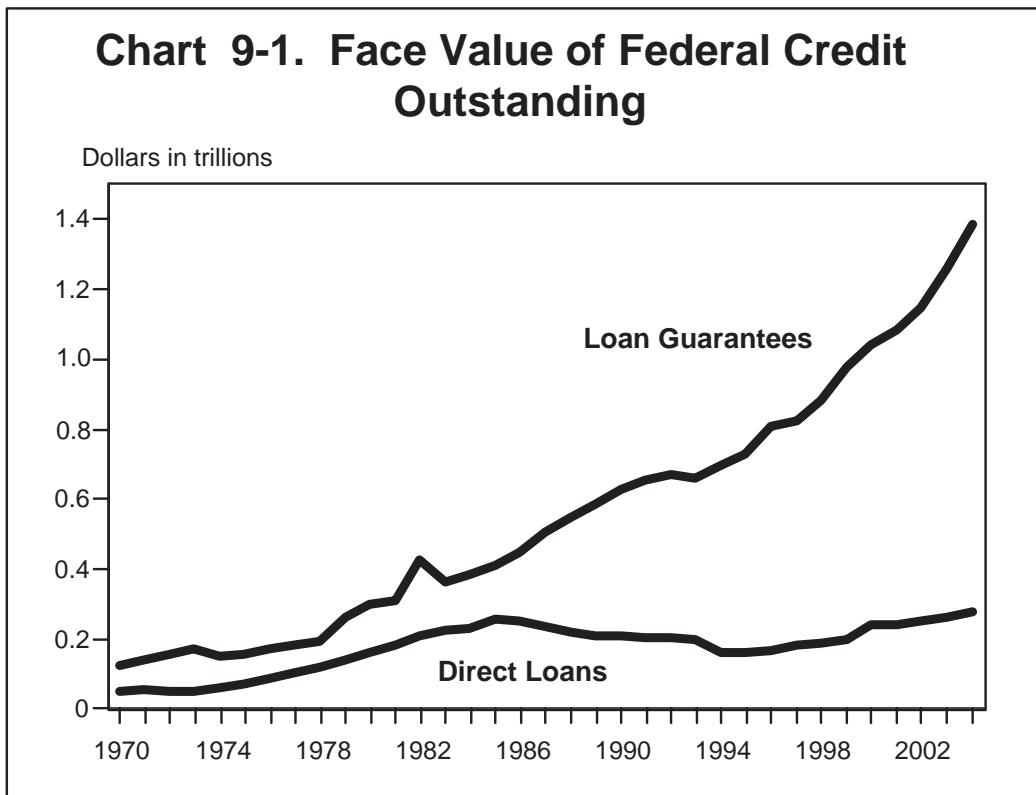
coverage at approximately \$1.8 billion per occurrence. Premiums collected by the Government are deposited into the Aviation Insurance Revolving Fund. In 2002, the fund collected approximately \$75 million in premiums for insurance provided by DOT and paid out \$56 million in one time premium assistance reimbursements for coverage purchased from private insurers. In 2003, it is anticipated that up to \$123 million in premiums may be collected by DOT for the provision of insurance. In 2004, the authorization for the war risk insurance program expires. Any claims by the airlines that exceed the balance in the aviation insurance revolving fund would be paid by the Federal Government.

**Vaccine Injury Compensation**

The National Vaccine Injury Compensation Program began in 1988 to encourage childhood vaccination by providing streamlined compensation for injuries resulting from vaccination. This program is jointly administered by the Department of Health and Human Services

(HHS), the U.S. Court of Federal Claims, and the Department of Justice (DOJ). Vaccine-related victims file claims against HHS in the U.S. Court of Federal Claims. Then DOJ represents HHS in the court to ensure fair compensation. Compensation is paid out of the Vaccine Trust Fund, financed through per-dose assessments on vaccines.

To better prepare the Nation for potential biological attacks, the Homeland Security Act of 2002 expands the coverage of the National Vaccine Injury Compensation Program by broadening the interpretation of key terms, such as “vaccine” and “vaccine-related injury or death.” The Act also provides medical liability protection to some private parties, such as doctors, drug manufacturers, and hospitals, when those entities, acting on behalf of the U.S. Public Health Service, are liable for the administration of the smallpox vaccine and other countermeasures. This protection is effective only during such period as declared by the Secretary of HHS.



**Table 9-1. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS**  
(In billions of dollars)

| Program   | Outstanding<br>2001 | Estimated<br>Future Costs<br>of 2001<br>Outstanding <sup>1</sup> | Outstanding<br>2002 | Estimated<br>Future Costs<br>of 2002<br>Outstanding <sup>1</sup> |
|---|---------------------|--|---------------------|--|
| <b>Direct Loans:<sup>2</sup></b>  |                     |  |                     |  |
| Federal student loan programs .....                                     | 90                  | 11   | 99                  | 14   |
| Farm Service Agency (excl. CCC), Rural development, Rural housing ..... | 46                  | 10   | 45                  | 11   |
| Rural Utilities Service and Rural telephone bank .....                  | 31                  | 2  | 32                  | 2  |
| Housing and Urban Development .....                                     | 12                  | 2  | 12                  | 2  |
| Agency for International Development .....                              | 10                  | 4  | 9                   | 7  |
| P. L. 480 .....   | 11                  | 2  | 11                  | 2  |
| Export-Import Bank .....  | 12                  | 4  | 12                  | 4  |
| Commodity Credit Corporation .....                                      | 4                   | 3  | 5                   | 3  |
| Federal Communications Commission spectrum auction .....                | 6                   | .....  | 5                   | .....  |
| Disaster assistance .....   | 4                   | 1  | 4                   | .....  |
| Other direct loan programs .....  | 13                  | .....  | 14                  | .....  |
| <b>Total Direct Loans .....</b>   | <b>239</b>          | <b>39</b>  | <b>248</b>          | <b>45</b>  |
| <b>Guaranteed Loans:<sup>2</sup></b>                                    |                     |  |                     |  |
| FHA-mutual mortgage insurance .....                                     | 459                 | 1  | 467                 | 3  |
| Veterans housing .....  | 237                 | 5  | 265                 | 6  |
| Federal family education loan program .....                             | 159                 | 14   | 182                 | 12   |
| FHA-general and special risk .....                                      | 99                  | 8  | 96                  | 7  |
| Small business .....  | 37                  | 3  | 41                  | 1  |
| Export-Import Bank .....  | 31                  | 4  | 31                  | 5  |
| International assistance .....  | 19                  | 2  | 19                  | 2  |
| Farm Service Agency and Rural housing .....                             | 22                  | .....  | 23                  | .....  |
| Commodity Credit Corporation .....                                      | 5                   | .....  | 5                   | 1  |
| Other guaranteed loan programs .....                                    | 16                  | 2  | 16                  | 2  |
| <b>Total Guaranteed Loans .....</b>                                     | <b>1,084</b>        | <b>39</b>  | <b>1,145</b>        | <b>39</b>  |
| <b>Total Federal Credit .....</b>                                       | <b>1,323</b>        | <b>78</b>  | <b>1,393</b>        | <b>84</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 9-2. FACE VALUE OF GOVERNMENT-SPONSORED ENTERPRISE LENDING<sup>1</sup>**

(In billions of dollars)

|  | Outstanding  |              |
|--|--------------|--------------|
|  | 2001         | 2002         |
| <b>Government Sponsored Enterprises:</b>   |              |              |
| Fannie Mae .....                           | 1,460        | 1,689        |
| Freddie Mac .....                          | 1,101        | 1,254        |
| Federal Home Loan Banks <sup>2</sup> ..... | 477          | 524          |
| Sallie Mae <sup>3</sup> .....              | .....        | .....        |
| Farm Credit System .....                   | 75           | 83           |
| <b>Total</b> .....                         | <b>3,113</b> | <b>3,550</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 2002 was \$215 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 9-1.

Table 9-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2002 <sup>1</sup>

(Budget authority and outlays, in millions of dollars)

| Program   | 1994 | 1995 | 1996 | 1997 | 1998  | 1999 | 2000   | 2001   | 2002 | 2003  |
|---|------|------|------|------|-------|------|--------|--------|------|-------|
| <b>Direct Loans:</b>  |      |      |      |      |       |      |        |        |      |       |
| <b>Agriculture:</b>   |      |      |      |      |       |      |        |        |      |       |
| Agriculture credit insurance fund .....                       | -72  | 28   | 2    | -31  | 23    |      | 331    | -656   | 921  | 10    |
| Farm storage facility loans .....                             |      |      |      |      |       |      |        |        | -1   | -7    |
| Apple loans .....   |      |      |      |      |       |      |        |        | -2   | 1     |
| Emergency boll weevil loan .....                              |      |      |      |      |       |      |        |        |      | 1     |
| Agricultural conservation .....                               | -1   |      |      |      |       |      |        |        |      |       |
| Distance learning and telemedicine .....                      |      |      |      |      |       |      |        |        | 1    |       |
| Rural electrification and telecommunications loans .....      | *    | 61   | -37  | 84   |       | -39  |        | -17    | -42  |       |
| Rural telephone bank .....                                    | 1    |      |      | 10   |       | -9   |        | -1     |      | -3    |
| Rural housing insurance fund .....                            | 2    | 152  | 46   | -73  |       | 71   |        | 19     | -29  | -440  |
| Rural economic development loans .....                        |      |      |      | 1    |       | -1   | *      |        | -1   |       |
| Rural development loan program .....                          |      | 1    |      |      |       | -6   |        |        | -1   |       |
| Rural community advancement program <sup>2</sup> .....        |      |      |      | 8    |       | 5    |        | 37     | 3    |       |
| P.L. 480 .....  |      |      | -37  | -1   |       |      |        | -23    | 65   | -348  |
| P.L. 480 Title I food for progress credits .....              |      | 84   | -38  |      |       |      |        |        |      | -112  |
| <b>Commerce:</b>  |      |      |      |      |       |      |        |        |      |       |
| Fisheries finance .....                                       |      |      |      |      |       |      |        | -19    | -1   | -3    |
| <b>Defense:</b>   |      |      |      |      |       |      |        |        |      |       |
| Military housing improvement fund .....                       |      |      |      |      |       |      |        |        |      | 1     |
| <b>Education:</b>   |      |      |      |      |       |      |        |        |      |       |
| Federal direct student loan program: <sup>3</sup>             |      |      |      |      |       |      |        |        |      |       |
| Volume reestimate .....                                       |      |      |      |      |       | 22   |        | -6     |      | 43    |
| Other technical reestimate .....                              |      |      | 3    | -83  | 172   | -383 | -2,158 | 560    |      | 3,678 |
| College housing and academic facilities loans .....           |      |      |      |      |       |      |        | -1     |      |       |
| <b>Homeland Security:</b>                                     |      |      |      |      |       |      |        |        |      |       |
| Disaster assistance .....                                     |      |      |      |      |       |      | 47     | 36     | -7   | -6    |
| <b>Interior:</b>  |      |      |      |      |       |      |        |        |      |       |
| Bureau of Reclamation loans .....                             |      |      |      |      |       |      | 3      | 3      | -9   | -14   |
| Bureau of Indian Affairs direct loans .....                   |      |      |      |      |       | 1    | 5      | -1     | -1   | 1     |
| <b>Transportation:</b>  |      |      |      |      |       |      |        |        |      |       |
| High priority corridor loans .....                            |      |      |      |      |       | -3   |        |        |      |       |
| Alameda corridor loan .....                                   |      |      |      |      |       |      | -58    |        |      | -50   |
| Transportation infrastructure finance and innovation .....    |      |      |      |      |       |      |        | 18     |      | 18    |
| Railroad rehabilitation and improvement program .....         |      |      |      |      |       |      |        |        |      | -5    |
| <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    | -107   | -697 | 17    |
| Native American veteran housing .....                         |      |      |      |      |       |      |        |        |      | -4    |
| Vocational Rehabilitation Loans .....                         |      |      |      |      |       |      |        |        |      | *     |
| <b>Environmental Protection Agency:</b>                       |      |      |      |      |       |      |        |        |      |       |
| Abatement, control and compliance .....                       |      |      |      |      |       |      |        | 3      | -1   | 1     |
| <b>General Services Administration:</b>                       |      |      |      |      |       |      |        |        |      |       |
| Columbia hospital for women <sup>5</sup> .....                |      |      |      |      |       |      |        |        | -6   |       |
| <b>International Assistance Programs:</b>                     |      |      |      |      |       |      |        |        |      |       |
| Foreign military financing .....                              |      |      |      | 13   | 4     | 1    | 152    | -166   | 119  | -397  |
| U.S. Agency for International Development:                    |      |      |      |      |       |      |        |        |      |       |
| Micro and small enterprise development .....                  |      |      |      |      |       |      |        |        | *    |       |
| Overseas Private Investment Corporation:                      |      |      |      |      |       |      |        |        |      |       |
| OPIC direct loans .....                                       |      |      |      |      |       |      |        |        |      | -4    |
| Debt reduction .....  |      |      |      |      |       |      | 36     | -4     |      |       |
| <b>Small Business Administration:</b>                         |      |      |      |      |       |      |        |        |      |       |
| Business loans .....  |      |      |      |      |       |      |        | 1      | -2   | 1     |
| Disaster loans .....  |      |      |      |      | -193  | 246  | -398   | -282   | -14  | 266   |
| <b>Other Independent Agencies:</b>                            |      |      |      |      |       |      |        |        |      |       |
| Export-Import Bank direct loans .....                         | -28  | -16  | 37   |      |       |      | -177   | 157    | 117  | -640  |
| Federal Communications Commission spectrum auction .....      |      |      |      |      | 4,592 | 980  | -1,501 | -804   | 92   | 346   |
| <b>Loan Guarantees:</b>                                       |      |      |      |      |       |      |        |        |      |       |
| <b>Agriculture:</b>   |      |      |      |      |       |      |        |        |      |       |
| Agriculture credit insurance fund .....                       | 5    | 14   | 12   | -51  | 96    |      | -31    | 205    | 40   | -36   |
| Agriculture resource conservation demonstration project ..... |      |      |      |      |       |      |        | 2      |      | 1     |
| Commodity Credit Corporation export guarantees .....          | 3    | 103  | -426 | 343  |       |      |        | -1,410 |      | -13   |

**Table 9-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2002<sup>1</sup>—Continued**

(Budget authority and outlays, in millions of dollars)

| Program  | 1994        | 1995       | 1996       | 1997        | 1998         | 1999         | 2000          | 2001          | 2002          | 2003        |
|--|-------------|------------|------------|-------------|--------------|--------------|---------------|---------------|---------------|-------------|
| Rural development insurance fund .....   | 49          |            |            | -3          |              |              |               |               |               |             |
| Rural housing insurance fund .....   | 2           | 10         | 7          | -10         |              | 109          |               | 152           | -56           |             |
| Rural community advancement program <sup>2</sup> .....                                 |             |            |            | -10         |              | 41           |               | 63            | 17            |             |
| Commerce:  |             |            |            |             |              |              |               |               |               |             |
| Fisheries finance .....  |             |            |            |             | -2           |              |               | -3            | -1            | 3           |
| Emergency steel guaranteed loans .....   |             |            |            |             |              |              |               | *             | *             | 50          |
| Emergency oil and gas guaranteed loans .....   |             |            |            |             |              |              |               |               |               | *           |
| Defense:   |             |            |            |             |              |              |               |               |               |             |
| Military housing improvement fund .....  |             |            |            |             |              |              |               |               |               | -1          |
| Education:   |             |            |            |             |              |              |               |               |               |             |
| Federal family education loan program: <sup>3</sup>                                    |             |            |            |             |              |              |               |               |               |             |
| Volume reestimate .....  |             |            | 535        | 99          |              | -13          | -60           | -42           |               | 277         |
| Other technical reestimate .....   | 97          | 421        | 60         |             |              | -140         | 667           | -3,484        |               | -2,483      |
| Health and Human Services:   |             |            |            |             |              |              |               |               |               |             |
| Health center loan guarantees .....  |             |            |            |             |              |              | 3             |               | *             | *           |
| Health education assistance loans .....  |             |            |            |             |              |              |               |               |               |             |
| Housing and Urban Development:   |             |            |            |             |              |              |               |               |               |             |
| Indian housing loan guarantee .....  |             |            |            |             |              |              |               | -6            | *             | -1          |
| Title VI Indian guarantees .....   |             |            |            |             |              |              |               |               |               | -1          |
| FHA-mutual mortgage insurance .....  |             |            |            | -340        |              | 3,789        |               | 2,413         | -1,308        | 1,100       |
| FHA-general and special risk .....   | -175        |            | -110       | -25         | 743          | 79           |               | -217          | -403          | 77          |
| Interior:  |             |            |            |             |              |              |               |               |               |             |
| Bureau of Indian Affairs guaranteed loans .....  |             |            |            | 31          |              |              |               | -14           | -1            | -3          |
| Transportation:  |             |            |            |             |              |              |               |               |               |             |
| Maritime guaranteed loans (title XI) .....   |             |            |            |             |              | -71          | 30            | -15           | 187           | 27          |
| Minority business resource center .....  |             |            |            |             |              |              |               |               | 1             |             |
| Treasury:  |             |            |            |             |              |              |               |               |               |             |
| Air transportation stabilization program <sup>4</sup> .....                            |             |            |            |             |              |              |               |               |               | 113         |
| Veterans Affairs:  |             |            |            |             |              |              |               |               |               |             |
| Veterans housing benefit fund program .....  | -447        | 167        | 334        | -706        | 38           | 492          | 229           | -770          | -163          | -183        |
| International Assistance Programs:   |             |            |            |             |              |              |               |               |               |             |
| U.S. Agency for International Development:   |             |            |            |             |              |              |               |               |               |             |
| Development credit authority .....   |             |            |            |             |              |              |               |               | -1            |             |
| Micro and small enterprise development .....   |             |            |            |             |              |              |               |               |               |             |
| Urban and environmental credit .....   | -2          | -1         | -7         |             | -14          |              |               |               | -4            | -16         |
| Assistance to the new independent states of the former Soviet Union <sup>5</sup> ..... |             |            |            |             |              |              |               |               | -34           |             |
| Overseas Private Investment Corporation:   |             |            |            |             |              |              |               |               |               |             |
| OPIC guaranteed loans .....  |             |            |            |             |              |              |               |               | 5             | 78          |
| Small Business Administration:   |             |            |            |             |              |              |               |               |               |             |
| Business loans .....   |             |            | 257        | -16         | -279         | -545         | -235          | -528          | -226          | 304         |
| Other Independent Agencies:  |             |            |            |             |              |              |               |               |               |             |
| Export-Import Bank guarantees .....  | -11         | -59        | 13         |             |              |              | -191          | -1,520        | -417          | -2,042      |
| <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>-6,427</b> | <b>-1,860</b> | <b>-398</b> |

\* Less than \$500 thousand.

<sup>1</sup> Excludes interest on reestimates. Additional information on credit reform subsidy rates is contained in the Federal Credit Supplement.<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> Numbers shown for 2003 include estimates for loan guarantees that have received either conditional or final approval. This presentation should not be construed as prejudging the outcome of the Air Transportation Stabilization Board's deliberations. The Board does not anticipate making any new loan guarantees in 2004.<sup>5</sup> Closing reestimate executed in fiscal year 2002.

**Table 9-4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2002-2004**

(In millions of dollars)

| Agency and Program   | 2002 Actual               |                          |                 | 2003 Proposed             |                          |                 | 2004 Proposed             |                          |                 |
|--|---------------------------|--------------------------|-----------------|---------------------------|--------------------------|-----------------|---------------------------|--------------------------|-----------------|
|  | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels |
| <b>Agriculture:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Agricultural credit insurance fund .....                     | 6.78                      | 60                       | 885             | 13.97                     | 112                      | 802             | 14.20                     | 121                      | 852             |
| Farm storage facility loans .....                            | 2.40                      | 3                        | 125             | 1.36                      | 2                        | 147             | .....                     | .....                    | 117             |
| Rural community advancement program .....                    | 6.60                      | 98                       | 1,485           | 10.08                     | 110                      | 1,091           | 2.53                      | 33                       | 1,305           |
| Rural electrification and telecommunications loans .....     | -0.57                     | -26                      | 4,569           | -0.66                     | -20                      | 3,016           | -1.58                     | -48                      | 3,035           |
| Rural telephone bank .....                                   | 2.14                      | 4                        | 175             | 1.38                      | .....                    | .....           | -4.32                     | .....                    | .....           |
| Distance learning, telemedicine, and broadband program ..... | -0.07                     | .....                    | 95              | 4.73                      | 39                       | 825             | 3.66                      | 9                        | 246             |
| Farm labor .....   | 47.31                     | 22                       | 47              | 49.02                     | 18                       | 36              | 42.73                     | 18                       | 42              |
| Rural housing insurance fund .....                           | 16.48                     | 204                      | 1,238           | 20.86                     | 224                      | 1,074           | 11.11                     | 166                      | 1,494           |
| Rural development loan fund .....                            | 43.21                     | 13                       | 31              | 48.26                     | 20                       | 40              | 43.27                     | 17                       | 40              |
| Rural economic development loans .....                       | 24.16                     | 4                        | 15              | 21.36                     | 3                        | 15              | 18.61                     | 3                        | 15              |
| Public law 480 title I .....                                 | 81.73                     | 126                      | 155             | 75.11                     | 99                       | 132             | 78.90                     | 104                      | 132             |
| <b>Commerce:</b>   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Fisheries finance .....                                      | -6.45                     | -8                       | 124             | -2.86                     | -3                       | 105             | -3.33                     | -1                       | 30              |
| <b>Defense—Military:</b>                                     |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Family housing improvement fund .....                        | .....                     | .....                    | .....           | 21.36                     | 44                       | 206             | 39.95                     | 88                       | 221             |
| <b>Education:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| College housing and academic facilities loans .....          | .....                     | .....                    | 44              | .....                     | .....                    | 268             | .....                     | .....                    | 227             |
| Federal direct student loan program .....                    | -3.95                     | -835                     | 21,164          | -3.23                     | -690                     | 21,339          | -5.22                     | -1,049                   | 20,954          |
| <b>Homeland Security:</b>                                    |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Disaster assistance loans .....                              | 1.62                      | .....                    | 25              | -4.10                     | -1                       | 25              | -2.02                     | -1                       | 25              |
| <b>Housing and Urban Development:</b>                        |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| FHA-mutual mortgage insurance .....                          | .....                     | .....                    | 250             | .....                     | .....                    | 50              | .....                     | .....                    | 50              |
| FHA-general and special risk .....                           | .....                     | .....                    | 50              | .....                     | .....                    | 50              | .....                     | .....                    | 50              |
| <b>Interior:</b>   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Bureau of Reclamation loans .....                            | 26.92                     | 7                        | 26              | .....                     | .....                    | .....           | .....                     | .....                    | .....           |
| <b>State:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Repatriation loans .....                                     | 80.00                     | 1                        | 1               | 80.00                     | 1                        | 1               | 70.75                     | 1                        | 1               |
| <b>Transportation:</b>                                       |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Federal-aid highways .....                                   | 2.79                      | 16                       | 573             | 4.40                      | 104                      | 2,362           | 5.58                      | 127                      | 2,277           |
| Railroad rehabilitation and improvement program .....        | .....                     | .....                    | 102             | .....                     | .....                    | .....           | .....                     | .....                    | .....           |
| <b>Treasury:</b>   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Community development financial institutions fund .....      | 38.44                     | 3                        | 8               | 36.94                     | 2                        | 5               | 34.37                     | 2                        | 5               |
| <b>Veterans Affairs:</b>                                     |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Vocational rehabilitation and education loans .....          | .....                     | .....                    | 3               | .....                     | .....                    | 3               | .....                     | .....                    | 4               |
| Housing .....  | 0.85                      | 9                        | 1,056           | 1.80                      | 6                        | 334             | 10.80                     | 31                       | 287             |
| <b>International Assistance Programs:</b>                    |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Foreign military financing loans .....                       | .....                     | .....                    | .....           | .....                     | .....                    | 3,800           | .....                     | .....                    | .....           |
| Debt restructuring .....                                     | .....                     | 66                       | .....           | .....                     | 73                       | .....           | .....                     | 292                      | .....           |
| Overseas Private Investment Corporation .....                | 10.60                     | 5                        | 47              | 11.00                     | 8                        | 73              | 11.00                     | 4                        | 40              |
| <b>Small Business Administration:</b>                        |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Disaster loans .....   | 17.19                     | 217                      | 1,262           | 16.14                     | 118                      | 731             | 11.72                     | 79                       | 760             |
| Business loans .....   | 6.78                      | 1                        | 16              | 13.05                     | 4                        | 27              | 9.55                      | 2                        | 20              |
| <b>Export-Import Bank of the United States:</b>              |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Export-Import Bank loans .....                               | 16.22                     | 48                       | 296             | 17.32                     | 31                       | 179             | 5.90                      | 19                       | 322             |
| <b>Federal Communications Commission:</b>                    |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Spectrum auction .....                                       | 15.00                     | .....                    | 1               | .....                     | .....                    | .....           | .....                     | .....                    | .....           |
| <b>Total</b> .....   | <b>N/A</b>                | <b>38</b>                | <b>33,868</b>   | <b>N/A</b>                | <b>304</b>               | <b>36,736</b>   | <b>N/A</b>                | <b>17</b>                | <b>32,551</b>   |

<sup>1</sup> Additional information on credit subsidy rates is contained in the Federal Credit Supplement.  
N/A = Not applicable.

**Table 9-5. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2002-2004**

(In millions of dollars)

| Agency and Program  | 2002 Actual               |                          |                 | 2003 Proposed             |                          |                 | 2004 Proposed             |                          |                 |
|---|---------------------------|--------------------------|-----------------|---------------------------|--------------------------|-----------------|---------------------------|--------------------------|-----------------|
|   | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels | Subsidy rate <sup>1</sup> | Subsidy budget authority | New loan levels |
| <b>Agriculture:</b>   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Agricultural credit insurance fund .....                          | 3.98                      | 128                      | 3,220           | 3.23                      | 97                       | 3,000           | 3.23                      | 86                       | 2,666           |
| Commodity Credit Corporation export loans .....                   | 6.80                      | 222                      | 3,266           | 6.96                      | 294                      | 4,225           | 7.14                      | 297                      | 4,155           |
| Rural community advancement program .....                         | 2.90                      | 31                       | 1,070           | 2.95                      | 39                       | 1,321           | 3.04                      | 27                       | 887             |
| Rural electrification and telecommunications loans .....          |                           |                          |                 | 0.08                      |                          | 100             | 0.06                      |                          | 100             |
| Local television loan guarantees .....                            | 7.75                      |                          |                 | 8.25                      | 88                       | 1,067           | 8.46                      |                          |                 |
| Rural housing insurance fund .....                                | 1.43                      | 36                       | 2,519           | 1.25                      | 23                       | 1,915           | 1.63                      | 46                       | 2,825           |
| Rural business investment .....                                   |                           |                          |                 | 20.00                     | 56                       | 280             |                           |                          |                 |
| <b>Commerce:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Emergency oil and gas guaranteed loans .....                      | 42.03                     | 1                        | 2               |                           |                          |                 |                           |                          |                 |
| Emergency steel guaranteed loans .....                            | 12.36                     | 5                        | 42              |                           |                          |                 |                           |                          |                 |
| <b>Defense—Military:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Procurement of ammunition, Army .....                             |                           |                          |                 | 3.34                      | 1                        | 39              |                           |                          |                 |
| Family housing improvement fund .....                             |                           |                          |                 | 5.07                      | 7                        | 138             | 5.40                      | 14                       | 259             |
| <b>Education:</b>   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Federal family education loan program .....                       | 8.96                      | 4,312                    | 48,102          | 12.00                     | 6,401                    | 53,327          | 11.85                     | 6,272                    | 52,064          |
| <b>Health and Human Services:</b>                                 |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Health education assistance loans .....                           | 12.43                     | 21                       | 165             | 12.43                     | 20                       | 160             | 12.19                     | 18                       | 150             |
| Health resources and services .....                               | 8.71                      |                          | 1               | 5.88                      | 1                        | 17              | 5.88                      | 1                        | 17              |
| <b>Housing and Urban Development:</b>                             |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Indian housing loan guarantee fund .....                          | 2.47                      | 6                        | 234             | 2.43                      | 5                        | 197             | 2.73                      | 1                        | 27              |
| Native Hawaiian housing loan guarantee fund .....                 | 2.47                      | 1                        | 40              | 2.43                      | 1                        | 40              | 2.73                      | 1                        | 35              |
| Public housing capital fund .....                                 |                           |                          |                 |                           |                          |                 | 7.66                      | 131                      | 1,715           |
| Native American housing .....                                     | 11.07                     | 6                        | 53              | 11.07                     | 2                        | 17              | 10.56                     | 1                        | 8               |
| Community development loan guarantees .....                       | 2.30                      | 14                       | 609             | 2.30                      | 6                        | 275             |                           |                          |                 |
| FHA-mutual mortgage insurance .....                               | -2.07                     | -2,880                   | 165,000         | -2.53                     | -3,226                   | 165,000         | -2.39                     | -3,378                   | 185,000         |
| FHA-general and special risk .....                                | -1.53                     | -352                     | 23,000          | -1.05                     | -249                     | 24,000          | -1.05                     | -262                     | 25,000          |
| <b>Interior:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Indian guaranteed loans .....                                     | 6.00                      | 4                        | 75              | 6.91                      | 5                        | 72              | 6.13                      | 5                        | 84              |
| <b>Transportation:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Minority business resource center program .....                   | 2.70                      |                          | 18              | 2.69                      | 1                        | 18              | 2.53                      | 1                        | 18              |
| Federal-aid highways .....  |                           |                          |                 | 4.35                      | 9                        | 200             | 4.77                      | 10                       | 200             |
| Maritime guaranteed loans (title XI) .....                        | 6.22                      | 14                       | 225             | 6.21                      |                          | 338             |                           |                          |                 |
| <b>Treasury:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Air transportation stabilization <sup>2</sup> .....               | 40.11                     | 172                      | 429             | 26.94                     | 386                      | 1,433           |                           |                          |                 |
| <b>Veterans Affairs:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Housing .....   | 0.51                      | 194                      | 38,038          | 0.87                      | 306                      | 35,271          | 0.78                      | 275                      | 35,248          |
| <b>International Assistance Programs:</b>                         |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Microenterprise and small enterprise development .....            | 3.93                      | 1                        | 25              |                           |                          |                 |                           |                          |                 |
| Development credit authority .....                                | 6.42                      | 19                       | 289             | 6.44                      | 18                       | 280             | 3.11                      | 21                       | 675             |
| Overseas Private Investment Corporation .....                     | 2.60                      | 21                       | 809             | 1.71                      | 11                       | 645             | 2.61                      | 20                       | 765             |
| <b>Small Business Administration:</b>                             |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Business loans .....  | 0.86                      | 132                      | 15,266          | 0.45                      | 85                       | 18,983          | 0.46                      | 95                       | 20,802          |
| <b>Export-Import Bank of the United States:</b>                   |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Export-Import Bank loans .....                                    | 7.05                      | 693                      | 9,824           | 5.52                      | 625                      | 11,321          | 3.08                      | 441                      | 14,320          |
| <b>Presidio Trust:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Presidio Trust .....  |                           |                          |                 | 0.14                      |                          | 200             | 0.14                      |                          |                 |
| <b>Total</b> .....  | <b>N/A</b>                | <b>2,801</b>             | <b>312,321</b>  | <b>N/A</b>                | <b>5,012</b>             | <b>323,879</b>  | <b>N/A</b>                | <b>4,123</b>             | <b>347,020</b>  |
| <b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b> |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| <b>GNMA:</b>  |                           |                          |                 |                           |                          |                 |                           |                          |                 |
| Guarantees of mortgage-backed securities .....                    | -0.33                     | -363                     | 200,000         | -0.33                     | -396                     | 200,000         | -0.27                     | -405                     | 200,000         |

<sup>1</sup> Additional information on credit subsidy rates is contained in the Federal Credit Supplement.<sup>2</sup> Numbers shown for 2003 include estimates for loan guarantees that have received either conditional or final approval. This presentation should not be construed as prejudging the outcome of the Air Transportation Stabilization Board's deliberations. The Board does not anticipate making any new loan guarantees in 2004.

N/A = Not applicable.

**Table 9-6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES**

(In billions of dollars)

|   | Actual |       |       |       |       |       |       |       | Estimate |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|----------|-------|
|   | 1995   | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003     | 2004  |
| <b>Direct Loans:</b>                                    |        |       |       |       |       |       |       |       |          |       |
| Obligations .....                                       | 30.9   | 23.4  | 33.6  | 28.8  | 38.4  | 37.1  | 39.1  | 43.7  | 46.2     | 42.0  |
| Disbursements .....                                     | 22.0   | 23.6  | 32.2  | 28.7  | 37.7  | 35.5  | 37.1  | 39.6  | 38.4     | 38.0  |
| New subsidy budget authority .....                      | *      | *     | *     | -0.8  | 1.6   | -0.4  | 0.3   | *     | 0.3      | *     |
| Reestimated subsidy budget authority <sup>1</sup> ..... | .....  | ..... | ..... | 7.3   | 1.0   | -4.4  | -1.8  | 0.5   | 2.4      | ..... |
| Total subsidy budget authority <sup>2</sup> .....       | 2.6    | 1.8   | 2.4   | 6.5   | 2.6   | -4.8  | -1.5  | 0.5   | 2.7      | *     |
| <b>Loan Guarantees:<sup>3</sup></b>                     |        |       |       |       |       |       |       |       |          |       |
| Commitments .....                                       | 138.5  | 175.4 | 172.3 | 218.4 | 252.4 | 192.6 | 256.4 | 303.7 | 322.9    | 339.7 |
| Lender disbursements .....                              | 117.9  | 143.9 | 144.7 | 199.5 | 224.7 | 180.8 | 212.9 | 271.4 | 271.5    | 278.0 |
| New subsidy budget authority .....                      | *      | *     | *     | 3.3   | *     | 3.6   | 2.3   | 2.9   | 4.9      | 4.1   |
| Reestimated subsidy budget authority <sup>1</sup> ..... | .....  | ..... | ..... | -0.7  | 4.3   | 0.3   | -7.1  | -2.4  | -2.7     | ..... |
| Total subsidy budget authority <sup>2</sup> .....       | 4.6    | 4.0   | 3.6   | 2.6   | 4.3   | 3.9   | -4.8  | 0.5   | 2.2      | 4.1   |

\* Less than \$50 million.

<sup>1</sup> Includes interest on reestimate.<sup>2</sup> Prior to 1998 new and reestimated subsidy budget authority were not reported separately.<sup>3</sup> GNMA secondary guarantees of loans that are guaranteed by FHA, VA and RHS are excluded from the totals to avoid double-counting.



Table 9-7. 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> |               |               |
|--|------------------------|---------------|---------------|---|---------------|---------------|
|  | 2002 actual            | 2003 estimate | 2004 estimate | 2002 actual                                       | 2003 estimate | 2004 estimate |
| <b>DIRECT LOAN WRITEOFFS</b>                             |                        |               |               |   |               |               |
| Agriculture:   |                        |               |               |   |               |               |
| Agricultural credit insurance fund .....                 | 174                    | 242           | 238           | 2.03  | 3.00          | 3.22          |
| Farm storage facility loans program .....                |                        | 1             | 1             |   | 0.64          | 0.46          |
| Rural electrification and telecommunications loans ..... |                        | 119           | 109           |   | 0.38          | 0.33          |
| Rural development insurance fund .....                   |                        | 1             | 1             |   | 0.03          | 0.03          |
| Rural housing insurance fund .....                       | 223                    | 205           | 186           | 0.81  | 0.76          | 0.70          |
| Rural development loan fund .....                        | 2                      | 1             | 1             | 0.51  | 0.24          | 0.22          |
| P.L.480 .....  | 8                      | 34            |               | 0.07  | 0.33          |               |
| Commerce:  |                        |               |               |   |               |               |
| Economic development revolving fund .....                | 1                      | 1             | 1             | 3.33  | 3.84          | 4.54          |
| Education:   |                        |               |               |   |               |               |
| Student financial assistance .....                       | 20                     | 22            | 23            | 5.68  | 7.28          | 8.74          |
| Homeland Security:                                       |                        |               |               |   |               |               |
| Disaster assistance .....                                | 27                     |               |               | 17.53   |               |               |
| Housing and Urban Development:                           |                        |               |               |   |               |               |
| Revolving fund (liquidating programs) .....              | 1                      | 1             | 1             | 5.55  | 5.88          | 6.25          |
| FHA—Mutual mortgage insurance .....                      |                        | 4             | 9             |   | 33.33         | 52.94         |
| Guarantees of mortgage-backed securities .....           | 1                      | 1             | 2             | 0.94  | 1.00          | 2.08          |
| Interior:  |                        |               |               |   |               |               |
| Indian direct loans .....                                | 2                      | 2             | 2             | 3.63  | 3.92          | 4.25          |
| Assistance to American Samoa .....                       |                        |               | 1             |   |               | 7.69          |
| Payments to the United States territories .....          |                        |               | 1             |   |               | 12.50         |
| Labor:   |                        |               |               |   |               |               |
| Pension benefit guaranty corporation .....               | 5                      | 6             | 14            |   |               |               |
| State:   |                        |               |               |   |               |               |
| Repatriation loans .....                                 | 1                      | 1             |               | 25.00   | 25.00         |               |
| Transportation:  |                        |               |               |   |               |               |
| Minority business resource center .....                  | 1                      |               |               | 50.00   |               |               |
| Railroad rehabilitation and improvement .....            |                        |               | 2             |   |               | 0.59          |
| Veterans Affairs:  |                        |               |               |   |               |               |
| Veterans housing benefit program .....                   | 5                      | 1             | 1             | 0.27  | 0.06          | 0.07          |
| International Assistance Programs:                       |                        |               |               |   |               |               |
| Foreign military financing .....                         |                        | 177           |               |   | 3.75          |               |
| Military debt reduction .....                            | 17                     | 2             | 31            | 170.00  | 12.50         | 206.66        |
| Debt reduction (AID) .....                               | 6                      | 20            |               | 4.08  | 19.04         |               |
| Economic assistance loans .....                          | 14                     | 8             |               | 0.15  | 0.09          |               |
| Overseas Private Investment Corporation .....            | 1                      | 1             | 1             | 0.93  | 0.64          | 0.53          |
| Small Business Administration:                           |                        |               |               |   |               |               |
| Disaster loans .....                                     | 101                    | 44            | 42            | 2.77  | 1.26          | 1.34          |
| Business loans .....                                     | 13                     | 16            | 15            | 3.19  | 4.62          | 4.95          |
| Other Independent Agencies:                              |                        |               |               |   |               |               |
| Export-Import Bank .....                                 | 94                     | 675           | 49            | 0.81  | 6.23          | 0.49          |
| Debt reduction (ExIm Bank) .....                         | 11                     |               | 237           | 7.85  |               | 117.91        |
| Tennessee Valley Authority fund .....                    | 1                      | 1             | 1             | 2.08  | 2.08          | 1.88          |
| <b>Total, direct loan writeoffs .....</b>                | <b>729</b>             | <b>1,586</b>  | <b>969</b>    | <b>0.33</b>                                       | <b>0.70</b>   | <b>0.40</b>   |
| <b>GUARANTEED LOAN TERMINATIONS FOR DEFAULT</b>          |                        |               |               |   |               |               |
| Agriculture:   |                        |               |               |   |               |               |
| Agricultural credit insurance fund .....                 | 70                     | 71            | 77            | 0.72  | 0.71          | 0.73          |
| Commodity Credit Corporation export loans .....          | 334                    | 325           | 318           | 6.90  | 6.88          | 6.86          |
| Rural community advancement program .....                | 51                     | 55            | 60            | 1.28  | 1.23          | 1.16          |
| Rural electrification and telecommunications loans ..... | 41                     | 20            | 19            | 7.24  | 3.49          | 3.11          |
| Rural development insurance fund .....                   | 7                      | 6             | 5             | 7.86  | 8.33          | 8.77          |
| Rural housing insurance fund .....                       | 81                     | 99            | 102           | 0.61  | 0.71          | 0.71          |
| Rural business investment program .....                  |                        |               | 1             |   |               | 0.96          |

Table 9-7. 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> |               |               |
|--|------------------------|---------------|---------------|---|---------------|---------------|
|  | 2002 actual            | 2003 estimate | 2004 estimate | 2002 actual                                       | 2003 estimate | 2004 estimate |
| <b>Commerce:</b>   |                        |               |               |   |               |               |
| Emergency oil and gas guaranteed loans .....   |                        | 1             | 1             |   | 25.00         | 50.00         |
| Emergency steel guaranteed loans .....   | 92                     | 11            | 1             | 112.19  | 23.91         | 2.94          |
| Fisheries finance .....  |                        |               | 1             |   |               | 2.22          |
| <b>Education:</b>  |                        |               |               |   |               |               |
| Federal family education loan program .....  | 3,415                  | 4,554         | 5,462         | 2.00  | 2.38          | 2.63          |
| <b>Health and Human Services:</b>  |                        |               |               |   |               |               |
| Health education assistance loans .....  | 37                     | 51            | 52            | 1.66  | 2.22          | 2.20          |
| <b>Housing and Urban Development:</b>  |                        |               |               |   |               |               |
| Indian housing loan guarantees .....   | 1                      | 2             | 2             | 1.61  | 3.50          | 3.33          |
| Title VI Indian Federal guarantees program .....   |                        | 1             | 1             |   | 1.42          | 1.28          |
| FHA—Mutual mortgage insurance .....  | 5,529                  | 3,640         | 3,793         | 1.19  | 0.73          | 0.68          |
| FHA—General and special risk .....   | 1,485                  | 2,055         | 1,990         | 1.52  | 2.00          | 1.71          |
| <b>Interior:</b>   |                        |               |               |   |               |               |
| Indian guaranteed loans .....  | 2                      | 1             | 1             | 0.92  | 0.40          | 0.35          |
| <b>Transportation:</b>   |                        |               |               |   |               |               |
| Maritime guaranteed loans (Title XI) .....   | 365                    | 35            | 35            | 8.18  | 0.81          | 0.80          |
| <b>Treasury:</b>   |                        |               |               |   |               |               |
| Air transportation stabilization guaranteed loans <sup>2</sup> .....                     |                        | 495           | 105           |   | 55.12         | 8.52          |
| <b>Veterans Affairs:</b>   |                        |               |               |   |               |               |
| Veterans housing benefit program .....   | 1,557                  | 2,922         | 2,982         | 0.62  | 1.05          | 0.98          |
| <b>International Assistance Programs:</b>  |                        |               |               |   |               |               |
| Foreign military financing .....   |                        | 3             | 10            |   | 0.08          | 0.30          |
| Micro and small enterprise development .....   |                        | 2             | 1             |   | 5.26          | 2.08          |
| Urban and environmental credit program .....   | 47                     | 21            | 37            | 2.24  | 1.03          | 1.93          |
| Development credit authority .....   |                        | 1             | 1             |   | 0.90          | 0.43          |
| Overseas Private Investment Corporation .....  | 162                    | 46            | 45            | 4.69  | 1.25          | 1.14          |
| <b>Small Business Administration:</b>  |                        |               |               |   |               |               |
| Business loans .....   | 933                    | 695           | 708           | 2.40  | 1.65          | 1.62          |
| Pollution control equipment .....  |                        | 1             | 1             |   | 10.00         | 16.66         |
| <b>Other Independent Agencies:</b>   |                        |               |               |   |               |               |
| Export-Import Bank .....   | 432                    | 351           | 395           | 1.40  | 1.11          | 1.19          |
| <b>Total, guaranteed loan terminations for default .....</b>                             | <b>14,641</b>          | <b>15,464</b> | <b>16,206</b> | <b>0.86</b>                                       | <b>0.86</b>   | <b>0.83</b>   |
| <b>Total, direct loan writeoffs and guaranteed loan terminations .....</b>               | <b>15,370</b>          | <b>17,050</b> | <b>17,175</b> | <b>0.80</b>                                       | <b>0.84</b>   | <b>0.78</b>   |
| <b>ADDENDUM: WRITEOFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE</b> |                        |               |               |   |               |               |
| <b>Agriculture:</b>  |                        |               |               |   |               |               |
| Agricultural credit insurance fund .....   | 2                      | 1             | 1             | 18.18   | 10.00         | 10.00         |
| <b>Education:</b>  |                        |               |               |   |               |               |
| Federal family education loan program .....  | 513                    | 487           | 479           | 2.66  | 2.49          | 2.31          |
| <b>Health and Human Services:</b>  |                        |               |               |   |               |               |
| Health education assistance loans .....  | 24                     | 24            | 24            | 2.74  | 2.72          | 2.72          |
| <b>Housing and Urban Development:</b>  |                        |               |               |   |               |               |
| FHA—Mutual mortgage insurance .....  | 5                      |               |               | 55.55   |               |               |
| FHA—General and special risk .....   | 339                    | 357           | 263           | 12.45   | 12.13         | 8.07          |
| <b>Interior:</b>   |                        |               |               |   |               |               |
| Indian guaranteed loans .....  |                        |               | 2             |   |               | 5.00          |
| <b>Treasury:</b>   |                        |               |               |   |               |               |
| Air transportation stabilization guaranteed loans <sup>2</sup> .....                     |                        |               | 462           |   |               | 154.00        |
| <b>Veterans Affairs:</b>   |                        |               |               |   |               |               |
| Veterans housing benefit program .....   | 49                     | 96            | 112           | 5.53  | 7.60          | 7.53          |

**Table 9-7. 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> |               |               |
|---|------------------------|---------------|---------------|---|---------------|---------------|
|   | 2002 actual            | 2003 estimate | 2004 estimate | 2002 actual                                       | 2003 estimate | 2004 estimate |
| International Assistance Programs:                |                        |               |               |   |               |               |
| Urban and environmental credit program .....      |                        | 40            |               |   | 9.54          |               |
| Small Business Administration:                    |                        |               |               |   |               |               |
| Business loans .....                              | 111                    | 85            | 83            | 7.39  | 4.79          | 4.14          |
| <b>Total, writeoffs of loans receivable .....</b> | <b>1,043</b>           | <b>1,090</b>  | <b>1,426</b>  | <b>3.41</b>                                       | <b>3.40</b>   | <b>4.18</b>   |

<sup>1</sup> Average of loans outstanding for the year.

<sup>2</sup> Numbers shown for 2003 and 2004 include estimates for loan guarantees that have received either conditional or final approval. This presentation should not be construed as prejudging the outcome of the Air Transportation Stabilization Board's deliberations. The Board does not anticipate making any new loan guarantees in 2004.

**Table 9-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS <sup>1</sup>**  
(In millions of dollars)

| Agency and Program   | 2002 Actual   | Proposed      |              |
|--|---------------|---------------|--------------|
|  |               | 2003          | 2004         |
| <b>DIRECT LOAN OBLIGATIONS</b>   |               |               |              |
| Agriculture:   |               |               |              |
| Agricultural credit insurance fund .....   | 885           | 802           | 852          |
| Distance learning, telemedicine, and broadband .....                               | 380           | 825           | 246          |
| Rural electrification and telecommunications .....                                 | 4,569         | 3,016         | 3,035        |
| Rural telephone bank .....   | 175           | .....         | .....        |
| Rural water and waste disposal direct loans .....                                  | 817           | 814           | 1,055        |
| Rural housing insurance fund .....   | 1,295         | 1,110         | 1,536        |
| Rural community facility direct loans .....  | 234           | 250           | 250          |
| Rural economic development .....   | 15            | 15            | 15           |
| Rural development loan fund .....  | 31            | 40            | 40           |
| P.L. 480 direct credit .....   | 168           | 132           | 132          |
| Commerce:  |               |               |              |
| Fisheries finance .....  | 124           | 105           | 30           |
| Education:   |               |               |              |
| Historically black college and university capital financing .....                  | 296           | 268           | 227          |
| Homeland Security:   |               |               |              |
| Disaster assistance .....  | 25            | 25            | 25           |
| Housing and Urban Development:   |               |               |              |
| FHA-general and special risk .....   | 50            | 50            | 50           |
| FHA-mutual mortgage insurance .....  | 250           | 50            | 50           |
| Interior:  |               |               |              |
| Bureau of Reclamation .....  | 26            | .....         | .....        |
| State:   |               |               |              |
| Repatriation loans .....   | 1             | 1             | 1            |
| Transportation:  |               |               |              |
| Transportation infrastructure finance and innovation program direct loans .....    | 2,200         | 2,200         | 2,200        |
| Transportation infrastructure finance and innovation program lines of credit ..... | 100           | 200           | 200          |
| Treasury:  |               |               |              |
| Community development financial institutions fund .....                            | 11            | 11            | 11           |
| Veterans Affairs:  |               |               |              |
| Vocational rehabilitation and education .....                                      | 3             | 3             | 4            |
| International Assistance Programs:   |               |               |              |
| Foreign military financing .....   | .....         | 3,800         | .....        |
| Small Business Administration:   |               |               |              |
| Business .....   | 16            | 27            | 20           |
| <b>Total, limitations on direct loan obligations .....</b>                         | <b>11,671</b> | <b>13,744</b> | <b>9,979</b> |
| <b>LOAN GUARANTEE COMMITMENTS</b>  |               |               |              |
| Agriculture:   |               |               |              |
| Agricultural credit insurance fund .....   | 2,755         | 3,000         | 2,666        |
| Rural electrification and telecommunications guaranteed loans .....                | .....         | 100           | 100          |
| Rural water and waste water disposal guaranteed loans .....                        | 75            | 75            | 75           |
| Rural housing insurance fund .....   | 2,724         | 2,850         | 2,825        |
| Rural community facility guaranteed loans .....                                    | 210           | 210           | 210          |
| Rural business investment program .....  | .....         | 280           | .....        |
| Rural business and industry guaranteed loans .....                                 | 704           | 733           | 602          |
| Defense—Military:  |               |               |              |
| Arms initiative .....  | .....         | 45            | .....        |
| Health and Human Services:   |               |               |              |
| Health education assistance loans .....  | 165           | 160           | 150          |
| Housing and Urban Development:   |               |               |              |
| Indian housing loan guarantee fund .....   | 234           | 197           | 27           |
| Title VI Indian Federal guarantees .....   | 53            | 17            | 8            |
| Native Hawaiian housing loan guarantee fund .....                                  | 40            | 40            | 35           |
| Public housing reform initiative .....   | .....         | .....         | 1,715        |
| Community development loan guarantees .....  | 609           | 275           | .....        |
| FHA-general and special risk .....   | 23,000        | 24,000        | 25,000       |
| FHA-mutual mortgage insurance .....  | 165,000       | 165,000       | 185,000      |

**Table 9-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS<sup>1</sup>—Continued**

(In millions of dollars)

| Agency and Program   | 2002<br>Actual | Proposed       |                |
|--|----------------|----------------|----------------|
|  |                | 2003           | 2004           |
| Interior:  |                |                |                |
| Indian loan guarantees .....   | 75             | 72             | 84             |
| Transportation:  |                |                |                |
| Minority business resource center .....  | 18             | 18             | 18             |
| Transportation infrastructure finance and innovation program loan guarantees ..... | 100            | 200            | 200            |
| Maritime guaranteed loans (title XI) .....   | 563            | .....          | .....          |
| Treasury:  |                |                |                |
| Air transportation stabilization .....   | 10,000         | .....          | .....          |
| International Assistance Programs:   |                |                |                |
| Development credit authority .....   | 536            | .....          | 700            |
| Small Business Administration:   |                |                |                |
| Business .....   | 15,266         | 18,983         | 20,802         |
| <b>Total, limitations on loan guarantee commitments</b> .....                      | <b>222,127</b> | <b>216,255</b> | <b>240,217</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 9-4 and 9-5.

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2003     | 2004   |
| <b>Department of Agriculture</b>  |                |          |        |
| Farm Service Agency   |                |          |        |
| Agricultural credit insurance fund liquidating account:                       |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| <i>Change in outstandings</i> .....   | -680           | -608     | -577   |
| <b>Outstandings</b> .....   | 3,783          | 3,175    | 2,598  |
| Farm storage facility direct loan financing account:                          |                |          |        |
| Obligations .....   | 65             | 147      | 118    |
| Loan disbursements .....  | 66             | 95       | 95     |
| <i>Change in outstandings</i> .....   | 44             | 65       | 53     |
| <b>Outstandings</b> .....   | 122            | 187      | 240    |
| Apple loans direct loan financing account:                                    |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  | 1              |          |        |
| <i>Change in outstandings</i> .....   | -2             | -3       | -3     |
| <b>Outstandings</b> .....   | 9              | 6        | 3      |
| Agricultural credit insurance fund direct loan financing account:             |                |          |        |
| Obligations .....   | 1,008          | 977      | 902    |
| Loan disbursements .....  | 962            | 928      | 857    |
| <i>Change in outstandings</i> .....   | 247            | 19       | -158   |
| <b>Outstandings</b> .....   | 4,560          | 4,579    | 4,421  |
| Emergency boll weevil direct loan financing account:                          |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| <i>Change in outstandings</i> .....   |                | -1       | -1     |
| <b>Outstandings</b> .....   | 10             | 9        | 8      |
| Commodity Credit Corporation fund:  |                |          |        |
| Obligations .....   | 10,131         | 8,652    | 8,934  |
| Loan disbursements .....  | 10,131         | 8,652    | 8,934  |
| <i>Change in outstandings</i> .....   | 1,934          | 390      | -306   |
| <b>Outstandings</b> .....   | 1,934          | 2,324    | 2,018  |
| Rural Utilities Service   |                |          |        |
| Rural communication development fund liquidating account:                     |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| <i>Change in outstandings</i> .....   |                |          | -1     |
| <b>Outstandings</b> .....   | 5              | 5        | 4      |
| Distance learning, telemedicine, and broadband direct loan financing account: |                |          |        |
| Obligations .....   | 95             | 825      | 246    |
| Loan disbursements .....  | 45             | 24       | 25     |
| <i>Change in outstandings</i> .....   | 33             | 22       | 22     |
| <b>Outstandings</b> .....   | 49             | 71       | 93     |
| Rural development insurance fund liquidating account:                         |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| <i>Change in outstandings</i> .....   | -260           | -172     | -162   |
| <b>Outstandings</b> .....   | 2,808          | 2,636    | 2,474  |
| Rural electrification and telecommunications direct loan financing account:   |                |          |        |
| Obligations .....   | 4,569          | 3,016    | 3,035  |
| Loan disbursements .....  | 2,409          | 2,971    | 2,724  |
| <i>Change in outstandings</i> .....   | 2,140          | 2,719    | 2,394  |
| <b>Outstandings</b> .....   | 11,212         | 13,931   | 16,325 |
| Rural telephone bank direct loan financing account:                           |                |          |        |
| Obligations .....   | 175            |          |        |
| Loan disbursements .....  | 71             | 157      | 136    |
| <i>Change in outstandings</i> .....   | 57             | 141      | 117    |
| <b>Outstandings</b> .....   | 395            | 536      | 653    |

Table 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate      |               |
|---|----------------|---------------|---------------|
|   |                | 2003          | 2004          |
| Rural water and waste disposal direct loans financing account:                          |                |               |               |
| Obligations .....   | 1,158          | 829           | 1,055         |
| Loan disbursements .....  | 643            | 864           | 889           |
| Change in outstandings .....  | 513            | 712           | 707           |
| <b>Outstandings</b> .....   | <b>5,061</b>   | <b>5,773</b>  | <b>6,480</b>  |
| Rural electrification and telecommunications liquidating account:                       |                |               |               |
| Obligations .....   | 5              | 12            | 12            |
| Loan disbursements .....  | -1,597         | -1,575        | -1,446        |
| Change in outstandings .....  | 19,412         | 17,837        | 16,391        |
| <b>Outstandings</b> .....   | <b>19,412</b>  | <b>17,837</b> | <b>16,391</b> |
| Rural telephone bank liquidating account:   |                |               |               |
| Obligations .....   | 1              | 6             | 5             |
| Loan disbursements .....  | -115           | -84           | -73           |
| Change in outstandings .....  | 680            | 596           | 523           |
| <b>Outstandings</b> .....   | <b>680</b>     | <b>596</b>    | <b>523</b>    |
| Rural Housing Service   |                |               |               |
| Rural housing insurance fund liquidating account:                                       |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                |               |               |
| Change in outstandings .....  | -1,188         | -1,002        | -866          |
| <b>Outstandings</b> .....   | <b>14,995</b>  | <b>13,993</b> | <b>13,127</b> |
| Rural housing insurance fund direct loan financing account:                             |                |               |               |
| Obligations .....   | 1,289          | 1,150         | 1,536         |
| Loan disbursements .....  | 1,175          | 1,203         | 1,408         |
| Change in outstandings .....  | 391            | 381           | 548           |
| <b>Outstandings</b> .....   | <b>12,088</b>  | <b>12,469</b> | <b>13,017</b> |
| Rural community facility direct loans financing account:                                |                |               |               |
| Obligations .....   | 399            | 261           | 250           |
| Loan disbursements .....  | 202            | 293           | 267           |
| Change in outstandings .....  | 149            | 258           | 226           |
| <b>Outstandings</b> .....   | <b>1,137</b>   | <b>1,395</b>  | <b>1,621</b>  |
| Rural Business—Cooperative Service  |                |               |               |
| Rural economic development direct loan financing account:                               |                |               |               |
| Obligations .....   | 15             | 15            | 15            |
| Loan disbursements .....  | 17             | 15            | 15            |
| Change in outstandings .....  | 9              | 1             | 1             |
| <b>Outstandings</b> .....   | <b>82</b>      | <b>83</b>     | <b>84</b>     |
| Rural development loan fund direct loan financing account:                              |                |               |               |
| Obligations .....   | 31             | 40            | 40            |
| Loan disbursements .....  | 34             | 43            | 43            |
| Change in outstandings .....  | 25             | 32            | 31            |
| <b>Outstandings</b> .....   | <b>338</b>     | <b>370</b>    | <b>401</b>    |
| Rural business and industry direct loans financing account:                             |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  | 44             | 4             | 2             |
| Change in outstandings .....  | 39             | -2            | -2            |
| <b>Outstandings</b> .....   | <b>121</b>     | <b>119</b>    | <b>117</b>    |
| Rural development loan fund liquidating account:  |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                |               |               |
| Change in outstandings .....  | -5             | -4            | -4            |
| <b>Outstandings</b> .....   | <b>61</b>      | <b>57</b>     | <b>53</b>     |
| Foreign Agricultural Service  |                |               |               |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account: |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                |               |               |
| Change in outstandings .....  | -311           | -368          | -287          |
| <b>Outstandings</b> .....   | <b>7,908</b>   | <b>7,540</b>  | <b>7,253</b>  |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate     |              |
|--|----------------|--------------|--------------|
|  |                | 2003         | 2004         |
| P.L. 480 direct credit financing account:  |                |              |              |
| Obligations .....  | 98             | 132          | 132          |
| Loan disbursements .....   | 122            | 127          | 132          |
| Change in outstandings .....   | 158            | 49           | 51           |
| <b>Outstandings</b> .....  | <b>2,334</b>   | <b>2,383</b> | <b>2,434</b> |
| P.L. 480 title I food for progress credits, financing account:                             |                |              |              |
| Obligations .....  |                |              |              |
| Loan disbursements .....   |                |              |              |
| Change in outstandings .....   | -56            | -56          | -56          |
| <b>Outstandings</b> .....  | <b>409</b>     | <b>353</b>   | <b>297</b>   |
| Debt reduction—financing account:  |                |              |              |
| Obligations .....  | 8              | 3            |              |
| Loan disbursements .....   | 8              | 3            |              |
| Change in outstandings .....   | 104            | -5           | -10          |
| <b>Outstandings</b> .....  | <b>236</b>     | <b>231</b>   | <b>221</b>   |
| <b>Department of Commerce</b>  |                |              |              |
| Economic Development Administration  |                |              |              |
| Economic development revolving fund liquidating account:                                   |                |              |              |
| Obligations .....  |                |              |              |
| Loan disbursements .....   |                |              |              |
| Change in outstandings .....   | -5             | -4           | -4           |
| <b>Outstandings</b> .....  | <b>28</b>      | <b>24</b>    | <b>20</b>    |
| National Oceanic and Atmospheric Administration  |                |              |              |
| Fisheries finance direct loan financing account:   |                |              |              |
| Obligations .....  | 124            | 105          | 30           |
| Loan disbursements .....   | 13             | 117          | 87           |
| Change in outstandings .....   | -22            | 105          | 77           |
| <b>Outstandings</b> .....  | <b>139</b>     | <b>244</b>   | <b>321</b>   |
| <b>Department of Defense—Military</b>  |                |              |              |
| Family Housing   |                |              |              |
| Family housing improvement direct loan financing account:                                  |                |              |              |
| Obligations .....  |                | 206          | 221          |
| Loan disbursements .....   | 92             | 17           | 32           |
| Change in outstandings .....   | 92             | 17           | 32           |
| <b>Outstandings</b> .....  | <b>92</b>      | <b>109</b>   | <b>141</b>   |
| <b>Department of Education</b>   |                |              |              |
| Office of Postsecondary Education  |                |              |              |
| College housing and academic facilities loans liquidating account:                         |                |              |              |
| Obligations .....  |                |              |              |
| Loan disbursements .....   | 1              |              |              |
| Change in outstandings .....   | -40            | -28          | -27          |
| <b>Outstandings</b> .....  | <b>385</b>     | <b>357</b>   | <b>330</b>   |
| College housing and academic facilities loans financing account:                           |                |              |              |
| Obligations .....  |                |              |              |
| Loan disbursements .....   |                |              |              |
| Change in outstandings .....   |                | -1           |              |
| <b>Outstandings</b> .....  | <b>25</b>      | <b>24</b>    | <b>24</b>    |
| Historically black college and university capital financing direct loan financing account: |                |              |              |
| Obligations .....  | 44             | 40           | 227          |
| Loan disbursements .....   | 40             | 21           | 41           |
| Change in outstandings .....   | 38             | 20           | 40           |
| <b>Outstandings</b> .....  | <b>69</b>      | <b>89</b>    | <b>129</b>   |
| Federal Student Aid  |                |              |              |
| Student financial assistance:  |                |              |              |
| Obligations .....  |                |              |              |
| Loan disbursements .....   |                |              |              |
| Change in outstandings .....   | -63            | -37          | -41          |
| <b>Outstandings</b> .....  | <b>321</b>     | <b>284</b>   | <b>243</b>   |



Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate      |                |
|--|----------------|---------------|----------------|
|  |                | 2003          | 2004           |
| Federal direct student loan program financing account:                           |                |               |                |
| Obligations .....  | 20,918         | 21,339        | 20,954         |
| Loan disbursements .....   | 19,463         | 19,871        | 19,499         |
| Change in outstandings .....   | 9,526          | 13,771        | 11,895         |
| <b>Outstandings</b> .....  | <b>80,071</b>  | <b>93,842</b> | <b>105,737</b> |
| <b>Department of Energy</b>  |                |               |                |
| Power Marketing Administration   |                |               |                |
| Bonneville Power Administration fund:  |                |               |                |
| Obligations .....  |                |               |                |
| Loan disbursements .....   |                |               |                |
| Change in outstandings .....   |                |               |                |
| <b>Outstandings</b> .....  | <b>2</b>       | <b>2</b>      | <b>2</b>       |
| <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 .....   | -1             | -1            | -1             |
| <b>Outstandings</b> .....  | <b>8</b>       | <b>7</b>      | <b>6</b>       |
| <b>Department of Homeland Security</b>   |                |               |                |
| Emergency Preparedness and Response  |                |               |                |
| Disaster assistance direct loan financing account:                               |                |               |                |
| Obligations .....  | 25             | 25            | 25             |
| Loan disbursements .....   | 11             | 19            | 25             |
| Change in outstandings .....   | -22            | 16            | 16             |
| <b>Outstandings</b> .....  | <b>143</b>     | <b>159</b>    | <b>175</b>     |
| <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            | -75           | -84            |
| <b>Outstandings</b> .....  | <b>1,209</b>   | <b>1,134</b>  | <b>1,050</b>   |
| Community Planning and Development   |                |               |                |
| Revolving fund (liquidating programs):   |                |               |                |
| Obligations .....  |                |               |                |
| Loan disbursements .....   |                |               |                |
| Change in outstandings .....   | -1             | -1            | -2             |
| <b>Outstandings</b> .....  | <b>18</b>      | <b>17</b>     | <b>15</b>      |
| Community development loan guarantees liquidating account:                       |                |               |                |
| Obligations .....  |                |               |                |
| Loan disbursements .....   |                |               |                |
| Change in outstandings .....   | -2             |               |                |
| <b>Outstandings</b> .....  | <b>6</b>       | <b>6</b>      | <b>6</b>       |
| Housing Programs   |                |               |                |
| Flexible subsidy fund:   |                |               |                |
| Obligations .....  |                |               |                |
| Loan disbursements .....   | 9              |               |                |
| Change in outstandings .....   | 10             | -4            | -4             |
| <b>Outstandings</b> .....  | <b>658</b>     | <b>654</b>    | <b>650</b>     |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |               |                |
| Obligations .....  |                |               |                |
| Loan disbursements .....   |                |               |                |
| Change in outstandings .....   | -1             | -2            |                |
| <b>Outstandings</b> .....  | <b>2</b>       |               |                |

Table 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 2003     | 2004  |
| FHA-general and special risk insurance funds liquidating account: |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      | -12            | -10      | -7    |
| <b>Outstandings</b> .....   | 26             | 16       | 9     |
| FHA-general and special risk direct loan financing account:       |                |          |       |
| Obligations .....   | 1              | 1        | 50    |
| Loan disbursements .....  |                | 1        | 4     |
| Change in outstandings .....                                      |                |          |       |
| <b>Outstandings</b> .....   | 2              | 2        | 2     |
| Housing for the elderly or handicapped fund liquidating account:  |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      | -158           | -221     | -221  |
| <b>Outstandings</b> .....   | 7,647          | 7,426    | 7,205 |
| FHA-mutual mortgage insurance direct loan financing account:      |                |          |       |
| Obligations .....   |                | 50       | 50    |
| Loan disbursements .....  |                | 50       | 50    |
| Change in outstandings .....                                      | -1             | 22       | -9    |
| <b>Outstandings</b> .....   |                | 22       | 13    |
| Government National Mortgage Association                          |                |          |       |
| Guarantees of mortgage-backed securities liquidating account:     |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 38             | 37       | 35    |
| Change in outstandings .....                                      | -8             | -4       | -4    |
| <b>Outstandings</b> .....   | 102            | 98       | 94    |
| <b>Department of the Interior</b>                                 |                |          |       |
| Bureau of Reclamation   |                |          |       |
| Bureau of Reclamation loan liquidating account:                   |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      | -2             | -2       | -3    |
| <b>Outstandings</b> .....   | 48             | 46       | 43    |
| Water and related resources:                                      |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      |                |          | -1    |
| <b>Outstandings</b> .....   | 2              | 2        | 1     |
| Bureau of Reclamation direct loan financing account:              |                |          |       |
| Obligations .....   | 26             |          |       |
| Loan disbursements .....  | 24             | 25       |       |
| Change in outstandings .....                                      | 23             | 22       | -4    |
| <b>Outstandings</b> .....   | 183            | 205      | 201   |
| National Park Service   |                |          |       |
| Construction and major maintenance:                               |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      |                | -1       |       |
| <b>Outstandings</b> .....   | 5              | 4        | 4     |
| Bureau of Indian Affairs  |                |          |       |
| Revolving fund for loans liquidating account:                     |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      | -1             | -1       | -1    |
| <b>Outstandings</b> .....   | 34             | 33       | 32    |
| Indian direct loan financing account:                             |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....                                      | -3             | -3       | -4    |
| <b>Outstandings</b> .....   | 20             | 17       | 13    |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2003     | 2004  |
| <b>Insular Affairs</b>   |                |          |       |
| Payments to the United States territories, fiscal assistance:                                  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -2             | -1       | -3    |
| <b>Outstandings</b> .....  | 11             | 10       | 7     |
| Assistance to American Samoa direct loan financing account:                                    |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 3              | 1        | 1     |
| Change in outstandings .....   | 2              |          | -1    |
| <b>Outstandings</b> .....  | 14             | 14       | 13    |
| <b>Department of Labor</b>   |                |          |       |
| Pension Benefit Guaranty Corporation   |                |          |       |
| Pension benefit guaranty corporation fund:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 5              | 6        | 14    |
| Change in outstandings .....   |                |          |       |
| <b>Outstandings</b> .....  |                |          |       |
| <b>Department of State</b>   |                |          |       |
| Administration of Foreign Affairs  |                |          |       |
| Repatriation loans financing account:  |                |          |       |
| Obligations .....  | 1              | 1        | 1     |
| Loan disbursements .....   | 1              | 1        | 1     |
| Change in outstandings .....   |                |          |       |
| <b>Outstandings</b> .....  | 4              | 4        | 4     |
| <b>Department of Transportation</b>  |                |          |       |
| Office of the Secretary  |                |          |       |
| Minority business resource center direct loan financing account:                               |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -5             |          |       |
| <b>Outstandings</b> .....  |                |          |       |
| Federal Highway Administration   |                |          |       |
| Transportation infrastructure finance and innovation program direct loan financing account:    |                |          |       |
| Obligations .....  | 573            | 2,162    | 2,200 |
| Loan disbursements .....   | 51             | 495      | 928   |
| Change in outstandings .....   | 51             | 495      | 928   |
| <b>Outstandings</b> .....  | 351            | 846      | 1,774 |
| Transportation infrastructure finance and innovation program line of credit financing account: |                |          |       |
| Obligations .....  |                | 200      | 200   |
| Loan disbursements .....   |                | 5        | 25    |
| Change in outstandings .....   |                | 5        | 25    |
| <b>Outstandings</b> .....  |                | 5        | 30    |
| Right-of-way revolving fund liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 3              | 7        | 7     |
| Change in outstandings .....   | -11            | -3       | -3    |
| <b>Outstandings</b> .....  | 98             | 95       | 92    |
| Federal Railroad Administration  |                |          |       |
| Amtrak corridor improvement loans liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             | -3       |       |
| <b>Outstandings</b> .....  | 3              |          |       |
| Alameda corridor direct loan financing account:  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             | 33       | 34    |
| <b>Outstandings</b> .....  | 502            | 535      | 569   |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2003     | 2004  |
| Railroad rehabilitation and improvement liquidating account:                     |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | –9             | –4       | –4    |
| <b>Outstandings</b> .....  | 40             | 36       | 32    |
| Railroad rehabilitation and improvement direct loan financing account:           |                |          |       |
| Obligations .....  | 102            | 204      | 198   |
| Loan disbursements .....   | 101            | 205      | 198   |
| <i>Change in outstandings</i> .....  | 101            | 105      | 188   |
| <b>Outstandings</b> .....  | 105            | 210      | 398   |
| <b>Department of the Treasury</b>  |                |          |       |
| Departmental Offices   |                |          |       |
| Community development financial institutions fund direct loan financing account: |                |          |       |
| Obligations .....  | 11             | 11       | 11    |
| Loan disbursements .....   | 18             | 10       | 10    |
| <i>Change in outstandings</i> .....  | 17             | 9        | 9     |
| <b>Outstandings</b> .....  | 41             | 50       | 59    |
| <b>Department of Veterans Affairs</b>  |                |          |       |
| Benefits Programs  |                |          |       |
| Housing liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 7              |          |       |
| <i>Change in outstandings</i> .....  | 21             | –30      | –27   |
| <b>Outstandings</b> .....  | 149            | 119      | 92    |
| Housing direct loan financing account:   |                |          |       |
| Obligations .....  | 1,051          | 311      | 284   |
| Loan disbursements .....   | 1,051          | 311      | 284   |
| <i>Change in outstandings</i> .....  | –181           | –384     | 79    |
| <b>Outstandings</b> .....  | 1,601          | 1,217    | 1,296 |
| Native American and transitional housing direct loan financing account:          |                |          |       |
| Obligations .....  | 6              | 13       | 13    |
| Loan disbursements .....   | 6              | 13       | 13    |
| <i>Change in outstandings</i> .....  | –1             | 12       | 11    |
| <b>Outstandings</b> .....  | 18             | 30       | 41    |
| Vocational rehabilitation and education direct loan financing account:           |                |          |       |
| Obligations .....  | 3              | 3        | 4     |
| Loan disbursements .....   | 3              | 3        | 4     |
| <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> .....  | –4             | –5       | –5    |
| <b>Outstandings</b> .....  | 38             | 33       | 28    |
| <b>General Services Administration</b>   |                |          |       |
| Real Property Activities   |                |          |       |
| Columbia Hospital for Women direct loan financing account:                       |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | –13            |          |       |
| <b>Outstandings</b> .....  |                |          |       |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2003     | 2004  |
| <b>International Assistance Programs</b>   |                |          |       |
| International Security Assistance  |                |          |       |
| Foreign military loan liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 21             | 7        | 7     |
| Change in outstandings .....   | -412           | -550     | -279  |
| <b>Outstandings</b> .....  | 3,355          | 2,805    | 2,526 |
| Foreign military financing direct loan financing account:                              |                |          |       |
| Obligations .....  |                | 3,800    |       |
| Loan disbursements .....   | 337            | 56       |       |
| Change in outstandings .....   | -96            | -419     | -462  |
| <b>Outstandings</b> .....  | 1,847          | 1,428    | 966   |
| Military debt reduction financing account:   |                |          |       |
| Obligations .....  |                | 31       |       |
| Loan disbursements .....   |                | 31       |       |
| Change in outstandings .....   | -17            | 29       | -31   |
| <b>Outstandings</b> .....  | 2              | 31       |       |
| Agency for International Development   |                |          |       |
| Economic assistance loans liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -605           | -581     | -493  |
| <b>Outstandings</b> .....  | 8,768          | 8,187    | 7,694 |
| Debt reduction financing account:  |                |          |       |
| Obligations .....  | 7              | 8        |       |
| Loan disbursements .....   | 7              | 8        |       |
| Change in outstandings .....   | -56            | -27      | -15   |
| <b>Outstandings</b> .....  | 119            | 92       | 77    |
| Private sector revolving fund liquidating account:                                     |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   |                | -1       |       |
| <b>Outstandings</b> .....  | 1              |          |       |
| Microenterprise and small enterprise development credit direct loan financing account: |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             |          |       |
| <b>Outstandings</b> .....  |                |          |       |
| Overseas Private Investment Corporation  |                |          |       |
| Overseas Private Investment Corporation liquidating account:                           |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   |                |          |       |
| <b>Outstandings</b> .....  | 1              | 1        | 1     |
| Overseas Private Investment Corporation direct loan financing account:                 |                |          |       |
| Obligations .....  | 47             | 73       | 40    |
| Loan disbursements .....   | 73             | 40       | 40    |
| Change in outstandings .....   | 63             | 33       | 31    |
| <b>Outstandings</b> .....  | 138            | 171      | 202   |
| <b>Small Business Administration</b>   |                |          |       |
| Small Business Administration  |                |          |       |
| Business direct loan financing account:  |                |          |       |
| Obligations .....  | 16             | 27       | 20    |
| Loan disbursements .....   | 25             | 18       | 19    |
| Change in outstandings .....   | 12             | 3        | 2     |
| <b>Outstandings</b> .....  | 119            | 122      | 124   |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 2003     | 2004  |
| Disaster direct loan financing account:                               |                |          |       |
| Obligations .....   | 1,272          | 795      | 760   |
| Loan disbursements .....  | 1,306          | 829      | 691   |
| Change in outstandings .....  | 356            | -433     | -184  |
| <b>Outstandings</b> .....   | 3,644          | 3,211    | 3,027 |
| Disaster loan fund liquidating account:                               |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -148           | -89      | -10   |
| <b>Outstandings</b> .....   | 100            | 11       | 1     |
| Business loan fund liquidating account:                               |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 7              | 11       | 10    |
| Change in outstandings .....  | -86            | -50      | -42   |
| <b>Outstandings</b> .....   | 251            | 201      | 159   |
| <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 .....  | -331           | -962     | -212  |
| <b>Outstandings</b> .....   | 3,821          | 2,859    | 2,647 |
| Debt reduction financing account:                                     |                |          |       |
| Obligations .....   |                | 186      |       |
| Loan disbursements .....  |                | 186      |       |
| Change in outstandings .....  | -11            | 185      | -238  |
| <b>Outstandings</b> .....   | 135            | 320      | 82    |
| Export-Import Bank direct loan financing account:                     |                |          |       |
| Obligations .....   | 296            | 447      | 322   |
| Loan disbursements .....  | 920            | 627      | 395   |
| Change in outstandings .....  | -16            | -175     | -501  |
| <b>Outstandings</b> .....   | 7,574          | 7,399    | 6,898 |
| Farm Credit System Financial Assistance Corporation                   |                |          |       |
| Financial Assistance Corporation assistance fund liquidating account: |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -86            | -112     | -29   |
| <b>Outstandings</b> .....   | 782            | 670      | 641   |
| Federal Communications Commission                                     |                |          |       |
| Spectrum auction direct loan financing account:                       |                |          |       |
| Obligations .....   | 1              |          |       |
| Loan disbursements .....  | 1              |          |       |
| Change in outstandings .....  | -300           | -67      | -92   |
| <b>Outstandings</b> .....   | 5,293          | 5,226    | 5,134 |
| FSLIC Resolution  |                |          |       |
| FSLIC resolution fund:  |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -3             |          |       |
| <b>Outstandings</b> .....   |                |          |       |
| National Credit Union Administration                                  |                |          |       |
| Central liquidity facility:   |                |          |       |
| Obligations .....   | 101            | 105      | 109   |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  |                |          |       |
| <b>Outstandings</b> .....   |                |          |       |

Table 9-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate       |                |
|--|----------------|----------------|----------------|
|  |                | 2003           | 2004           |
| Community development credit union revolving loan fund:                      |                |                |                |
| Obligations .....  | 12             | 13             | 14             |
| Loan disbursements .....   | 3              | 4              | 5              |
| Change in outstandings .....   | -2             | 1              | 1              |
| <b>Outstandings</b> .....  | <b>8</b>       | <b>9</b>       | <b>10</b>      |
| Tennessee Valley Authority   |                |                |                |
| Tennessee Valley Authority fund:   |                |                |                |
| Obligations .....  | 10             | 19             | 20             |
| Loan disbursements .....   | 10             | 19             | 20             |
| Change in outstandings .....   | -5             | 5              | 4              |
| <b>Outstandings</b> .....  | <b>46</b>      | <b>51</b>      | <b>55</b>      |
| <b>Subtotal, direct loan transactions:</b>                                   |                |                |                |
| Obligations .....  | 43,688         | 46,222         | 42,016         |
| Loan disbursements .....   | 39,586         | 38,448         | 37,989         |
| Change in outstandings .....   | 9,125          | 11,506         | 10,522         |
| <b>Outstandings</b> .....  | <b>219,974</b> | <b>231,480</b> | <b>242,002</b> |
| <b>ADDENDUM: DEFAULTED GUARANTEED LOANS THAT RESULT IN A LOAN RECEIVABLE</b> |                |                |                |
| <b>Department of Agriculture</b>   |                |                |                |
| Farm Service Agency  |                |                |                |
| Agricultural credit insurance fund guaranteed loan financing account:        |                |                |                |
| Claim payments .....   | 1              | 2              | 2              |
| Change in outstandings .....   | -2             |                |                |
| <b>Outstandings</b> .....  | <b>10</b>      | <b>10</b>      | <b>10</b>      |
| Commodity Credit Corporation export guarantee financing account:             |                |                |                |
| Claim payments .....   | 334            | 325            | 318            |
| Change in outstandings .....   | 294            | 259            | 237            |
| <b>Outstandings</b> .....  | <b>779</b>     | <b>1,038</b>   | <b>1,275</b>   |
| Commodity Credit Corporation guaranteed loans liquidating account:           |                |                |                |
| Claim payments .....   |                |                |                |
| Change in outstandings .....   | -184           | -201           | -198           |
| <b>Outstandings</b> .....  | <b>3,785</b>   | <b>3,584</b>   | <b>3,386</b>   |
| <b>Department of Commerce</b>  |                |                |                |
| National Oceanic and Atmospheric Administration                              |                |                |                |
| Fisheries finance guaranteed loan financing account:                         |                |                |                |
| Claim payments .....   |                |                | 1              |
| Change in outstandings .....   |                |                | 1              |
| <b>Outstandings</b> .....  | <b>13</b>      | <b>13</b>      | <b>14</b>      |
| Federal ship financing fund fishing vessels liquidating account:             |                |                |                |
| Claim payments .....   |                |                |                |
| Change in outstandings .....   | -2             | -2             | -2             |
| <b>Outstandings</b> .....  | <b>40</b>      | <b>38</b>      | <b>36</b>      |
| <b>Department of Education</b>   |                |                |                |
| Federal Student Aid  |                |                |                |
| Federal family education loan liquidating account:                           |                |                |                |
| Claim payments .....   | 148            | 33             | 8              |
| Change in outstandings .....   | -1,193         | -820           | -712           |
| <b>Outstandings</b> .....  | <b>12,928</b>  | <b>12,108</b>  | <b>11,396</b>  |
| Federal family education loan program financing account:                     |                |                |                |
| Claim payments .....   | 2,819          | 3,925          | 4,772          |
| Change in outstandings .....   | 760            | 1,744          | 2,127          |
| <b>Outstandings</b> .....  | <b>6,098</b>   | <b>7,842</b>   | <b>9,969</b>   |
| <b>Department of Health and Human Services</b>                               |                |                |                |
| Health Resources and Services Administration                                 |                |                |                |
| Health education assistance loans financing account:                         |                |                |                |
| Claim payments .....   | 23             | 38             | 41             |
| Change in outstandings .....   | 18             | 32             | 35             |
| <b>Outstandings</b> .....  | <b>391</b>     | <b>423</b>     | <b>458</b>     |

Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2003     | 2004  |
| Health education assistance loans liquidating account:                           |                |          |       |
| Claim payments .....   | 8              | 9        | 7     |
| Change in outstandings .....   | -9             | -30      | -32   |
| <b>Outstandings</b> .....  | 488            | 458      | 426   |
| <b>Department of Housing and Urban Development</b>                               |                |          |       |
| Housing Programs   |                |          |       |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |          |       |
| Claim payments .....   |                |          |       |
| Change in outstandings .....   | 3              | -7       |       |
| <b>Outstandings</b> .....  | 7              |          |       |
| FHA-general and special risk insurance funds liquidating account:                |                |          |       |
| Claim payments .....   | 614            | 768      | 704   |
| Change in outstandings .....   | 227            | -112     | 67    |
| <b>Outstandings</b> .....  | 2,226          | 2,114    | 2,181 |
| FHA-general and special risk guaranteed loan financing account:                  |                |          |       |
| Claim payments .....   | 458            | 530      | 633   |
| Change in outstandings .....   | -17            | 341      | 335   |
| <b>Outstandings</b> .....  | 601            | 942      | 1,277 |
| FHA-mutual mortgage insurance guaranteed loan financing account:                 |                |          |       |
| Claim payments .....   |                | 491      | 804   |
| Change in outstandings .....   |                | -4       |       |
| <b>Outstandings</b> .....  | 4              |          |       |
| <b>Department of the Interior</b>  |                |          |       |
| Bureau of Indian Affairs   |                |          |       |
| Indian loan guaranty and insurance fund liquidating account:                     |                |          |       |
| Claim payments .....   |                |          |       |
| Change in outstandings .....   | -4             | -4       | -4    |
| <b>Outstandings</b> .....  | 22             | 18       | 14    |
| Indian guaranteed loan financing account:  |                |          |       |
| Claim payments .....   | 2              | 1        | 1     |
| Change in outstandings .....   | 1              |          | -1    |
| <b>Outstandings</b> .....  | 25             | 25       | 24    |
| <b>Department of the Treasury</b>  |                |          |       |
| Departmental Offices   |                |          |       |
| Air transportation stabilization guaranteed loan financing account: <sup>1</sup> |                |          |       |
| Claim payments .....   |                | 495      | 105   |
| Change in outstandings .....   |                | 495      | -390  |
| <b>Outstandings</b> .....  |                | 495      | 105   |
| <b>Department of Veterans Affairs</b>  |                |          |       |
| Benefits Programs  |                |          |       |
| Housing liquidating account:   |                |          |       |
| Claim payments .....   | 12             | 14       | 11    |
| Change in outstandings .....   | 8              | 4        | 3     |
| <b>Outstandings</b> .....  | 282            | 286      | 289   |
| Housing guaranteed loan financing account:                                       |                |          |       |
| Claim payments .....   | 296            | 355      | 396   |
| Change in outstandings .....   | 528            | 215      | 225   |
| <b>Outstandings</b> .....  | 872            | 1,087    | 1,312 |
| <b>International Assistance Programs</b>   |                |          |       |
| International Security Assistance  |                |          |       |
| Foreign military loan liquidating account:                                       |                |          |       |
| Claim payments .....   | 19             | 8        | 54    |
| Change in outstandings .....   | -29            | 8        | 54    |
| <b>Outstandings</b> .....  | 10             | 18       | 72    |



**Table 9–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 2003     | 2004    |
| Agency for International Development  |                |          |         |
| Housing and other credit guaranty programs liquidating account:               |                |          |         |
| Claim payments .....  | 41             | 16       | 31      |
| Change in outstandings .....  | 15             | –61      | 11      |
| <b>Outstandings</b> .....   | 450            | 389      | 400     |
| Overseas Private Investment Corporation                                       |                |          |         |
| Overseas Private Investment Corporation liquidating account:                  |                |          |         |
| Claim payments .....  |                | 1        |         |
| Change in outstandings .....  | –3             | –3       | –5      |
| <b>Outstandings</b> .....   | 17             | 14       | 9       |
| Overseas Private Investment Corporation guaranteed loan financing account:    |                |          |         |
| Claim payments .....  | 162            | 45       | 45      |
| Change in outstandings .....  | 155            | 38       | 42      |
| <b>Outstandings</b> .....   | 204            | 242      | 284     |
| <b>Small Business Administration</b>  |                |          |         |
| Small Business Administration   |                |          |         |
| Pollution control equipment fund liquidating account:                         |                |          |         |
| Claim payments .....  |                | 1        | 1       |
| Change in outstandings .....  |                | 1        | 1       |
| <b>Outstandings</b> .....   | 49             | 50       | 51      |
| Business guaranteed loan financing account:                                   |                |          |         |
| Claim payments .....  | 922            | 684      | 698     |
| Change in outstandings .....  | 338            | 252      | 257     |
| <b>Outstandings</b> .....   | 1,304          | 1,556    | 1,813   |
| Business loan fund liquidating account:                                       |                |          |         |
| Claim payments .....  | 11             | 11       | 10      |
| Change in outstandings .....  | –21            | –29      | –21     |
| <b>Outstandings</b> .....   | 357            | 328      | 307     |
| <b>Subtotal, defaulted guaranteed loans that result in a loan receivable:</b> |                |          |         |
| Claim payments .....  | 5,870          | 7,752    | 8,642   |
| Change in outstandings .....  | 883            | 2,116    | 2,030   |
| <b>Outstandings</b> .....   | 30,962         | 33,078   | 35,108  |
| <b>Total:</b>   |                |          |         |
| Obligations .....   | 43,688         | 46,222   | 42,016  |
| Loan disbursements .....  | 45,456         | 46,200   | 46,631  |
| Change in outstandings .....  | 10,008         | 13,622   | 12,552  |
| <b>Outstandings</b> .....   | 250,936        | 264,558  | 277,110 |

<sup>1</sup> Numbers shown for 2003 and 2004 include estimates for loan guarantees that have received either conditional or final approval. This presentation should not be construed as prejudging the outcome of the Air Transportation Stabilization Board's deliberations. The Board does not anticipate making any new loan guarantees in 2004.

Table 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2003     | 2004   |
| <b>Department of Agriculture</b>  |                |          |        |
| Farm Service Agency   |                |          |        |
| Agricultural credit insurance fund liquidating account:                             |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -114           | -50      | -35    |
| <b>Outstandings</b> .....   | 297            | 247      | 212    |
| Agricultural credit insurance fund guaranteed loan financing account:               |                |          |        |
| Commitments .....   | 2,551          | 3,063    | 2,666  |
| New guaranteed loans .....  | 2,553          | 3,000    | 2,666  |
| Change in outstandings .....  | 267            | 679      | 339    |
| <b>Outstandings</b> .....   | 9,378          | 10,057   | 10,396 |
| Commodity Credit Corporation export guarantee financing account:                    |                |          |        |
| Commitments .....   | 3,926          | 4,225    | 4,155  |
| New guaranteed loans .....  | 3,926          | 4,225    | 4,155  |
| Change in outstandings .....  | -153           | -80      | -97    |
| <b>Outstandings</b> .....   | 4,762          | 4,682    | 4,585  |
| Natural Resources Conservation Service  |                |          |        |
| Agricultural resource conservation demonstration guaranteed loan financing account: |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -2             | -10      | -7     |
| <b>Outstandings</b> .....   | 22             | 12       | 5      |
| Rural Utilities Service   |                |          |        |
| Rural communication development fund liquidating account:                           |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  |                |          | -1     |
| <b>Outstandings</b> .....   | 4              | 4        | 3      |
| Rural development insurance fund liquidating account:                               |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -18            | -16      | -13    |
| <b>Outstandings</b> .....   | 80             | 64       | 51     |
| Rural electrification and telecommunications guaranteed loans financing account:    |                |          |        |
| Commitments .....   |                | 100      | 100    |
| New guaranteed loans .....  | 55             | 22       | 100    |
| Change in outstandings .....  | 53             | 19       | 97     |
| <b>Outstandings</b> .....   | 256            | 275      | 372    |
| Rural water and waste water disposal guaranteed loans financing account:            |                |          |        |
| Commitments .....   | 75             | 75       | 75     |
| New guaranteed loans .....  | 9              | 11       | 37     |
| Change in outstandings .....  | 19             | 7        | 31     |
| <b>Outstandings</b> .....   | 30             | 37       | 68     |
| Local television loan guarantee financing account:                                  |                |          |        |
| Commitments .....   |                | 1,067    |        |
| New guaranteed loans .....  |                | 213      | 480    |
| Change in outstandings .....  |                | 205      | 455    |
| <b>Outstandings</b> .....   |                | 205      | 660    |
| Rural electrification and telecommunications liquidating account:                   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -41            | -20      | -19    |
| <b>Outstandings</b> .....   | 317            | 297      | 278    |
| Rural Housing Service   |                |          |        |
| Rural housing insurance fund liquidating account:                                   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -2             | -2       | -2     |
| <b>Outstandings</b> .....   | 16             | 14       | 12     |

**Table 9–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate      |               |
|--|----------------|---------------|---------------|
|  |                | 2003          | 2004          |
| Rural housing insurance fund guaranteed loan financing account:  |                |               |               |
| Commitments .....  | 2,528          | 1,918         | 2,825         |
| New guaranteed loans .....                                       | 2,444          | 2,016         | 2,516         |
| Change in outstandings .....                                     | 929            | 363           | 746           |
| <b>Outstandings</b> .....  | <b>13,602</b>  | <b>13,965</b> | <b>14,711</b> |
| Rural community facility guaranteed loans financing account:     |                |               |               |
| Commitments .....  | 210            | 210           | 210           |
| New guaranteed loans .....                                       | 59             | 155           | 164           |
| Change in outstandings .....                                     | 74             | 121           | 124           |
| <b>Outstandings</b> .....  | <b>301</b>     | <b>422</b>    | <b>546</b>    |
| Rural Business—Cooperative Service                               |                |               |               |
| Rural business investment program guarantee financing account:   |                |               |               |
| Commitments .....  |                | 280           |               |
| New guaranteed loans .....                                       |                | 56            | 98            |
| Change in outstandings .....                                     |                | 56            | 96            |
| <b>Outstandings</b> .....  |                | <b>56</b>     | <b>152</b>    |
| Rural business and industry guaranteed loans financing account:  |                |               |               |
| Commitments .....  | 844            | 1,078         | 602           |
| New guaranteed loans .....                                       | 839            | 817           | 1,206         |
| Change in outstandings .....                                     | 380            | 382           | 731           |
| <b>Outstandings</b> .....  | <b>3,884</b>   | <b>4,266</b>  | <b>4,997</b>  |
| <b>Department of Commerce</b>                                    |                |               |               |
| Departmental Management  |                |               |               |
| Emergency oil and gas guaranteed loan financing account:         |                |               |               |
| Commitments .....  | 2              |               |               |
| New guaranteed loans .....                                       | 2              |               |               |
| Change in outstandings .....                                     | 2              | -2            | -2            |
| <b>Outstandings</b> .....  | <b>5</b>       | <b>3</b>      | <b>1</b>      |
| Emergency steel guaranteed loan financing account:               |                |               |               |
| Commitments .....  | 42             |               |               |
| New guaranteed loans .....                                       | 42             |               |               |
| Change in outstandings .....                                     | -54            | -17           | -8            |
| <b>Outstandings</b> .....  | <b>55</b>      | <b>38</b>     | <b>30</b>     |
| National Oceanic and Atmospheric Administration                  |                |               |               |
| Fisheries finance guaranteed loan financing account:             |                |               |               |
| Commitments .....  |                |               |               |
| New guaranteed loans .....                                       |                |               |               |
| Change in outstandings .....                                     | -14            | -10           | -8            |
| <b>Outstandings</b> .....  | <b>37</b>      | <b>27</b>     | <b>19</b>     |
| Federal ship financing fund fishing vessels liquidating account: |                |               |               |
| Commitments .....  |                |               |               |
| New guaranteed loans .....                                       |                |               |               |
| Change in outstandings .....                                     | -8             | -6            | -5            |
| <b>Outstandings</b> .....  | <b>31</b>      | <b>25</b>     | <b>20</b>     |
| <b>Department of Defense—Military</b>                            |                |               |               |
| Operation and Maintenance  |                |               |               |
| Defense export loan guarantee financing account:                 |                |               |               |
| Commitments .....  |                |               |               |
| New guaranteed loans .....                                       |                |               |               |
| Change in outstandings .....                                     | -4             | -4            |               |
| <b>Outstandings</b> .....  | <b>4</b>       |               |               |
| Procurement  |                |               |               |
| Arms initiative guaranteed loan financing account:               |                |               |               |
| Commitments .....  |                | 45            |               |
| New guaranteed loans .....                                       |                | 45            |               |
| Change in outstandings .....                                     | -1             | 44            | -2            |
| <b>Outstandings</b> .....  | <b>27</b>      | <b>71</b>     | <b>69</b>     |

Table 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate       |                |
|---|----------------|----------------|----------------|
|   |                | 2003           | 2004           |
| <b>Family Housing</b>   |                |                |                |
| Family housing improvement guaranteed loan financing account: |                |                |                |
| Commitments .....   |                | 138            | 259            |
| New guaranteed loans .....                                    | 131            | 16             | 7              |
| Change in outstandings .....                                  | 130            | 13             | 4              |
| <b>Outstandings</b> .....                                     | <b>200</b>     | <b>213</b>     | <b>217</b>     |
| <b>Department of Education</b>                                |                |                |                |
| Federal Student Aid   |                |                |                |
| Federal family education loan liquidating account:            |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....                                    |                |                |                |
| Change in outstandings .....                                  | -1,769         | -1,149         | -708           |
| <b>Outstandings</b> .....                                     | <b>2,724</b>   | <b>1,575</b>   | <b>867</b>     |
| Federal family education loan program financing account:      |                |                |                |
| Commitments .....   | 48,102         | 53,327         | 52,064         |
| New guaranteed loans .....                                    | 44,273         | 47,583         | 46,248         |
| Change in outstandings .....                                  | 24,386         | 19,577         | 14,319         |
| <b>Outstandings</b> .....                                     | <b>179,191</b> | <b>198,768</b> | <b>213,087</b> |
| <b>Department of Health and Human Services</b>                |                |                |                |
| Health Resources and Services Administration                  |                |                |                |
| Health education assistance loans financing account:          |                |                |                |
| Commitments .....   | 165            | 160            | 150            |
| New guaranteed loans .....                                    | 165            | 160            | 150            |
| Change in outstandings .....                                  | 133            | 114            | 101            |
| <b>Outstandings</b> .....                                     | <b>1,646</b>   | <b>1,760</b>   | <b>1,861</b>   |
| Health education assistance loans liquidating account:        |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....                                    |                |                |                |
| Change in outstandings .....                                  | -49            | -53            | -44            |
| <b>Outstandings</b> .....                                     | <b>619</b>     | <b>566</b>     | <b>522</b>     |
| Health center guaranteed loan financing account:              |                |                |                |
| Commitments .....   | 1              | 17             | 22             |
| New guaranteed loans .....                                    | 1              | 17             | 22             |
| Change in outstandings .....                                  | 1              | 17             | 22             |
| <b>Outstandings</b> .....                                     | <b>13</b>      | <b>30</b>      | <b>52</b>      |
| Medical facilities guarantee and loan fund:                   |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....                                    |                |                |                |
| Change in outstandings .....                                  | -3             | -3             | -3             |
| <b>Outstandings</b> .....                                     | <b>16</b>      | <b>13</b>      | <b>10</b>      |
| <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 .....                                  | -275           | -280           | -280           |
| <b>Outstandings</b> .....                                     | <b>2,189</b>   | <b>1,909</b>   | <b>1,629</b>   |
| Indian housing loan guarantee fund financing account:         |                |                |                |
| Commitments .....   | 1              | 20             | 23             |
| New guaranteed loans .....                                    | 1              | 10             | 19             |
| Change in outstandings .....                                  | -8             | -1             | 6              |
| <b>Outstandings</b> .....                                     | <b>58</b>      | <b>57</b>      | <b>63</b>      |
| Title VI Indian Federal guarantees financing account:         |                |                |                |
| Commitments .....   | 55             | 17             | 12             |
| New guaranteed loans .....                                    | 55             | 14             | 10             |
| Change in outstandings .....                                  | 55             | 11             | 4              |
| <b>Outstandings</b> .....                                     | <b>65</b>      | <b>76</b>      | <b>80</b>      |

Table 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 2003     | 2004    |
| Native Hawaiian housing loan guarantee fund financing account:                   |                |          |         |
| Commitments .....  |                | 1        | 2       |
| New guaranteed loans .....   |                | 1        | 2       |
| Change in outstandings .....   |                | 1        | 1       |
| <b>Outstandings</b> .....  |                | 1        | 2       |
| Public housing reform initiative guaranteed loan financing account:              |                |          |         |
| Commitments .....  |                |          | 1,715   |
| New guaranteed loans .....   |                |          | 86      |
| Change in outstandings .....   |                |          | 84      |
| <b>Outstandings</b> .....  |                |          | 84      |
| Community Planning and Development   |                |          |         |
| Community development loan guarantees financing account:                         |                |          |         |
| Commitments .....  | 311            | 390      | 183     |
| New guaranteed loans .....   | 309            | 261      | 304     |
| Change in outstandings .....   | 153            | 11       | 4       |
| <b>Outstandings</b> .....  | 2,040          | 2,051    | 2,055   |
| Community development loan guarantees liquidating account:                       |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -34            | -20      | -15     |
| <b>Outstandings</b> .....  | 47             | 27       | 12      |
| Housing Programs   |                |          |         |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -7,995         | -4,777   | -3,665  |
| <b>Outstandings</b> .....  | 31,968         | 27,191   | 23,526  |
| FHA-general and special risk insurance funds liquidating account:                |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -4,051         | -2,773   | -2,456  |
| <b>Outstandings</b> .....  | 21,319         | 18,546   | 16,090  |
| FHA-general and special risk guaranteed loan financing account:                  |                |          |         |
| Commitments .....  | 23,000         | 24,000   | 25,000  |
| New guaranteed loans .....   | 20,600         | 23,644   | 24,753  |
| Change in outstandings .....   | 1,362          | 16,151   | 15,780  |
| <b>Outstandings</b> .....  | 74,738         | 90,889   | 106,669 |
| FHA-loan guarantee recovery fund financing account:                              |                |          |         |
| Commitments .....  |                | 4        |         |
| New guaranteed loans .....   | 1              | 4        |         |
| Change in outstandings .....   | 1              | 1        | -3      |
| <b>Outstandings</b> .....  | 5              | 6        | 3       |
| FHA-mutual mortgage insurance guaranteed loan financing account:                 |                |          |         |
| Commitments .....  | 157,031        | 163,008  | 177,500 |
| New guaranteed loans .....   | 136,382        | 133,582  | 139,289 |
| Change in outstandings .....   | 16,040         | 57,863   | 71,486  |
| <b>Outstandings</b> .....  | 435,353        | 493,216  | 564,702 |
| Government National Mortgage Association   |                |          |         |
| Guarantees of mortgage-backed securities liquidating account:                    |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -12            | -12      | -14     |
| <b>Outstandings</b> .....  | 122            | 110      | 96      |
| Guarantees of mortgage-backed securities financing account:                      |                |          |         |
| Commitments .....  | 178,924        | 259,419  | 200,000 |
| New guaranteed loans .....   | 174,853        | 120,000  | 150,000 |
| Change in outstandings .....   | -36,080        | 29,492   | 43,267  |
| <b>Outstandings</b> .....  | 568,229        | 597,721  | 640,988 |

Table 9–10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 2003     | 2004    |
| <b>Department of the Interior</b>  |                |          |         |
| Bureau of Indian Affairs   |                |          |         |
| Indian loan guaranty and insurance fund liquidating account:                                   |                |          |         |
| Commitments .....  | .....          | .....    | .....   |
| New guaranteed loans .....   | .....          | .....    | .....   |
| Change in outstandings .....   | -8             | -6       | -3      |
| <b>Outstandings</b> .....  | 9              | 3        | .....   |
| Indian guaranteed loan financing account:  |                |          |         |
| Commitments .....  | 75             | 72       | 84      |
| New guaranteed loans .....   | 65             | 65       | 66      |
| Change in outstandings .....   | 38             | 39       | 40      |
| <b>Outstandings</b> .....  | 222            | 261      | 301     |
| <b>Department of Transportation</b>  |                |          |         |
| Office of the Secretary  |                |          |         |
| Minority business resource center guaranteed loan financing account:                           |                |          |         |
| Commitments .....  | 5              | 18       | 18      |
| New guaranteed loans .....   | 5              | 18       | 18      |
| Change in outstandings .....   | -1             | 12       | .....   |
| <b>Outstandings</b> .....  | 6              | 18       | 18      |
| Federal Highway Administration   |                |          |         |
| Transportation infrastructure finance and innovation program loan guarantee financing account: |                |          |         |
| Commitments .....  | .....          | 200      | 200     |
| New guaranteed loans .....   | .....          | 120      | 160     |
| Change in outstandings .....   | .....          | 120      | 160     |
| <b>Outstandings</b> .....  | .....          | 120      | 280     |
| Maritime Administration  |                |          |         |
| Federal ship financing fund liquidating account:   |                |          |         |
| Commitments .....  | .....          | .....    | .....   |
| New guaranteed loans .....   | .....          | .....    | .....   |
| Change in outstandings .....   | -74            | -30      | -30     |
| <b>Outstandings</b> .....  | 108            | 78       | 48      |
| Maritime guaranteed loan (title XI) financing account:   |                |          |         |
| Commitments .....  | 225            | 338      | .....   |
| New guaranteed loans .....   | 225            | 338      | .....   |
| Change in outstandings .....   | -562           | 228      | -110    |
| <b>Outstandings</b> .....  | 4,176          | 4,404    | 4,294   |
| <b>Department of the Treasury</b>  |                |          |         |
| Departmental Offices   |                |          |         |
| Air transportation stabilization guaranteed loan financing account: <sup>3</sup>               |                |          |         |
| Commitments .....  | 429            | 1,433    | .....   |
| New guaranteed loans .....   | 429            | 1,433    | .....   |
| Change in outstandings .....   | 429            | 938      | -270    |
| <b>Outstandings</b> .....  | 429            | 1,367    | 1,097   |
| <b>Department of Veterans Affairs</b>  |                |          |         |
| Benefits Programs  |                |          |         |
| Housing liquidating account:   |                |          |         |
| Commitments .....  | .....          | .....    | .....   |
| New guaranteed loans .....   | .....          | .....    | .....   |
| Change in outstandings .....   | -2,478         | -1,845   | -1,350  |
| <b>Outstandings</b> .....  | 6,704          | 4,859    | 3,509   |
| Housing guaranteed loan financing account:   |                |          |         |
| Commitments .....  | 38,041         | 35,271   | 35,248  |
| New guaranteed loans .....   | 38,041         | 35,271   | 35,247  |
| Change in outstandings .....   | 30,123         | 26,836   | 26,186  |
| <b>Outstandings</b> .....  | 257,828        | 284,664  | 310,850 |

**Table 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**

(In millions of dollars)

| Agency and Account  | 2002<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2003     | 2004   |
| <b>International Assistance Programs</b>  |                |          |        |
| International Security Assistance   |                |          |        |
| Foreign military loan liquidating account:  |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -357           | -349     | -374   |
| <b>Outstandings</b> .....   | 3,837          | 3,488    | 3,114  |
| Agency for International Development  |                |          |        |
| Loan guarantees to Israel financing account:  |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -20            | -157     | -49    |
| <b>Outstandings</b> .....   | 9,206          | 9,049    | 9,000  |
| Development credit authority guaranteed loan financing account:                     |                |          |        |
| Commitments .....   | 201            | 280      | 675    |
| New guaranteed loans .....  | 4              | 142      | 125    |
| Change in outstandings .....  | 2              | 138      | 106    |
| <b>Outstandings</b> .....   | 41             | 179      | 285    |
| Housing and other credit guaranty programs liquidating account:                     |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -97            | -93      | -98    |
| <b>Outstandings</b> .....   | 1,499          | 1,406    | 1,308  |
| Microenterprise and small enterprise development guaranteed loan financing account: |                |          |        |
| Commitments .....   | 13             |          |        |
| New guaranteed loans .....  | 11             | 20       | 26     |
| Change in outstandings .....  | -2             | 8        | 13     |
| <b>Outstandings</b> .....   | 34             | 42       | 55     |
| Urban and environmental credit guaranteed loan financing account:                   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  | 22             | 17       |        |
| Change in outstandings .....  | 70             | -8       | -31    |
| <b>Outstandings</b> .....   | 584            | 576      | 545    |
| Overseas Private Investment Corporation   |                |          |        |
| Overseas Private Investment Corporation liquidating account:                        |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -9             | -10      | -7     |
| <b>Outstandings</b> .....   | 17             | 7        |        |
| Overseas Private Investment Corporation guaranteed loan financing account:          |                |          |        |
| Commitments .....   | 809            | 715      | 765    |
| New guaranteed loans .....  | 525            | 525      | 525    |
| Change in outstandings .....  | 163            | 280      | 280    |
| <b>Outstandings</b> .....   | 3,513          | 3,793    | 4,073  |
| <b>Small Business Administration</b>  |                |          |        |
| Small Business Administration   |                |          |        |
| Pollution control equipment fund liquidating account:                               |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -4             | -4       | -3     |
| <b>Outstandings</b> .....   | 12             | 8        | 5      |
| Business guaranteed loan financing account:   |                |          |        |
| Commitments .....   | 15,266         | 18,983   | 20,802 |
| New guaranteed loans .....  | 12,342         | 10,111   | 10,741 |
| Change in outstandings .....  | 4,916          | 1,910    | 1,868  |
| <b>Outstandings</b> .....   | 40,023         | 41,933   | 43,801 |
| Business loan fund liquidating account:   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -434           | -255     | -201   |
| <b>Outstandings</b> .....   | 1,067          | 812      | 611    |

Table 9-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(In millions of dollars)

| Agency and Account   | 2002<br>Actual | Estimate  |           |
|--|----------------|-----------|-----------|
|  |                | 2003      | 2004      |
| <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 .....                                   |                |           |           |
| <i>Change in outstandings</i> .....                          | -217           | -215      | -149      |
| <b>Outstandings</b> .....                                    | 724            | 509       | 360       |
| Export-Import Bank guaranteed loan financing account:        |                |           |           |
| Commitments .....  | 9,824          | 12,335    | 14,320    |
| New guaranteed loans .....                                   | 7,859          | 7,543     | 8,662     |
| <i>Change in outstandings</i> .....                          | 690            | 1,316     | 2,117     |
| <b>Outstandings</b> .....                                    | 30,274         | 31,590    | 33,707    |
| National Credit Union Administration                         |                |           |           |
| Credit union share insurance fund:                           |                |           |           |
| Commitments .....  | 3              | 6         | 4         |
| New guaranteed loans .....                                   | 4              | 3         | 4         |
| <i>Change in outstandings</i> .....                          | 3              | 2         | -2        |
| <b>Outstandings</b> .....                                    | 4              | 6         | 4         |
| Presidio Trust   |                |           |           |
| Presidio Trust guaranteed loan financing account:            |                |           |           |
| Commitments .....  |                | 100       | 50        |
| New guaranteed loans .....                                   |                | 50        | 75        |
| <i>Change in outstandings</i> .....                          |                | 49        | 69        |
| <b>Outstandings</b> .....                                    |                | 49        | 118       |
| <b>Subtotal, Guaranteed loans (gross)</b>                    |                |           |           |
| Commitments .....  | 482,659        | 582,313   | 539,729   |
| New guaranteed loans .....                                   | 446,232        | 391,508   | 427,961   |
| <i>Change in outstandings</i> .....                          | 25,469         | 144,746   | 168,472   |
| <b>Outstandings</b> .....                                    | 1,713,967      | 1,858,713 | 2,027,185 |
| <b>Less, secondary guaranteed loans: <sup>1</sup></b>        |                |           |           |
| GNMA guarantees of FmHA/VA/FHA pools:                        |                |           |           |
| Commitments .....  | -178,924       | -259,419  | -200,000  |
| New guaranteed loans .....                                   | -174,853       | -120,000  | -150,000  |
| <i>Change in outstandings</i> .....                          | 36,092         | -29,480   | -43,253   |
| <b>Outstandings</b> .....                                    | -568,351       | -597,831  | -641,084  |
| <b>Total, primary guaranteed loans: <sup>2</sup></b>         |                |           |           |
| Commitments .....  | 303,735        | 322,894   | 339,729   |
| New guaranteed loans .....                                   | 271,379        | 271,508   | 277,961   |
| <i>Change in outstandings</i> .....                          | 61,561         | 115,266   | 125,219   |
| <b>Outstandings</b> .....                                    | 1,145,616      | 1,260,882 | 1,386,101 |

<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.

<sup>3</sup> Numbers shown for 2003 and 2004 include estimates for loan guarantees that have received either conditional or final approval. This presentation should not be construed as prejudging the outcome of the Air Transportation Stabilization Board's deliberations. The Board does not anticipate making any new loan guarantees in 2004.



**Table 9–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)<sup>1</sup>**

(In millions of dollars)

| Enterprise                                 | 2002<br>Actual | Estimate  |           |
|--|----------------|-----------|-----------|
|  |                | 2003      | 2004      |
| <b>LENDING</b>                             |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net change</i> .....                    | 900            | -13,967   | -9,426    |
| Outstandings .....                         | 41,932         | 27,965    | 18,539    |
| Federal National Mortgage Association:     |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net change</i> .....                    | 59,249         | 126,081   | 103,879   |
| Outstandings .....                         | 759,733        | 885,814   | 989,693   |
| Mortgage-backed securities:                |                |           |           |
| <i>Net change</i> .....                    | 166,892        | 178,693   | 129,169   |
| Outstandings .....                         | 989,274        | 1,167,967 | 1,297,136 |
| Federal Home Loan Mortgage Corporation:    |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net change</i> .....                    | 59,844         | 56,106    | 60,900    |
| Outstandings .....                         | 530,694        | 586,800   | 647,700   |
| Mortgage-backed securities:                |                |           |           |
| <i>Net change</i> .....                    | 94,497         | 122,868   | 64,823    |
| Outstandings .....                         | 730,341        | 853,209   | 918,032   |
| Farm Credit System:                        |                |           |           |
| Agricultural credit bank:                  |                |           |           |
| <i>Net change</i> .....                    | 878            | 3,412     | 955       |
| Outstandings .....                         | 20,466         | 23,878    | 24,833    |
| Farm credit banks:                         |                |           |           |
| <i>Net change</i> .....                    | 5,720          | 2,525     | 2,167     |
| Outstandings .....                         | 58,165         | 60,690    | 62,857    |
| Federal Agricultural Mortgage Corporation: |                |           |           |
| <i>Net change</i> .....                    | 1,106          | .....     | .....     |
| Outstandings .....                         | 6,000          | 6,000     | 6,000     |
| Federal Home Loan Banks:                   |                |           |           |
| <i>Net change</i> .....                    | 48,399         | .....     | .....     |
| Outstandings .....                         | 537,812        | 537,812   | 537,812   |
| <b>Subtotal GSE lending (gross):</b>       |                |           |           |
| <i>Net change</i> .....                    | 437,485        | 475,718   | 352,467   |
| Outstandings .....                         | 3,674,417      | 4,150,135 | 4,502,602 |
| Less guaranteed loans purchased by:        |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net change</i> .....                    | 900            | -13,967   | -9,426    |
| Outstandings .....                         | 41,932         | 27,965    | 18,539    |
| Federal National Mortgage Association:     |                |           |           |
| <i>Net change</i> .....                    | -2,456         | .....     | .....     |
| Outstandings .....                         | 60,143         | 60,143    | 60,143    |
| Other:                                     |                |           |           |
| <i>Net change</i> .....                    | 4,148          | .....     | .....     |
| Outstandings .....                         | 25,979         | 25,979    | 25,979    |
| <b>Total GSE lending (net):</b>            |                |           |           |
| <i>Net change</i> .....                    | 434,893        | 489,685   | 361,893   |
| Outstandings .....                         | 3,546,363      | 4,036,048 | 4,397,941 |
| <b>BORROWING</b>                           |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net Change</i> .....                    | -1,601         | -13,620   | -9,136    |
| Outstandings .....                         | 45,720         | 32,100    | 22,964    |
| Federal National Mortgage Association:     |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net Change</i> .....                    | 73,263         | 109,431   | 113,861   |
| Outstandings .....                         | 800,255        | 909,686   | 1,023,547 |
| Mortgage-backed securities:                |                |           |           |
| <i>Net Change</i> .....                    | 166,892        | 178,693   | 129,169   |
| Outstandings .....                         | 989,274        | 1,167,967 | 1,297,136 |

**Table 9–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>—Continued**

(In millions of dollars)

| Enterprise                                      | 2002<br>Actual | Estimate  |           |
|---|----------------|-----------|-----------|
|   |                | 2003      | 2004      |
| Federal Home Loan Mortgage Corporation:         |                |           |           |
| Portfolio programs:                             |                |           |           |
| <i>Net Change</i> .....                         | 87,339         | 18,910    | 61,565    |
| Outstandings .....                              | 618,651        | 637,561   | 699,126   |
| Mortgage-backed securities:                     |                |           |           |
| <i>Net Change</i> .....                         | 94,497         | 122,868   | 64,823    |
| Outstandings .....                              | 730,341        | 853,209   | 918,032   |
| Farm Credit System:                             |                |           |           |
| Agricultural credit bank:                       |                |           |           |
| <i>Net Change</i> .....                         | 1,238          | 3,686     | 1,048     |
| Outstandings .....                              | 22,513         | 26,199    | 27,247    |
| Farm credit banks:                              |                |           |           |
| <i>Net Change</i> .....                         | 5,784          | 4,644     | 3,765     |
| Outstandings .....                              | 63,794         | 68,438    | 72,203    |
| Federal Agricultural Mortgage Corporation:      |                |           |           |
| <i>Net Change</i> .....                         | 204            | -10       | 321       |
| Outstandings .....                              | 3,074          | 3,064     | 3,385     |
| Federal Home Loan Banks:                        |                |           |           |
| <i>Net Change</i> .....                         | 56,223         |           |           |
| Outstandings .....                              | 667,561        | 667,561   | 667,561   |
| <b>Subtotal GSE borrowing (gross):</b>          |                |           |           |
| <i>Net change</i> .....                         | 483,839        | 424,602   | 365,416   |
| Outstandings .....                              | 3,941,183      | 4,365,785 | 4,731,201 |
| Less borrowing from other GSEs:                 |                |           |           |
| <i>Net Change</i> .....                         | 1,535          |           |           |
| Outstandings .....                              | 183,444        | 183,444   | 183,444   |
| Less purchase of Federal debt securities:       |                |           |           |
| <i>Net Change</i> .....                         | 404            | -103      | -81       |
| Outstandings .....                              | 3,530          | 3,427     | 3,346     |
| Less borrowing to purchase loans guaranteed by: |                |           |           |
| Student Loan Marketing Association:             |                |           |           |
| <i>Net Change</i> .....                         | 900            | -13,967   | -9,426    |
| Outstandings .....                              | 41,932         | 27,965    | 18,539    |
| Federal National Mortgage Association:          |                |           |           |
| <i>Net Change</i> .....                         | -2,456         |           |           |
| Outstandings .....                              | 60,143         | 60,143    | 60,143    |
| Other:  |                |           |           |
| <i>Net Change</i> .....                         | 4,148          |           |           |
| Outstandings .....                              | 25,979         | 25,979    | 25,979    |
| <b>Total GSE borrowing (net):</b>               |                |           |           |
| <i>Net change</i> .....                         | 479,307        | 438,672   | 374,923   |
| Outstandings .....                              | 3,626,154      | 4,064,826 | 4,439,749 |

<sup>1</sup>The estimates of borrowing and lending were developed by the GSEs based on certain assumptions that 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 9-12. GOVERNMENT-SPONSORED ENTERPRISE PARTICIPATION IN THE CREDIT MARKET <sup>1</sup>**

(In billions of dollars)

|  | Actual |      |       |       |       |       |       |       |       |       |         |       |         |         |
|--|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------|---------|---------|
|  | 1965   | 1970 | 1975  | 1980  | 1985  | 1990  | 1995  | 1996  | 1997  | 1998  | 1999    | 2000  | 2001    | 2002    |
| Total net lending in credit market .....               | 66.8   | 88.1 | 169.6 | 336.9 | 829.3 | 705.2 | 702.4 | 716.0 | 723.0 | 981.3 | 1,076.2 | 902.8 | 1,012.5 | 1,268.3 |
| 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 | 466.1   | 434.9   |
| GSE lending participation rate (percent) .....         | 1.8    | 5.6  | 3.1   | 6.4   | 7.0   | 16.4  | 17.9  | 19.8  | 15.6  | 29.9  | 26.4    | 27.2  | 46.0    | 34.3    |
| Total net borrowing in credit market .....             | 66.8   | 88.1 | 169.6 | 336.9 | 829.3 | 705.2 | 702.4 | 716.0 | 723.0 | 981.3 | 1,076.2 | 902.8 | 1,012.5 | 1,268.3 |
| Government-sponsored enterprise borrowing <sup>2</sup> | 1.4    | 5.2  | 5.5   | 24.1  | 60.7  | 90.0  | 68.2  | 161.2 | 107.9 | 276.2 | 346.8   | 277.9 | 415.3   | 479.3   |
| GSE borrowing participation rate (percent) .....       | 2.1    | 5.9  | 3.2   | 7.2   | 7.3   | 12.8  | 9.7   | 22.5  | 14.9  | 28.1  | 32.2    | 30.8  | 41.0    | 37.8    |

<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 2003 and 2004 are not available.

**Table 9-13. BORROWING BY FINANCING VEHICLES <sup>1</sup>**

(In millions of dollars)

| Financing Vehicle                          | 2002<br>Actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 2003     | 2004   |
| Financing Corporation (FICO):              |                |          |        |
| <i>Net change</i> .....                    | 1              | 1        | 1      |
| Outstandings .....                         | 8,150          | 8,151    | 8,152  |
| Resolution Funding Corporation (REFCORP):  |                |          |        |
| <i>Net change</i> .....                    | 1              | -3       | -3     |
| Outstandings .....                         | 30,061         | 30,058   | 30,055 |
| <b>Subtotal, gross borrowing:</b>          |                |          |        |
| <i>Net change</i> .....                    | 2              | -2       | -2     |
| Outstandings .....                         | 38,211         | 38,209   | 38,207 |
| Less purchases of Federal debt securities: |                |          |        |
| <i>Net change</i> .....                    | 487            | 698      | 757    |
| Outstandings .....                         | 8,407          | 9,105    | 9,862  |
| <b>Total, net borrowing:</b>               |                |          |        |
| <i>Net change</i> .....                    | -485           | -700     | -759   |
| Outstandings .....                         | 29,804         | 29,104   | 28,345 |

<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 2002 or is estimated to occur in 2003 or 2004.

## 10. 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 by promoting a healthy economy. It also provides 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 \$351.6 billion in 2002 and are estimated to increase to \$384.2 billion in 2003 and \$398.8 billion in 2004.

Grant outlays to individuals, such as Medicaid payments, are estimated to be 65 percent of total grants in 2004; grant outlays for physical capital investment, 15 percent; and grant outlays for all other purposes, largely education, training, and social services, 20 percent.

Some tax expenditures also constitute Federal aid to State and local governments. Tax expenditures stem from special exclusions, exemptions, deductions, credits, deferrals, or tax rates in the Federal tax laws.

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 comprise the two largest tax expenditures benefiting State and local governments. These provisions, on an outlay equivalent basis, are estimated to be \$73 billion in both 2003 and 2004. Chapter 6, "Tax Expenditures," of this volume provides a detailed discussion of the measurement and definition of tax expenditures and a complete list of the estimated costs of specific tax expenditures. As discussed in that chapter, there are generally interactions among tax expenditure provisions, so that the

cost estimates 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 6–5 in that chapter, and also at the ends of Tables 6–1 and 6–2.

For the first time, this chapter includes State-by-State estimates of selected large grant programs to State and local governments. These tables appear as an Appendix to this chapter.

**Table 10–1. FEDERAL GRANT OUTLAYS BY AGENCY**

(In billions of dollars)

| Agency  | 2002 Actual  | 2003 Estimate | 2004 Estimate |
|---|--------------|---------------|---------------|
| Department of Agriculture .....                   | 21.8         | 23.8          | 23.2          |
| Department of Commerce .....                      | 0.6          | 0.9           | 0.6           |
| Department of Education .....                     | 26.7         | 34.4          | 36.2          |
| Department of Energy .....                        | 0.2          | 0.3           | 0.3           |
| Department of Health and Human Services .....     | 204.8        | 223.5         | 242.2         |
| Department of Homeland Security .....             | 3.8          | 7.3           | 6.9           |
| Department of Housing and Urban Development ..... | 29.3         | 30.8          | 25.8          |
| Department of the Interior .....                  | 2.6          | 2.8           | 2.9           |
| Department of Justice .....                       | 5.4          | 3.4           | 4.4           |
| Department of Labor .....                         | 9.0          | 10.6          | 8.9           |
| Department of Transportation .....                | 41.0         | 39.3          | 39.9          |
| Department of the Treasury .....                  | 0.4          | 0.4           | 0.4           |
| Department of Veterans Affairs .....              | 0.4          | 0.4           | 0.5           |
| Environmental Protection Agency .....             | 3.6          | 4.0           | 4.1           |
| Other agencies .....                              | 2.0          | 2.3           | 2.6           |
| <b>Total .....</b>                                | <b>351.6</b> | <b>384.2</b>  | <b>398.8</b>  |

Table 10–1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$242.2 billion in 2004, more than 60 percent of total grant outlays. Grant outlays for the Department of Homeland Security decline in 2004 due to the spendout of balances from the Emergency Response Fund.

### HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Several 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 shares with State and local governments the cost and, ultimately, the benefits of a better educated, healthier, and safer citizenry. The Administration intends to work with State and local governments to make the Federal system more efficient and effective and to improve the design, administration, and financial management of

Federal grant programs. The Administration will achieve these goals through various efforts.

In programs where the Federal Government and State and local governments partner in the provision of services, State and local government involvement is critical to improving the performance of Federal programs. For this budget, Federal agencies and the Office of Management and Budget (OMB) worked together to rate the effectiveness of 234 programs using the Program Assessment Rating Tool (PART). On average, grant programs received lower ratings than other types

<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.

of programs, which suggests the need for strengthening partnerships and accountability for achieving program outcomes.

In support of the Administration's initiative to reduce erroneous payments, managers of several programs jointly administered by the Federal Government and the States, including Medicaid and the School Lunch program, are developing methodologies to estimate improper payment rates, identify the causes and remedy them. The passage of the Erroneous Payments Information Act of 2002 codifies the requirement of the President's initiative to estimate the extent of erroneous payments not just in those programs that are singled out in the President's effort to reduce erroneous payments, but for all Federal programs. With the passage of the Act, OMB will issue guidance to agencies to assist with the expanded reporting requirements in the statute.

Finally, by expanding a Government-wide effort to use electronic processing in the administration of grant programs, the Federal Government aims to streamline and improve the efficiency of Federal grant programs. Each of the Federal grant-making agencies is responsible for working individually and collectively under the auspices of the Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106 107). The Act requires grant-making agencies to simplify grants and enable grantees to electronically conduct business with the Federal Government.

Highlights of grants to State and local governments are presented below. For additional information on grants, see Table 10–3 in this Chapter, and discussions in the main budget volume.

### **Department of Homeland Security**

This budget requests \$5.6 billion in budget authority for Department of Homeland Security (DHS) grants to State and local governments for 2004. These funds support diverse activities, including State and local law enforcement terrorism prevention initiatives and natural disaster recovery efforts.

This budget requests funds to support substantial improvements in the capacity of State and local governments to anticipate and respond to incidents of terrorism on United States soil. Specifically, the Administration's "First Responder" initiative will provide firefighters, law enforcement, emergency medical services, and emergency management agencies with coordinated training, grants for preparedness equipment, technical assistance, and opportunities for joint exercises involving Federal, State, and local personnel. This budget consolidates Office for Domestic Preparedness and related functions in DHS to provide States and localities with a "one-stop shop" for funding and training needs. The \$3.5 billion request for this effort includes \$500 million for grants providing firefighters with health and safety equipment and vehicles, as well as \$500 million for State and local law enforcement initiatives to prevent terrorism. This is more than ten times the level the Federal Government provided for these programs prior to September 11, 2001. DHS will also assist State

and local governments, as well as the private sector, in identifying, prioritizing, and protecting critical infrastructure.

This budget also requests \$2.0 billion for disaster relief assistance to meet emergency needs of families and individuals and to help pay for the rebuilding and repair of critical community infrastructure. This includes a new \$300 million pre-disaster hazard mitigation program, which replaces the existing formula-based program funded through the Disaster Relief Fund. This new program will provide competitive awards to ensure that the most worthwhile and cost effective projects are funded.

Lastly, in order to build on partnerships started by the Office of Homeland Security, DHS will establish a liaison function to serve as a contact point within the Department for State and local governments and private sector officials, as well as constituents.

### **Education**

The Department of Education seeks to ensure equal access to education and promote educational excellence for students throughout the Nation by providing formula and competitive grants. This budget requests a total of \$37.2 billion for States and local educational agencies for 2004, an increase of \$1.1 billion above the 2003 amount of \$36.1 billion. The Federal education programs will support programs that help States improve accountability for school and student performance.

This budget requests \$12.4 billion for Title I grants to school districts to help raise student achievement in the Nation's most impoverished communities. The request is a \$1 billion (nine percent) increase over the 2003 request. Implementation of the 2004 request would result in an increase of 56 percent over the funding amount provided in 2000. The amount States may keep to assist schools requiring improvements will reach nearly \$500 million in 2004. In light of the crucial role of our teachers in improving student achievement, the President requests \$2.8 billion for the Teacher Quality State Grants program, which supports State efforts to enhance teacher quality and training. In addition, the budget includes \$390 million for grants for State assessments to develop measures of achievement for students in grades three through eight.

The Reading First program, the President's signature effort to improve reading instruction, provides funds to States to support only scientifically proven reading practices. This budget proposes \$1.05 billion for this effort, \$50 million over the 2003 request. The budget also includes \$100 million for Early Reading First, a \$25 million increase, to develop model early childhood literacy and pre-reading programs for schools serving high-poverty communities.

Since 1975, the Federal Government has played an important role in ensuring that children with disabilities receive a free appropriate public education through the Individuals with Disabilities Education Act (IDEA). As with his requests for 2002 and 2003, the President

requests a \$1 billion increase in IDEA Grants to States. The 2004 request for \$9.5 billion will help States and local educational agencies meet their responsibilities toward children with disabilities. In addition, the President's request provides \$447 million for States to identify and serve infants and toddlers with disabilities, a \$10 million increase. Research shows that early intervention may help reduce or eliminate the need for special education when children enter school.

Under the Vocational Education State Grants program, the Department of Education supports programs intended to develop the academic, vocational, and technical skills of high school and community college students. However, after decades of increasing Federal investment, and despite various attempts at program reform, there remains little or no evidence that this program leads to improved outcomes. Specifically, the Administration's Program Assessment Rating Tool (PART) and several independent evaluations suggest the Vocational Education State Grants program has not effectively improved students' academic and job-related skills or helped students complete college. The Administration proposes to reform the program using frameworks for accountability and flexibility similar to those established by the No Child Left Behind Act of 2001. Participating State and local institutions will possess the flexibility to design high quality programs that encourage students to achieve the program's goals and employ responsible systems to monitor and report program performance.

This budget provides nearly \$3 billion for State and local vocational rehabilitation programs that support the President's New Freedom Initiative goals and guide individuals with disabilities to employment and independent living. In 2004, funding for Vocational Rehabilitation State Grants will help over 243,000 individuals with disabilities obtain and retain jobs with higher incomes.

### **Training and Employment**

This budget reflects the Administration's continued efforts to enrich the Nation's workforce. The Administration will use the opportunity presented by the expiration of the Workforce Investment Act (WIA) to make significant improvements in Federal job training and employment programs in 2004. Many of these proposed reforms are designed to correct program weaknesses identified through the Program Assessment Rating Tool (PART). Specifically, the Administration proposes to consolidate three adult training and employment programs—the WIA adult program, dislocated worker program, and Employment Service State grants—into a single \$3.1 billion block grant. Such consolidation will eliminate duplication, strengthen resource allocation, improve accountability, enhance the role of employers in the national workforce system, and provide States with greater flexibility.

Legislation will be proposed to authorize \$3.6 billion for grants to States for Personal Re-employment Accounts for unemployed workers. This program would

allow States to give certain unemployed workers up to \$3,000 per person to purchase job training, child care, transportation, or moving services, or to finance other expenses of finding a job. As an additional incentive to find work, an individual who gets a job within thirteen weeks of establishing the account would receive any funds remaining in the account as a re-employment bonus. Because they reward work, eliminate red tape, and promote individual choice, Re-employment Accounts will be included in the Administration's Workforce Investment Act reauthorization proposal.

In recent years, large amounts of WIA State formula grants have remained unspent. In 2004, these programs will start the year with unexpended balances over \$1.5 billion. While total unexpended balances remain high, some States and local areas face resource shortages. Accordingly, the 2004 Budget uses unspent formula grant balances to maintain service levels while providing more flexibility to the Department of Labor and State governments to efficiently allocate funding.

The 2004 Budget proposes long-term reforms that will promote flexibility and strengthen the Unemployment Insurance (UI) that States provide to America's workers. Employers and State governments concur that the current administrative funding mechanism is flawed. Indeed, States maintain that Federal funding falls short of the resources necessary to run their UI programs. The Administration answers these concerns by giving States flexibility and control so that the States can make the UI system more responsive to the State-specific needs of employers and workers. Specifically, the reforms reduce employers' Federal payroll taxes, give States control over administrative funding, and uphold the Federal safety net so that no worker is denied benefits.

### **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. The President's Good Start, Grow Smart initiative has made modest progress in improving Head Start by sharpening the focus on school readiness, improving teacher training and mandating a system to assess the success of Head Start programs in preparing children for school. However, Head Start is one piece of an uncoordinated and overlapping puzzle of Federal, State and local programs. In order to improve the coordination between Head Start and other Federal, State, and local programs affecting pre-school children, the President plans to move responsibility for managing the Head Start program from the Department of Health and Human Services to the Department of Education. Under the President's plan, the transition would begin in 2004, and the Department of Education would assume full responsibility for the Head Start program in 2005. The Administration requests \$6.8 billion for Head Start in 2004, a \$148 million increase from 2003.

This budget also includes a legislative proposal to introduce an option available to all States to participate in an alternative financing system for child welfare. States choosing to participate will face fewer administrative burdens and will receive funds in the form of flexible grants. Such grants will encourage innovative child welfare plans that emphasize prevention and family support. The proposal couples flexibility with accountability in order to ensure the best outcomes for vulnerable children and families.

This budget builds on the President's expectation to enable community- and faith-based organizations to combat social problems. The President's Budget provides \$100 million for the Compassion Capital Fund, a fund to finance the start-up costs of charitable organizations; \$50 million in competitive grants for programs that link caring mentors and children with parents in prison; \$10 million to support community-based services for young, pregnant, and parenting women; and \$200 million in vouchers for individuals in need of drug treatment services.

### **Income Support**

**Food and nutrition assistance.**—The major nutrition programs that support individuals and families in need include the National School Lunch program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Food Stamp program. The President's plan to reauthorize the Child Nutrition Act includes provisions to improve the accuracy of decisions concerning eligibility for free school lunches. All savings that result from improving the accuracy of eligibility will be reinvested in the program according to the Administration's principles for strengthening the program's operation. Likewise, the President's Budget and reauthorization proposal for WIC provides \$4.8 billion for the program. This request provides funds to serve an estimated 7.8 million people monthly—the entire population estimated to be eligible and seeking services. In 2003, the Administration proposed a contingency fund to ensure that the program can expand to serve an increasing number of eligible persons, should that be necessary. The Federal Government will provide an additional \$4.1 billion for State administrative costs for the Food Stamp program, job training programs for Food Stamp recipients, and the Puerto Rico nutrition assistance block grant.

**Housing assistance.**—In keeping with the Administration's intention to expand homeownership opportunities, particularly for minority families, this budget includes grants of \$2.2 billion to State and local affordable housing programs through HOME investment partnerships in the Department of Housing and Urban Development. Recipients of HOME grants work with non-profit organizations to address affordable housing problems under widely varying local market conditions. The budget also converts funding for the Section 8 Housing Choice Voucher program to a block grant (the Housing Assistance for Needy Families—HANF), thus giving States the flexibility to tailor services to the

needs of particular communities while preventing a reduction in the number of low-income families receiving support.

As part of the Administration's efforts to end chronic homelessness, the budget requests funds for a new competitive grant connected with the Samaritan Initiative. Grants will support the most promising local strategies to move chronically homeless persons from the streets to safe, supportive, permanent housing. Through the Department of Housing and Urban Development, the 2004 Budget provides \$50 million for the housing component of the initiative. In order to complement the grant for housing, the budget provides \$20 million for services such as substance abuse treatment and primary health care offered through the Department of Veterans Affairs and the Department of Health and Human Services.

**Other income security.**—The Temporary Assistance for Needy Families (TANF) program is considered one of the most successful federally-funded domestic programs in decades. The program provides \$16.7 billion each year in block grants to States with bonuses for performance. States have significant flexibility in designing the eligibility criteria and benefit rules for their TANF programs, which require and reward work in exchange for time-limited benefits.

The Administration proposes to extend TANF, which expired on September 30, 2002. The Administration's plan maintains funding, strengthens work participation requirements, supports healthy marriages and family formation, and provides a more accessible contingency fund.

### **Health**

**Medicaid and the State Children's Health Insurance Program (SCHIP).**—Medicaid is the largest Federal grant program. Medicaid assists one-fourth of the Nation's children and is the largest single purchaser of maternity care and nursing home/long-term care services. The State Children's Health Insurance Program (SCHIP) was established in 1997 to make available approximately \$40 billion over ten years for States to provide health care coverage to low-income, uninsured children. SCHIP gives States broad flexibility in designing programs while protecting beneficiaries through Federal standards. Medicaid and SCHIP rely on funding from States and the Federal Government, with the Federal contribution based on State per capita income. Federal outlays for Medicaid are estimated to be \$182.5 billion in 2004 including proposed legislation, and \$176.8 billion under current law. At the beginning of 2003, about \$3.2 billion is newly available to States' SCHIP programs, in addition to almost \$9.7 billion in unspent funds from previous years' allotments.

While States have considerable discretion in designing their Medicaid programs, some have complained that the web of Medicaid laws and administrative guidelines is confusing, burdensome, and restrictive. States frequently request additional flexibility, through waivers, to tailor public programs to specific insurance



markets or to expand eligibility beyond the populations they are legally required to cover. In addition, States are looking for ways to restructure their Medicaid programs to address the recent growth in program spending amidst the fiscal crises experienced by many States. The creation of the SCHIP program added further complexity to the already intricate rules for expanding coverage to low-income Americans.

Building on the Administration's Health Insurance Flexibility and Accountability (HIFA) initiative of 2001, this budget proposes to create optional Medicaid and SCHIP allotments for States. The 2004 Budget proposes to combine Medicaid and SCHIP funding and provide two allotments to States: one allotment for acute care and one allotment for long-term care (LTC). States would be allowed to transfer some amount (for example, up to 10 percent) between the acute and LTC allotments. Under the allotment option, States would be required to provide a specified benefit package to those current beneficiaries whose coverage is mandated by current law. State allotments would be based on 2002 spending, inflated annually by a specified trend rate, and States would be required to meet a maintenance of effort requirement for spending on Medicaid and SCHIP services.

States that choose an allotment option would be given flexibility in designing health insurance options for low-income, uninsured Americans. As with the HIFA initiative, integration with private insurance options (such as premium assistance programs) and coordination with any federally enacted health tax credit would be encouraged. This proposal is designed to be budget neutral over 10 years.

**Bioterrorism.**—Agencies within the Department of Health and Human Services (HHS) are improving the nation's capacity to prevent, identify, and respond to the use of biological weapons. The Centers for Disease Control (CDC) works with State and local health departments to improve the detection of and response to disease outbreaks caused by biological weapons. Such preparedness includes swift identification of dangerous agents, as well as rapid and secure communication between local, State and Federal public health officials. In addition, the Health Resources and Services Administration (HRSA) works with States and hospitals to ensure that they are prepared for a mass casualty event. CDC and HRSA work together to provide training so that health professionals can quickly recognize the difference between the first victims of a biological attack and patients with common illnesses that have similar early symptoms, like influenza. In 2002, HHS programs have awarded over \$1 billion to local health departments to improve public health preparedness and will continue this investment in 2003 and 2004.

**Health Centers.**—This budget requests additional assistance to State and local governments by increasing the number of community health centers. Health centers provide family-oriented, preventive and primary health care to over 11 million patients through a net-

work of over 3,400 sites. The budget builds on the Health Centers Presidential Initiative by adding 1,200 health centers by 2006. The proposed construction and expansion would enable an additional 6.1 million people to receive health care by 2006.

### **Natural Resources and Environment**

This budget reflects the President's commitment to fully fund the Land and Water Conservation Fund (LWCF) at \$900 million. The programs funded from the LWCF have various natural resource goals, but all emphasize partnerships. Through voluntary incentives, LWCF programs focus on maintaining or restoring public lands in coordination with other landowners. Included within LWCF is \$113 million in matching funds for conservation projects via the Cooperative Conservation Initiative (CCI).

This budget provides the highest funding levels ever for Environmental Protection Agency program grants to States, which fund implementation of core environmental programs. Specifically, the budget proposes a \$20 million increase in State grants for water pollution control activities such as permit writing and technical assistance. The budget also provides an additional \$5 million for State wetland grants, bringing the program total to \$20 million. These additional funds will be targeted to helping States protect isolated waters and wetlands no longer covered by the Clean Water Act. For drinking water State grants, the President proposes an additional \$12 million, helping States monitor drinking water quality and enforce drinking water standards.

The budget also proposes an increase of \$10 million for the Brownfields program, which helps communities carry out assessments so that cleanup or development can occur and the site can return to productive use. For air, the budget increases air toxic State grants by \$7 million, implementing the recommendation of the National Academy of Sciences that EPA collect actual exposure data.

In addition to increasing EPA's State grant programs, the 2004 Budget extends Federal support of States' Clean Water and Drinking Water State Revolving Funds (SRFs) through 2011 and 2018, respectively. This extended capitalization, \$850 million per year for each SRF, will cover the projected compliance costs for federally mandated drinking water regulations and will enable the SRFs to close the estimated gap between current funding levels and future water infrastructure needs. The long-term annual revolving levels for both SRFs will increase by more than \$500 million over current levels—to \$2.8 billion for the Clean Water SRF and to \$1.2 billion for the Drinking Water SRF.

### **Administration of Justice**

While the 2004 Budget redirects some grant funding under this category to Federal law enforcement activities and the "First Responder" initiative, this budget also proposes additional funding to help State and local governments prevent terrorism, combat crime, and rehabilitate criminals. Specifically, the budget requests \$12 million to expand Joint Terrorism Task Forces

(which coordinate the efforts of FBI field offices with their counterparts in State and local law enforcement); \$12 million to synchronize Federal, State, and local data on terrorist threats and investigations via the Regional Information Sharing System's network of regional law enforcement intelligence centers; and \$2.5 million to increase training for State and local enforcement on the investigation and prosecution of terrorist incidents. To assist State and local governments in prosecuting offenders and exonerating the innocent, the budget proposes \$177 million in grant funding for forensic DNA programs in order to help State and local crime labs clear their backlog of unanalyzed DNA samples, invest in the latest crime lab technology, and train criminal justice professionals to make better use of DNA evidence. The Budget also supports State and local efforts to rehabilitate non-violent drug offenders by recommending a \$16 million increase for the Drug Courts Program.

### Transportation

Grant outlays for transportation are estimated to be \$39.9 billion in 2004 to assist with transportation infrastructure and related programs, including highways, transit, and airports. For grants to State and local governments for 2004, this budget includes:

- \$29.3 billion in budgetary resources for Federal-aid highway programs to maintain and improve surface transportation infrastructure, along with improvements in the physical condition and safety of the facilities;
- \$7.2 billion in budgetary resources to assist with mass transit projects, including \$1.5 billion for major capital transit projects ("New Starts") and \$145 million to expand transportation options available to individuals with disabilities; and
- \$3.4 billion in budget authority for airports. These funds will continue to support major capacity, safety, and noise mitigation projects that provide the greatest benefits to the national system, while targeting airports with significant needs.

### Community and Regional Development

**Community development.**—The Community Development Block Grant (CDBG) provides annual grants totaling \$4.4 billion to over 1,000 eligible cities, counties, and States to fund a broad set of activities de-

signed to develop urban communities. Rehabilitating housing, developing public facilities, economic development, and urban planning constitute important goals of the CDBG program. Recent analysis suggests that some CDBG formula factors no longer allocate funds to the neediest localities. Subsequently, the Administration is considering changes to the CDBG formula factors in order to improve the efficacy of the program.

**Area and regional development.**—This budget provides \$56 million for the Appalachian Regional Commission, the Denali Commission, and the Delta Regional Authority. The President's proposal transforms these agencies from grantmakers to regional planners and coordinators of regional investments. The goal is to decrease duplicative grant-making and increase efficient investment of Federal, State, and local resources. The Administration also proposes to focus the efforts of the Economic Development Administration in the Department of Commerce on distressed communities.

The Department of Agriculture (USDA) provides rural development assistance to States, localities and Tribes through a variety of programs. These include loans and grants for infrastructure such as water and wastewater treatment facilities, community facilities such as fire station or medical units and loans and grants to stimulate economic development. 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 also provides loans through the Intermediary Relending Program, 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 community development projects in rural areas. In 2004, USDA expects to provide \$2.1 billion in assistance through these programs.

### Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume and elsewhere. As noted earlier, a detailed listing of budget authority and outlays for all grants to State and local governments is in Table 10-3 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 initi-

ated 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 10–2 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, social security, and the veterans benefits and services functions are combined in the “other functions” line in the table.

**Table 10–2. 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          | 2002          | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <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           | 5.9           | 5.8           | 5.8           | 5.7           | 5.7           | 5.8           |
| 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           | 0.9           | 0.9           | 0.9           | 0.9           |
| Transportation .....   | 3.0           | 4.1           | 4.6           | 5.9           | 13.0          | 17.0          | 19.2          | 25.8          | 32.2          | 41.0          | 39.3          | 39.9          | 41.0          | 41.7          | 42.6          | 44.1          |
| Community and regional development ...                           | 0.1           | 0.6           | 1.8           | 2.8           | 6.5           | 5.2           | 5.0           | 7.2           | 8.7           | 10.5          | 15.2          | 14.1          | 13.4          | 11.4          | 11.4          | 11.7          |
| Education, training, employment, and social services .....       | 0.5           | 1.1           | 6.4           | 12.1          | 21.9          | 17.1          | 21.8          | 30.9          | 36.7          | 44.8          | 54.5          | 55.8          | 55.0          | 56.1          | 57.3          | 58.5          |
| Health .....   | 0.2           | 0.6           | 3.8           | 8.8           | 15.8          | 24.5          | 43.9          | 93.6          | 124.8         | 158.7         | 175.6         | 193.7         | 207.8         | 225.5         | 243.1         | 263.3         |
| Income security .....  | 2.6           | 3.5           | 5.8           | 9.4           | 18.5          | 27.9          | 36.8          | 58.4          | 68.7          | 81.5          | 84.9          | 79.5          | 87.2          | 89.1          | 90.2          | 89.7          |
| Administration of Justice .....                                  | 0.0           | 0.0           | 0.0           | 0.7           | 0.5           | 0.1           | 0.6           | 1.2           | 5.3           | 5.7           | 4.0           | 5.0           | 6.1           | 6.1           | 4.1           | 4.1           |
| General government .....   | 0.2           | 0.2           | 0.5           | 7.1           | 8.6           | 6.8           | 2.3           | 2.3           | 2.1           | 2.5           | 2.9           | 2.9           | 4.2           | 2.5           | 2.5           | 2.4           |
| Other .....  | 0.0           | 0.1           | 0.1           | 0.2           | 0.7           | 0.8           | 0.8           | 0.8           | 0.9           | 1.0           | 1.1           | 1.2           | 1.1           | 1.1           | 1.6           | 1.8           |
| <b>Total .....</b>   | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>284.7</b>  | <b>351.6</b>  | <b>384.2</b>  | <b>398.8</b>  | <b>422.4</b>  | <b>440.1</b>  | <b>459.4</b>  | <b>482.3</b>  |
| <b>B. Distribution of Grants by BEA Category:</b>                |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Discretionary .....  | N/A           | 2.9           | 10.2          | 21.0          | 53.3          | 55.5          | 63.3          | 94.0          | 116.7         | 145.6         | 157.8         | 154.1         | 163.7         | 164.1         | 164.1         | 166.3         |
| Mandatory .....  | N/A           | 8.0           | 13.9          | 28.8          | 38.1          | 50.4          | 72.0          | 131.0         | 168.0         | 205.9         | 226.5         | 244.8         | 258.7         | 276.0         | 295.3         | 316.0         |
| <b>Total .....</b>   | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>284.7</b>  | <b>351.6</b>  | <b>384.2</b>  | <b>398.8</b>  | <b>422.4</b>  | <b>440.1</b>  | <b>459.4</b>  | <b>482.3</b>  |
| <b>C. Composition:</b>   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Current dollars:   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 2.5           | 3.7           | 8.7           | 16.8          | 32.6          | 50.1          | 77.3          | 144.4         | 182.6         | 227.4         | 247.2         | 260.1         | 281.8         | 300.9         | 320.4         | 341.7         |
| Physical capital <sup>1</sup> .....                              | 3.3           | 5.0           | 7.1           | 10.9          | 22.6          | 24.9          | 27.2          | 39.6          | 48.7          | 58.7          | 59.2          | 58.6          | 58.5          | 58.9          | 59.8          | 60.6          |
| Other grants .....   | 1.2           | 2.2           | 8.3           | 22.2          | 36.2          | 30.9          | 30.9          | 41.0          | 53.4          | 65.5          | 77.8          | 80.1          | 82.1          | 80.3          | 79.2          | 79.9          |
| <b>Total .....</b>   | <b>7.0</b>    | <b>10.9</b>   | <b>24.1</b>   | <b>49.8</b>   | <b>91.4</b>   | <b>105.9</b>  | <b>135.3</b>  | <b>225.0</b>  | <b>284.7</b>  | <b>351.6</b>  | <b>384.2</b>  | <b>398.8</b>  | <b>422.4</b>  | <b>440.1</b>  | <b>459.4</b>  | <b>482.3</b>  |
| Percentage of total grants:                                      |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 35.3%         | 34.1%         | 36.2%         | 33.6%         | 35.7%         | 47.3%         | 57.1%         | 64.2%         | 64.1%         | 64.7%         | 64.3%         | 65.2%         | 66.7%         | 68.4%         | 69.7%         | 70.9%         |
| 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%         | 15.4%         | 14.7%         | 13.9%         | 13.4%         | 13.0%         | 12.6%         |
| Other grants .....   | 17.4%         | 20.2%         | 34.5%         | 44.5%         | 39.6%         | 29.2%         | 22.8%         | 18.2%         | 18.8%         | 18.6%         | 20.3%         | 20.1%         | 19.4%         | 18.2%         | 17.2%         | 16.6%         |
| <b>Total .....</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Constant (FY 1996) dollars:                                      |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Payments for individuals <sup>1</sup> .....                      | 11.3          | 15.9          | 31.7          | 45.4          | 60.2          | 70.7          | 90.8          | 147.4         | 170.1         | 204.5         | 217.5         | 224.3         | 238.1         | 249.0         | 259.4         | 270.7         |
| Physical capital <sup>1</sup> .....                              | 15.8          | 22.4          | 25.2          | 23.9          | 36.1          | 31.8          | 30.3          | 40.4          | 45.4          | 52.7          | 52.1          | 50.5          | 49.3          | 48.5          | 48.1          | 47.6          |
| Other grants .....   | 8.3           | 12.8          | 36.1          | 67.2          | 72.2          | 44.5          | 36.8          | 42.0          | 47.0          | 55.0          | 64.1          | 64.6          | 64.7          | 61.9          | 59.6          | 58.8          |
| <b>Total .....</b>   | <b>35.3</b>   | <b>51.2</b>   | <b>92.9</b>   | <b>136.5</b>  | <b>168.5</b>  | <b>147.0</b>  | <b>157.9</b>  | <b>229.8</b>  | <b>262.5</b>  | <b>312.2</b>  | <b>333.7</b>  | <b>339.4</b>  | <b>352.1</b>  | <b>359.4</b>  | <b>367.2</b>  | <b>377.1</b>  |
| <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%         | 17.5%         | 18.0%         | 17.9%         | 18.0%         | 17.9%         | 17.8%         | 17.8%         |
| Domestic programs <sup>2</sup> .....                             | 18.0%         | 18.3%         | 23.2%         | 21.7%         | 22.2%         | 18.2%         | 17.1%         | 21.6%         | 22.0%         | 23.2%         | 23.5%         | 23.6%         | 23.9%         | 23.7%         | 23.7%         | 23.7%         |
| State and local expenditures .....                               | 19.2%         | 20.1%         | 24.1%         | 27.1%         | 30.4%         | 24.2%         | 21.0%         | 25.1%         | 24.2%         | 26.3%         | 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%          | 3.4%          | 3.6%          | 3.5%          | 3.6%          | 3.5%          | 3.5%          | 3.5%          |
| <b>E. As a share of total State and local gross investments:</b> |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Federal capital grants .....                                     | 24.6%         | 25.5%         | 25.4%         | 25.9%         | 35.4%         | 30.2%         | 21.9%         | 25.8%         | 21.9%         | 24.0%         | N/A           | N/A           | N/A           | N/A           | N/A           | N/A           |
| State and local own-source financing .....                       | 75.4%         | 74.5%         | 74.6%         | 74.1%         | 64.6%         | 69.8%         | 78.1%         | 74.2%         | 78.1%         | 76.0%         | N/A           | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Total .....</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    |

N/A: Not available.  
<sup>1</sup> \$50 million or less.

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. 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 \$326 billion, or more than 90 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 \$158.7 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 required 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 \$205.9 billion in 2002. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$147.6 billion in 2002, Temporary Assistance for Needy Families, \$18.7 billion in 2002, and child nutrition programs, \$10.1 billion in 2002.

The funding level for discretionary grant programs is determined annually through appropriations acts. Outlays for discretionary grant programs are estimated to be \$145.6 billion in 2002. Table 10–3 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 10–2 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 57 percent of the total in 1990 to 65 percent of the total in 2002.

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. Temporary Assistance for Needy Families, Food Stamps administration, child nutrition programs, and housing assistance are also large grants in this category.

Grants for physical capital assist States and localities with construction and other physical capital activities. The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, community development, and other facilities. Grants for physical capital were almost half of total grants in 1960, shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 2002, grants for physical capital were \$58.7 billion, 17 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants were 19 percent of total grants in 2002.

Section C of Table 10–2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increased from \$157.9 billion in 1990 to an estimated \$312.2 billion in 2002, an average increase of 5.8 percent per year. During this same period, grants for payments to individuals increased an average of 7.0 percent per year; grants for physical capital an average of 4.7 percent per year, and other grants an average of 3.4 percent per year.

In contrast to these increases, outlays for total grants in constant 1996 dollars decreased during the 1980s, 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 17.5 percent in 2002. Grants as a percentage of domestic spending were 23.2 percent in 2002. As a percentage of total State and local expenditures, grants have increased from 21.0 percent in 1990 to 26.3 percent in 2002.

Section E shows the relative contribution of physical capital grants in assisting States and localities with gross investment. Federal capital grants are estimated to be 24.0 percent of State and local gross investment in 2002.

<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.

## 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 7, "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.

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 17, "National Income and Product Accounts."

*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 prepared by the Bureau of the Census.

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 online database (<http://harvester.census.gov/sac>) that provides access to summary information about audits conducted under OMB Circular A-133, "Audits to States, Local Governments, and Non-Profit Organizations." Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

### DETAILED FEDERAL AID TABLE

Table 10-3, "Federal Grants to State and Local Governments-Budget Authority and Outlays," provides detailed budget authority and outlay data for grants, in-

cluding proposed legislation. This table displays discretionary and mandatory grant programs separately.

**Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS**

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |               |               | Outlays      |               |               |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
|   | 2002 Actual      | 2003 Estimate | 2004 Estimate | 2002 Actual  | 2003 Estimate | 2004 Estimate |
| <b>NATIONAL DEFENSE</b>   |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Homeland Security:  |                  |               |               |              |               |               |
| Emergency Preparedness and Response:  |                  |               |               |              |               |               |
| Operating Expenses .....  | 91               | 71            | 72            | 91           | 71            | 72            |
| <b>ENERGY</b>   |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Energy:   |                  |               |               |              |               |               |
| Energy Programs:  |                  |               |               |              |               |               |
| Energy conservation .....   | 275              | 317           | 327           | 200          | 281           | 313           |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Tennessee Valley Authority fund .....   | 328              | 326           | 341           | 328          | 326           | 341           |
| <b>Total, energy</b> .....  | <b>603</b>       | <b>643</b>    | <b>668</b>    | <b>528</b>   | <b>607</b>    | <b>654</b>    |
| <b>NATURAL RESOURCES AND ENVIRONMENT</b>  |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Agriculture:  |                  |               |               |              |               |               |
| Natural Resources Conservation Service:   |                  |               |               |              |               |               |
| Watershed rehabilitation program .....  | 2                |               | 2             | 1            |               | 1             |
| Resource conservation and development .....                                       |                  |               |               | 1            | 1             | 1             |
| Watershed and flood prevention operations .....                                   | 75               | 40            | 21            | 59           | 77            | 71            |
| Forest Service:   |                  |               |               |              |               |               |
| State and private forestry .....  | 160              | 162           | 196           | 148          | 154           | 175           |
| Management of national forest lands for subsistence uses .....                    | 5                | 5             | 5             | 5            | 5             | 5             |
| Department of Commerce:   |                  |               |               |              |               |               |
| National Oceanic and Atmospheric Administration:                                  |                  |               |               |              |               |               |
| Operations, research, and facilities .....  | 222              | 220           | 192           | 104          | 104           | 103           |
| Pacific coastal salmon recovery .....   | 157              | 110           | 90            | 71           | 329           | 90            |
| Department of the Interior:   |                  |               |               |              |               |               |
| Office of Surface Mining Reclamation and Enforcement:                             |                  |               |               |              |               |               |
| Regulation and technology .....   | 57               | 57            | 58            | 57           | 56            | 56            |
| Abandoned mine reclamation fund .....   | 185              | 157           | 157           | 155          | 116           | 136           |
| Bureau of Reclamation:  |                  |               |               |              |               |               |
| Bureau of Reclamation loan subsidy .....  | 7                |               |               | 4            | 11            |               |
| United States Fish and Wildlife Service:  |                  |               |               |              |               |               |
| Commercial salmon fishery capacity reduction .....                                |                  |               |               | 5            |               |               |
| State and tribal wildlife grants .....  | 60               | 60            | 60            | 3            | 56            | 57            |
| Cooperative endangered species conservation fund .....                            | 96               | 89            | 87            | 36           | 95            | 95            |
| Wildlife conservation and appreciation fund .....                                 |                  |               |               | 1            | 1             |               |
| Stewardship grants .....  | 10               | 10            | 10            |              | 7             | 12            |
| Landowner incentive program .....   | 40               | 50            | 40            |              | 26            | 57            |
| National Park Service:  |                  |               |               |              |               |               |
| Urban park and recreation fund .....  | 30               |               |               | 1            | 25            | 26            |
| National recreation and preservation .....  | 1                | 1             | 1             | 1            | 1             | 1             |
| Land acquisition and State assistance .....                                       | 144              | 200           | 162           | 33           | 55            | 70            |
| Historic preservation fund .....  | 41               | 37            | 37            | 41           | 37            | 37            |
| Environmental Protection Agency:  |                  |               |               |              |               |               |
| State and tribal assistance grants .....  | 3,738            | 3,464         | 3,121         | 3,353        | 3,758         | 3,843         |
| Hazardous substance superfund .....   | 171              | 175           | 179           | 170          | 170           | 181           |
| Leaking underground storage tank trust fund .....                                 | 63               | 56            | 63            | 65           | 71            | 70            |
| <b>Total, discretionary</b> .....   | <b>5,264</b>     | <b>4,893</b>  | <b>4,481</b>  | <b>4,314</b> | <b>5,155</b>  | <b>5,087</b>  |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Department of the Interior:   |                  |               |               |              |               |               |
| Bureau of Land Management:  |                  |               |               |              |               |               |
| Miscellaneous permanent payment accounts .....                                    | 206              | 184           | 130           | 209          | 175           | 135           |
| Minerals Management Service:  |                  |               |               |              |               |               |
| National forests fund, Payment to States .....                                    | 3                | 3             | 4             | 3            | 3             | 4             |
| Leases of lands acquired for flood control, navigation, and allied purposes ..... | 1                | 1             | 1             | 1            | 1             | 1             |
| United States Fish and Wildlife Service:  |                  |               |               |              |               |               |
| Federal aid in wildlife restoration .....   | 213              | 237           | 238           | 226          | 230           | 229           |
| Sport fish restoration .....  | 357              | 330           | 337           | 291          | 330           | 333           |

Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |               |               | Outlays      |               |               |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
|   | 2002 Actual      | 2003 Estimate | 2004 Estimate | 2002 Actual  | 2003 Estimate | 2004 Estimate |
| National Park Service:  |                  |               |               |              |               |               |
| Other permanent appropriations .....  | 41               | 40            | 45            | 31           | 40            | 45            |
| Departmental Management:  |                  |               |               |              |               |               |
| Everglades watershed protection .....   |                  |               |               | 5            | 6             |               |
| Everglades restoration account .....  |                  |               |               |              | 1             | 1             |
| 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>826</b>       | <b>800</b>    | <b>760</b>    | <b>771</b>   | <b>791</b>    | <b>753</b>    |
| <b>Total, natural resources and environment .....</b>                                 | <b>6,090</b>     | <b>5,693</b>  | <b>5,241</b>  | <b>5,085</b> | <b>5,946</b>  | <b>5,840</b>  |
| <b>AGRICULTURE</b>  |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Agriculture:  |                  |               |               |              |               |               |
| Cooperative State Research, Education, and Extension Service:                         |                  |               |               |              |               |               |
| Extension activities .....  | 450              | 418           | 422           | 432          | 440           | 448           |
| Outreach for socially disadvantaged farmers .....                                     | 3                | 3             | 4             | 3            | 3             | 3             |
| Research and education activities .....   | 243              | 240           | 242           | 239          | 241           | 241           |
| Integrated activities .....   | 15               | 15            | 32            | 7            | 10            | 13            |
| Agricultural Marketing Service:   |                  |               |               |              |               |               |
| Payments to States and possessions .....  | 1                | 1             | 1             | 1            | 1             | 1             |
| Farm Service Agency:  |                  |               |               |              |               |               |
| State mediation grants .....  | 3                | 3             | 3             | 3            | 3             | 3             |
| <b>Total, discretionary .....</b>   | <b>715</b>       | <b>680</b>    | <b>704</b>    | <b>685</b>   | <b>698</b>    | <b>709</b>    |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Department of Agriculture:  |                  |               |               |              |               |               |
| Office of the Secretary:  |                  |               |               |              |               |               |
| Fund for rural America .....  |                  |               |               | 4            | 11            | 14            |
| Farm Service Agency:  |                  |               |               |              |               |               |
| Commodity Credit Corporation fund .....   | 61               | 118           | 120           | 61           | 118           | 120           |
| <b>Total, mandatory .....</b>   | <b>61</b>        | <b>118</b>    | <b>120</b>    | <b>65</b>    | <b>129</b>    | <b>134</b>    |
| <b>Total, agriculture .....</b>   | <b>776</b>       | <b>798</b>    | <b>824</b>    | <b>750</b>   | <b>827</b>    | <b>843</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 .. | 11               |               |               | 2            | 10            | 4             |
| <b>TRANSPORTATION</b>   |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Transportation:   |                  |               |               |              |               |               |
| Federal Aviation Administration:  |                  |               |               |              |               |               |
| Grants-in-aid for airports (Airport and airway trust fund) .....                      |                  |               |               | 2,860        | 3,244         | 3,299         |
| Federal Highway Administration:   |                  |               |               |              |               |               |
| State infrastructure banks .....  | -6               |               |               | 3            | 6             | 6             |
| Appalachian development highway system .....  | 200              |               |               | 62           | 91            | 74            |
| Highway-related safety grants .....   |                  |               |               |              | 1             |               |
| Appalachian development highway system (Highway trust fund) .....                     |                  |               |               | 80           | 76            | 34            |
| Federal-aid highways .....  |                  |               |               | 29,833       | 27,882        | 28,282        |
| Miscellaneous appropriations .....  | 148              |               |               | 28           | 218           | 128           |
| Miscellaneous highway trust funds .....   | 100              |               |               | 224          | 301           | 286           |
| Federal Motor Carrier Safety Administration:  |                  |               |               |              |               |               |
| National motor carrier safety program .....   | 190              | 173           |               | 152          | 210           | 125           |
| Motor carrier safety .....  | 5                | 10            |               |              | 9             | 6             |
| Motor Carrier Safety Grants .....   |                  |               | 221           |              |               | 61            |
| Border enforcement program .....  | 8                | 18            |               | 1            | 27            | 2             |
| National Highway Traffic Safety Administration:                                       |                  |               |               |              |               |               |
| Highway traffic safety grants .....   | 212              | 214           | 431           | 218          | 218           | 306           |

**Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program                                | Budget Authority |               |               | Outlays       |               |               |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
|   | 2002 Actual      | 2003 Estimate | 2004 Estimate | 2002 Actual   | 2003 Estimate | 2004 Estimate |
| Federal Railroad Administration:                                      |                  |               |               |               |               |               |
| Emergency railroad rehabilitation and repair .....                    |                  |               |               |               |               | 1             |
| Local rail freight assistance .....                                   |                  |               |               | 1             |               |               |
| Alaska railroad rehabilitation .....                                  | 20               |               |               | 41            | 8             | 13            |
| Railroad research and development .....                               | 2                | 2             | 2             | 1             | 2             | 2             |
| Federal Transit Administration:                                       |                  |               |               |               |               |               |
| Research, training, and human resources .....                         |                  |               |               | 1             | 1             |               |
| Job access and reverse commute grants .....                           | 125              | 150           |               | 65            | 96            | 108           |
| Interstate transfer grants-transit .....                              |                  |               |               | 8             | -1            |               |
| Washington Metropolitan Area Transit Authority .....                  |                  |               |               | 89            | 14            | 10            |
| Formula grants .....  | 4,681            | 3,839         |               | 4,383         | 3,870         | 3,291         |
| Capital investment grants .....                                       | 4,791            | 3,036         |               | 2,401         | 2,507         | 2,719         |
| Transit planning and research .....                                   | 36               | 15            |               | 20            | 30            | 86            |
| Major capital investments grants .....                                |                  |               | 1,534         |               |               | 185           |
| Discretionary grants (Highway trust fund, mass transit account) ..... |                  |               |               | 495           | 455           | 220           |
| Formula Grants and Research .....                                     |                  |               | 5,562         |               |               | 568           |
| Research and Special Programs Administration:                         |                  |               |               |               |               |               |
| Pipeline safety .....   | 19               | 19            | 19            | 19            | 19            | 21            |
| <b>Total, discretionary .....</b>                                     | <b>10,531</b>    | <b>7,476</b>  | <b>7,769</b>  | <b>40,986</b> | <b>39,284</b> | <b>39,833</b> |
| <b>Mandatory:</b>   |                  |               |               |               |               |               |
| Department of Transportation:   |                  |               |               |               |               |               |
| Federal Aviation Administration:                                      |                  |               |               |               |               |               |
| Grants-in-aid for airports (Airport and airway trust fund) .....      | 3,173            | 3,400         | 3,400         |               |               |               |
| Federal Highway Administration:                                       |                  |               |               |               |               |               |
| Federal-aid highways .....  | 33,381           | 30,709        | 29,781        |               |               | 27            |
| Research and Special Programs Administration:                         |                  |               |               |               |               |               |
| Emergency preparedness grants .....                                   | 13               | 13            | 13            | 12            | 14            | 14            |
| <b>Total, mandatory .....</b>   | <b>36,567</b>    | <b>34,122</b> | <b>33,194</b> | <b>12</b>     | <b>14</b>     | <b>41</b>     |
| <b>Total, transportation .....</b>                                    | <b>47,098</b>    | <b>41,598</b> | <b>40,963</b> | <b>40,998</b> | <b>39,298</b> | <b>39,874</b> |
| <b>COMMUNITY AND REGIONAL DEVELOPMENT</b>                             |                  |               |               |               |               |               |
| <b>Discretionary:</b>   |                  |               |               |               |               |               |
| Department of Agriculture:  |                  |               |               |               |               |               |
| Rural Development:  |                  |               |               |               |               |               |
| Rural community advancement program .....                             | 1,091            | 706           | 420           | 740           | 613           | 554           |
| Rural Utilities Service:  |                  |               |               |               |               |               |
| Distance learning, telemedicine, and broadband program .....          | 70               | 47            | 36            | 19            | 21            | 30            |
| Rural Business—Cooperative Service:                                   |                  |               |               |               |               |               |
| Rural cooperative development grants .....                            | 48               | 19            | 11            | 18            | 51            | 23            |
| Forest Service:   |                  |               |               |               |               |               |
| Southeast Alaska economic disaster fund .....                         |                  |               |               | 7             | 1             |               |
| Department of Commerce:   |                  |               |               |               |               |               |
| Economic Development Administration:                                  |                  |               |               |               |               |               |
| Economic development assistance programs .....                        | 336              | 317           | 331           | 355           | 430           | 406           |
| Department of Homeland Security:                                      |                  |               |               |               |               |               |
| Border and Transportation Security:                                   |                  |               |               |               |               |               |
| Office for Domestic Preparedness .....                                | 225              | 3,500         | 3,000         |               | 1,575         | 2,926         |
| Emergency Preparedness and Response:                                  |                  |               |               |               |               |               |
| Operating Expenses .....  | 490              | 88            | 19            | 218           | 340           | 53            |
| Grant Programs .....  | 20               | 320           | 300           | 18            | 95            | 209           |
| Disaster Relief .....   | 9,179            | 1,525         | 1,659         | 3,220         | 4,890         | 3,244         |
| Department of Housing and Urban Development:                          |                  |               |               |               |               |               |
| Public and Indian Housing Programs:                                   |                  |               |               |               |               |               |
| Moving to work .....  |                  |               |               | 1             | 1             | 1             |
| Community Planning and Development:                                   |                  |               |               |               |               |               |
| Community development block grants .....                              | 7,783            | 4,732         | 4,732         | 5,429         | 6,650         | 6,129         |
| Urban development action grants .....                                 |                  |               | -30           | 6             | 10            | 10            |
| Community development loan guarantees subsidy .....                   | 15               | 7             |               | 6             | 7             | 7             |
| Brownfields redevelopment .....                                       | 25               | 25            |               | 5             | 10            | 10            |
| Empowerment zones/enterprise communities .....                        | 45               |               |               | 57            | 75            | 70            |
| Office of Lead Hazard Control and Healthy Homes:                      |                  |               |               |               |               |               |
| Lead hazard reduction .....   | 110              | 126           | 136           | 95            | 101           | 110           |



Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program                                | Budget Authority |               |               | Outlays       |               |               |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
|   | 2002 Actual      | 2003 Estimate | 2004 Estimate | 2002 Actual   | 2003 Estimate | 2004 Estimate |
| Department of the Interior:   |                  |               |               |               |               |               |
| Bureau of Indian Affairs:   |                  |               |               |               |               |               |
| Operation of Indian programs .....                                    | 146              | 147           | 151           | 213           | 147           | 153           |
| Indian guaranteed loan subsidy .....                                  | 4                | 5             | 6             | 6             | 5             | 6             |
| Appalachian Regional Commission:                                      |                  |               |               |               |               |               |
| Appalachian Regional Commission .....                                 | 64               | 59            | 29            | 101           | 87            | 68            |
| Delta Regional Authority .....  | 9                | 9             |               | 1             | 8             | 8             |
| Denali Commission .....   | 38               | 30            | 10            | -14           | 61            | 74            |
| <b>Total, discretionary</b> .....                                     | <b>19,698</b>    | <b>11,662</b> | <b>10,810</b> | <b>10,501</b> | <b>15,178</b> | <b>14,091</b> |
| <b>Total, community and regional development</b> .....                | <b>19,698</b>    | <b>11,662</b> | <b>10,810</b> | <b>10,501</b> | <b>15,178</b> | <b>14,091</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 ..... | 29               | 36            | 2             | 16            | 40            | 25            |
| Information infrastructure grants .....                               | 9                |               |               | 10            | 20            | 10            |
| Department of Education:  |                  |               |               |               |               |               |
| Office of Elementary and Secondary Education:                         |                  |               |               |               |               |               |
| Reading excellence .....  | 192              |               |               | 194           | 300           | 103           |
| Indian education .....  | 117              | 117           | 117           | 102           | 120           | 118           |
| Impact aid .....  | 1,136            | 1,133         | 1,008         | 1,116         | 1,182         | 1,023         |
| Chicago litigation settlement .....                                   |                  |               |               | 1             | 2             |               |
| Education reform .....  |                  |               |               | 729           | 375           | 31            |
| Education for the disadvantaged .....                                 | 11,670           | 13,335        | 14,143        | 9,211         | 11,872        | 13,142        |
| School improvement programs .....                                     | 6,944            | 6,554         | 5,318         | 3,401         | 7,530         | 6,711         |
| Office of Innovation and Improvement:                                 |                  |               |               |               |               |               |
| Innovation and improvement .....                                      |                  |               | 526           |               |               | 26            |
| Office of Safe and Drug-Free Schools:                                 |                  |               |               |               |               |               |
| Safe schools and citizenship education .....                          |                  |               | 384           |               |               | 36            |
| Office of English Language Acquisition:                               |                  |               |               |               |               |               |
| English language acquisition .....                                    | 535              | 561           | 595           | 326           | 364           | 698           |
| Office of Special Education and Rehabilitative Services:              |                  |               |               |               |               |               |
| Special education .....   | 8,371            | 9,391         | 10,393        | 6,730         | 7,416         | 9,357         |
| Rehabilitation services and disability research .....                 | 178              | 120           | 59            | 140           | 228           | 79            |
| American Printing House for the Blind .....                           | 14               | 14            | 14            | 13            | 14            | 14            |
| Office of Vocational and Adult Education:                             |                  |               |               |               |               |               |
| Vocational and adult education .....                                  | 1,894            | 1,863         | 1,576         | 1,742         | 1,861         | 1,843         |
| Office of Postsecondary Education:                                    |                  |               |               |               |               |               |
| Higher education .....  | 365              | 365           | 365           | 365           | 506           | 377           |
| Federal Student Aid:  |                  |               |               |               |               |               |
| Student financial assistance .....                                    | 67               |               |               | 62            | 54            |               |
| Institute of Education Sciences:                                      |                  |               |               |               |               |               |
| Institute of education sciences .....                                 |                  |               |               | 88            | 155           | 12            |
| Department of Health and Human Services:                              |                  |               |               |               |               |               |
| Administration for Children and Families:                             |                  |               |               |               |               |               |
| Promoting safe and stable families .....                              | 373              | 528           | 552           | 298           | 388           | 503           |
| Children and families services programs .....                         | 8,079            | 8,130         | 8,191         | 7,749         | 8,091         | 8,132         |
| Administration on Aging:  |                  |               |               |               |               |               |
| Aging services programs .....   | 1,200            | 1,341         | 1,344         | 1,105         | 1,288         | 1,342         |
| Department of the Interior:   |                  |               |               |               |               |               |
| Bureau of Indian Affairs:   |                  |               |               |               |               |               |
| Operation of Indian programs .....                                    | 101              | 91            | 104           | 112           | 101           | 106           |
| Department of Labor:  |                  |               |               |               |               |               |
| Employment and Training Administration:                               |                  |               |               |               |               |               |
| Training and employment services .....                                | 3,827            | 3,459         | 4,139         | 4,206         | 4,100         | 3,741         |
| Community service employment for older Americans .....                | 100              | 97            | 97            | 99            | 100           | 100           |
| State unemployment insurance and employment service operations .....  | 164              | 156           | 121           | 157           | 165           | 135           |
| Unemployment trust fund .....   | 1,052            | 1,028         | 334           | 1,040         | 1,061         | 319           |
| Corporation for National and Community Service:                       |                  |               |               |               |               |               |
| Domestic volunteer service programs, operating expenses .....         | 81               | 100           | 91            | 74            | 85            | 88            |
| National and community service programs, operating expenses .....     | 213              | 334           | 313           | 214           | 275           | 349           |
| Corporation for Public Broadcasting .....                             | 375              | 390           | 380           | 375           | 390           | 380           |

**Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program                                   | Budget Authority |                |                | Outlays        |                |                |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
|  | 2002 Actual      | 2003 Estimate  | 2004 Estimate  | 2002 Actual    | 2003 Estimate  | 2004 Estimate  |
| District of Columbia:  |                  |                |                |                |                |                |
| District of Columbia General and Special Payments:                       |                  |                |                |                |                |                |
| Federal payment for resident tuition support .....                       | 17               | 17             | 17             | 17             | 17             | 17             |
| Institute of American Indian and Alaska Native Culture and Arts:         |                  |                |                |                |                |                |
| Payment to the institute .....   |                  | 1              |                |                | 1              |                |
| National Endowment for the Arts:   |                  |                |                |                |                |                |
| National Endowment for the Arts: grants and administration .....         | 34               | 34             | 33             | 32             | 38             | 36             |
| Challenge America arts fund .....  | 7                | 7              | 7              | 4              | 7              | 7              |
| Institute of Museum and Library Services:                                |                  |                |                |                |                |                |
| Office of Museum and Library Services: grants and administration .....   | 217              | 200            | 230            | 202            | 161            | 198            |
| <b>Total, discretionary</b> .....  | <b>47,361</b>    | <b>49,402</b>  | <b>50,453</b>  | <b>39,930</b>  | <b>48,307</b>  | <b>49,058</b>  |
| <b>Mandatory:</b>  |                  |                |                |                |                |                |
| Department of Education:   |                  |                |                |                |                |                |
| Office of Special Education and Rehabilitative Services:                 |                  |                |                |                |                |                |
| Rehabilitation services and disability research .....                    | 2,482            | 2,616          | 2,669          | 2,452          | 2,374          | 2,649          |
| Department of Health and Human Services:                                 |                  |                |                |                |                |                |
| Administration for Children and Families:                                |                  |                |                |                |                |                |
| Job opportunities and basic skills training program .....                |                  |                |                | 23             |                |                |
| Social services block grant .....  | 1,700            | 1,700          | 1,700          | 1,780          | 1,792          | 1,790          |
| Department of Labor:   |                  |                |                |                |                |                |
| Employment and Training Administration:                                  |                  |                |                |                |                |                |
| Welfare to work jobs .....   |                  |                |                | 500            | 187            | 114            |
| Federal unemployment benefits and allowances .....                       | 132              | 259            | 259            | 142            | 190            | 233            |
| Reemployment accounts .....  |                  | 3,600          |                |                | 1,600          | 2,000          |
| <b>Total, mandatory</b> .....  | <b>4,314</b>     | <b>8,175</b>   | <b>4,628</b>   | <b>4,897</b>   | <b>6,143</b>   | <b>6,786</b>   |
| <b>Total, education, training, employment, and social services</b> ..... | <b>51,675</b>    | <b>57,577</b>  | <b>55,081</b>  | <b>44,827</b>  | <b>54,450</b>  | <b>55,844</b>  |
| <b>HEALTH</b>  |                  |                |                |                |                |                |
| <b>Discretionary:</b>  |                  |                |                |                |                |                |
| Department of Agriculture:   |                  |                |                |                |                |                |
| Food Safety and Inspection Service:                                      |                  |                |                |                |                |                |
| Salaries and expenses .....  | 39               | 43             | 42             | 39             | 43             | 42             |
| Department of Health and Human Services:                                 |                  |                |                |                |                |                |
| Health Resources and Services Administration:                            |                  |                |                |                |                |                |
| Health resources and services .....                                      | 2,331            | 2,465          | 2,659          | 2,339          | 2,500          | 2,684          |
| Centers for Disease Control and Prevention:                              |                  |                |                |                |                |                |
| Disease control, research, and training .....                            | 2,537            | 2,394          | 2,625          | 1,935          | 2,357          | 2,346          |
| Substance Abuse and Mental Health Services Administration:               |                  |                |                |                |                |                |
| Substance abuse and mental health services .....                         | 2,289            | 2,331          | 2,504          | 2,193          | 2,292          | 2,413          |
| Departmental Management:   |                  |                |                |                |                |                |
| General departmental management .....                                    | 1,434            | 1,698          | 1,798          | 717            | 849            | 899            |
| Department of Labor:   |                  |                |                |                |                |                |
| Occupational Safety and Health Administration:                           |                  |                |                |                |                |                |
| Salaries and expenses .....  | 90               | 90             | 92             | 90             | 90             | 92             |
| Mine Safety and Health Administration:                                   |                  |                |                |                |                |                |
| Salaries and expenses .....  | 8                | 8              | 8              | 8              | 8              | 8              |
| <b>Total, discretionary</b> .....  | <b>8,728</b>     | <b>9,029</b>   | <b>9,728</b>   | <b>7,321</b>   | <b>8,139</b>   | <b>8,484</b>   |
| <b>Mandatory:</b>  |                  |                |                |                |                |                |
| Department of Health and Human Services:                                 |                  |                |                |                |                |                |
| Health Resources and Services Administration:                            |                  |                |                |                |                |                |
| Health resources and services .....                                      | 50               | 25             |                | 14             | 7              |                |
| Centers for Medicare and Medicaid Services:                              |                  |                |                |                |                |                |
| Grants to States for medicaid .....                                      | 147,342          | 162,661        | 182,543        | 147,650        | 162,668        | 182,543        |
| State children's health insurance fund .....                             | 5,934            | 5,382          | 742            | 3,682          | 4,751          | 2,657          |
| State grants and demonstrations .....                                    | 67               | 132            | 117            | 10             | 37             | 65             |
| <b>Total, mandatory</b> .....  | <b>153,393</b>   | <b>168,200</b> | <b>183,402</b> | <b>151,356</b> | <b>167,463</b> | <b>185,265</b> |
| <b>Total, health</b> .....   | <b>162,121</b>   | <b>177,229</b> | <b>193,130</b> | <b>158,677</b> | <b>175,602</b> | <b>193,749</b> |

Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |                  |                  | Outlays        |                  |                  |
|---|------------------|------------------|------------------|----------------|------------------|------------------|
|   | 2002<br>Actual   | 2003<br>Estimate | 2004<br>Estimate | 2002<br>Actual | 2003<br>Estimate | 2004<br>Estimate |
| <b>INCOME SECURITY</b>  |                  |                  |                  |                |                  |                  |
| <b>Discretionary:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:  |                  |                  |                  |                |                  |                  |
| Food and Nutrition Service:   |                  |                  |                  |                |                  |                  |
| Food donations programs .....   | 151              | 1                |                  | 158            | 39               |                  |
| Commodity assistance program .....  | 155              | 160              | 181              | 159            | 163              | 179              |
| Special supplemental nutrition program for women, infants, and children (WIC) ..... | 4,477            | 4,726            | 4,769            | 4,330          | 4,818            | 4,746            |
| Department of Health and Human Services:  |                  |                  |                  |                |                  |                  |
| Administration for Children and Families:   |                  |                  |                  |                |                  |                  |
| Low income home energy assistance .....   | 2,000            | 1,700            | 2,000            | 1,773          | 1,628            | 1,774            |
| Refugee and entrant assistance .....  | 353              | 338              | 295              | 362            | 395              | 395              |
| Payments to States for the child care and development block grant .....             | 2,093            | 2,093            | 2,093            | 2,167          | 2,073            | 2,086            |
| Payments to States for foster care and adoption assistance .....                    | 140              | 200              | 200              | 150            | 153              | 189              |
| Department of Homeland Security:  |                  |                  |                  |                |                  |                  |
| Emergency Preparedness and Response:  |                  |                  |                  |                |                  |                  |
| Emergency food and shelter .....  | 140              |                  |                  | 140            |                  |                  |
| Department of Housing and Urban Development:  |                  |                  |                  |                |                  |                  |
| Public and Indian Housing Programs:   |                  |                  |                  |                |                  |                  |
| Public housing operating fund .....   | 3,495            | 3,530            | 3,574            | 3,635          | 3,457            | 3,565            |
| Drug elimination grants for low-income housing .....                                | -11              |                  |                  | 325            | 200              | 74               |
| Revitalization of severely distressed public housing (HOPE VI) .....                | 574              | 574              |                  | 466            | 546              | 609              |
| Native Hawaiian Housing Block Grant .....   |                  | 10               | 10               |                | 1                | 10               |
| Public housing capital fund .....   | 2,843            | 2,426            | 2,641            | 3,767          | 3,601            | 3,810            |
| Native American housing block grant .....   | 649              | 647              | 647              | 713            | 740              | 820              |
| Project-based rental assistance .....   | 10,214           | 12,156           | 103              | 10,962         | 11,318           | 103              |
| Housing assistance for needy families .....   |                  |                  | 12,535           |                |                  | 6,086            |
| Community Planning and Development:   |                  |                  |                  |                |                  |                  |
| Homeless assistance grants .....  | 1,123            | 1,130            | 1,325            | 1,019          | 1,057            | 1,174            |
| Home investment partnership program .....   | 1,796            | 2,084            | 2,197            | 1,540          | 1,600            | 1,700            |
| Youthbuild program .....  |                  |                  |                  |                | 1                |                  |
| Emergency food and shelter program .....  |                  | 153              | 153              |                | 153              | 153              |
| Housing opportunities for persons with AIDS .....                                   | 277              | 292              | 297              | 314            | 292              | 311              |
| Rural housing and economic development .....  | 25               |                  |                  | 22             | 25               | 23               |
| Samaritan housing .....   |                  |                  | 50               |                |                  | 5                |
| Housing Programs:   |                  |                  |                  |                |                  |                  |
| Homeownership and opportunity for people everywhere grants (HOPE grants) .....      |                  |                  |                  | 3              | 3                | 3                |
| Housing for persons with disabilities .....   |                  |                  | 251              |                |                  | 228              |
| Housing for the elderly .....   | 1,024            | 1,024            | 773              | 895            | 895              | 702              |
| Department of Labor:  |                  |                  |                  |                |                  |                  |
| Employment and Training Administration:   |                  |                  |                  |                |                  |                  |
| State unemployment insurance and employment service operations .....                | 4                |                  |                  | 9              | 100              |                  |
| Unemployment trust fund .....   | 2,793            | 3,932            | 2,156            | 2,793          | 2,863            | 2,158            |
| <b>Total, discretionary</b> .....   | <b>34,315</b>    | <b>37,176</b>    | <b>36,250</b>    | <b>35,702</b>  | <b>36,121</b>    | <b>30,903</b>    |
| <b>Mandatory:</b>   |                  |                  |                  |                |                  |                  |
| Department of Agriculture:  |                  |                  |                  |                |                  |                  |
| Agricultural Marketing Service:   |                  |                  |                  |                |                  |                  |
| Funds for strengthening markets, income, and supply (section 32) .....              | 888              | 978              | 1,148            | 915            | 1,169            | 847              |
| Food and Nutrition Service:   |                  |                  |                  |                |                  |                  |
| Food stamp program .....  | 3,754            | 4,088            | 4,148            | 3,949          | 4,149            | 4,136            |
| Child nutrition programs .....  | 9,939            | 10,414           | 11,250           | 10,100         | 11,249           | 11,177           |
| Department of Health and Human Services:  |                  |                  |                  |                |                  |                  |
| Administration for Children and Families:   |                  |                  |                  |                |                  |                  |
| Payments to States for child support enforcement and family support programs .....  | 3,847            | 4,037            | 4,346            | 3,998          | 4,174            | 4,291            |
| Contingency fund .....  | 1,958            | 2,000            |                  |                |                  | 2                |
| Payments to States for foster care and adoption assistance .....                    | 6,482            | 6,356            | 6,674            | 5,735          | 6,153            | 6,577            |
| Child care entitlement to States .....  | 2,751            | 2,710            | 2,710            | 2,358          | 2,684            | 2,806            |
| Temporary assistance for needy families .....                                       | 17,009           | 17,009           | 17,609           | 18,749         | 19,208           | 18,713           |
| <b>Total, mandatory</b> .....   | <b>46,628</b>    | <b>47,592</b>    | <b>47,885</b>    | <b>45,804</b>  | <b>48,786</b>    | <b>48,549</b>    |
| <b>Total, income security</b> .....   | <b>80,943</b>    | <b>84,768</b>    | <b>84,135</b>    | <b>81,506</b>  | <b>84,907</b>    | <b>79,452</b>    |

**Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program                   | Budget Authority |               |               | Outlays      |               |               |
|--|------------------|---------------|---------------|--------------|---------------|---------------|
|  | 2002 Actual      | 2003 Estimate | 2004 Estimate | 2002 Actual  | 2003 Estimate | 2004 Estimate |
| <b>SOCIAL SECURITY</b>                                   |                  |               |               |              |               |               |
| <b>Mandatory:</b>  |                  |               |               |              |               |               |
| Social Security Administration:                          |                  |               |               |              |               |               |
| Federal disability insurance trust fund .....            | 4                | 23            | 34            | 1            | 14            | 29            |
| <b>VETERANS BENEFITS AND SERVICES</b>                    |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                    |                  |               |               |              |               |               |
| Department of Veterans Affairs:                          |                  |               |               |              |               |               |
| Medical Programs:  |                  |               |               |              |               |               |
| Medical care .....                                       | 445              | 508           | 572           | 360          | 423           | 485           |
| <b>ADMINISTRATION OF JUSTICE</b>                         |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                    |                  |               |               |              |               |               |
| Department of Health and Human Services:                 |                  |               |               |              |               |               |
| Administration for Children and Families:                |                  |               |               |              |               |               |
| Violent crime reduction programs .....                   |                  |               |               | 13           | 9             | 3             |
| Department of Homeland Security:                         |                  |               |               |              |               |               |
| Border and Transportation Security:                      |                  |               |               |              |               |               |
| Office for Domestic Preparedness .....                   | 553              |               | 500           | 54           | 224           | 316           |
| Department of Housing and Urban Development:             |                  |               |               |              |               |               |
| Fair Housing and Equal Opportunity:                      |                  |               |               |              |               |               |
| Fair housing activities .....                            | 46               | 46            | 50            | 43           | 46            | 47            |
| Department of Justice:                                   |                  |               |               |              |               |               |
| Office of Justice Programs:                              |                  |               |               |              |               |               |
| Justice assistance .....                                 | 121              | 102           | 1,951         | 15           | 320           | 2,185         |
| State and local law enforcement assistance .....         | 2,552            | 672           |               | 2,993        | 1,127         |               |
| Juvenile justice programs .....                          | 278              | 236           |               | 216          | 201           |               |
| Community oriented policing services .....               | 1,052            | 1,381         | 158           | 1,325        | 1,014         | 1,323         |
| Equal Employment Opportunity Commission:                 |                  |               |               |              |               |               |
| Salaries and expenses .....                              | 30               | 30            | 30            | 30           | 30            | 30            |
| Federal Drug Control Programs:                           |                  |               |               |              |               |               |
| High-intensity drug trafficking areas program .....      | 187              | 206           | 206           | 152          | 213           | 207           |
| State Justice Institute:                                 |                  |               |               |              |               |               |
| State Justice Institute: salaries and expenses .....     | 3                |               |               | 2            |               |               |
| <b>Total, discretionary</b> .....                        | <b>4,822</b>     | <b>2,673</b>  | <b>2,895</b>  | <b>4,843</b> | <b>3,184</b>  | <b>4,111</b>  |
| <b>Mandatory:</b>  |                  |               |               |              |               |               |
| Department of Justice:                                   |                  |               |               |              |               |               |
| Legal Activities and U.S. Marshals:                      |                  |               |               |              |               |               |
| Assets forfeiture fund .....                             | 154              | 180           | 249           | 225          | 241           | 275           |
| Office of Justice Programs:                              |                  |               |               |              |               |               |
| Crime victims fund .....                                 | 650              | 572           | 592           | 590          | 526           | 622           |
| Department of the Treasury:                              |                  |               |               |              |               |               |
| Departmental Offices:                                    |                  |               |               |              |               |               |
| Treasury forfeiture fund .....                           | 78               | 75            |               | 78           | 75            |               |
| <b>Total, mandatory</b> .....                            | <b>882</b>       | <b>827</b>    | <b>841</b>    | <b>893</b>   | <b>842</b>    | <b>897</b>    |
| <b>Total, administration of justice</b> .....            | <b>5,704</b>     | <b>3,500</b>  | <b>3,736</b>  | <b>5,736</b> | <b>4,026</b>  | <b>5,008</b>  |
| <b>GENERAL GOVERNMENT</b>                                |                  |               |               |              |               |               |
| <b>Discretionary:</b>                                    |                  |               |               |              |               |               |
| Department of the Interior:                              |                  |               |               |              |               |               |
| Departmental Management:                                 |                  |               |               |              |               |               |
| Payments in lieu of taxes .....                          | 210              | 165           | 200           | 210          | 165           | 200           |
| Insular Affairs:   |                  |               |               |              |               |               |
| Trust Territory of the Pacific Islands .....             |                  |               |               | 2            | 2             | 2             |
| Department of Labor:                                     |                  |               |               |              |               |               |
| Employment and Training Administration:                  |                  |               |               |              |               |               |
| Workers compensation programs .....                      | 175              |               |               |              | 175           |               |
| District of Columbia:                                    |                  |               |               |              |               |               |
| District of Columbia Courts:                             |                  |               |               |              |               |               |
| Federal payment to the District of Columbia courts ..... | 112              | 159           | 164           | 101          | 154           | 161           |
| Defender services in District of Columbia courts .....   | 34               | 32            | 33            | 34           | 32            | 32            |
| Federal payment for family court act .....               | 24               |               |               | 1            | 23            |               |

Table 10-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program   | Budget Authority |                |                | Outlays        |                |                |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
|  | 2002 Actual      | 2003 Estimate  | 2004 Estimate  | 2002 Actual    | 2003 Estimate  | 2004 Estimate  |
| District of Columbia Corrections:  |                  |                |                |                |                |                |
| Payment to the District of Columbia corrections trustee, operations .....            | 30               |                |                | 69             |                |                |
| District of Columbia General and Special Payments:                                   |                  |                |                |                |                |                |
| Federal support for economic development and management reforms in the District ...  | 28               | 2              | 26             | 52             | 2              | 26             |
| Federal payment for emergency planning and security cost in the District of Columbia | 216              | 15             | 15             | 216            | 15             | 15             |
| Election Assistance Commission .....   |                  | 390            | 490            |                | 351            | 481            |
| <b>Total, discretionary .....</b>  | <b>829</b>       | <b>763</b>     | <b>928</b>     | <b>685</b>     | <b>919</b>     | <b>917</b>     |
| <b>Mandatory:</b>  |                  |                |                |                |                |                |
| Department of Agriculture:   |                  |                |                |                |                |                |
| Forest Service:  |                  |                |                |                |                |                |
| Forest Service permanent appropriations .....  | 441              | 395            | 390            | 441            | 395            | 390            |
| Department of Energy:  |                  |                |                |                |                |                |
| Energy Programs:   |                  |                |                |                |                |                |
| Payments to States under Federal Power Act .....                                     | 3                | 3              | 3              | 3              | 3              | 3              |
| Department of Homeland Security:   |                  |                |                |                |                |                |
| Border and Transportation Security:  |                  |                |                |                |                |                |
| Customs and border protection .....  | 85               | 87             | 89             | 90             | 93             | 91             |
| Department of the Interior:  |                  |                |                |                |                |                |
| Bureau of Land Management:   |                  |                |                |                |                |                |
| Miscellaneous permanent payment accounts .....                                       | 5                | 5              | 5              | 5              | 5              | 5              |
| Minerals Management Service:   |                  |                |                |                |                |                |
| Mineral leasing and associated payments .....  | 685              | 887            | 884            | 685            | 887            | 884            |
| United States Fish and Wildlife Service:   |                  |                |                |                |                |                |
| National wildlife refuge fund .....  | 21               | 21             | 21             | 20             | 21             | 21             |
| Insular Affairs:   |                  |                |                |                |                |                |
| Assistance to territories .....  | 77               | 70             | 71             | 84             | 78             | 82             |
| Payments to the United States territories, fiscal assistance .....                   | 134              | 122            | 122            | 134            | 122            | 122            |
| Department of the Treasury:  |                  |                |                |                |                |                |
| Alcohol and Tobacco Tax and Trade Bureau:  |                  |                |                |                |                |                |
| Internal revenue collections for Puerto Rico .....                                   | 341              | 355            | 364            | 341            | 355            | 364            |
| Corps of Engineers-Civil Works:  |                  |                |                |                |                |                |
| Permanent appropriations .....   |                  | 8              | 8              |                | 8              | 8              |
| <b>Total, mandatory .....</b>  | <b>1,792</b>     | <b>1,953</b>   | <b>1,957</b>   | <b>1,803</b>   | <b>1,967</b>   | <b>1,970</b>   |
| <b>Total, general government .....</b>   | <b>2,621</b>     | <b>2,716</b>   | <b>2,885</b>   | <b>2,488</b>   | <b>2,886</b>   | <b>2,887</b>   |
| <b>Total, Grants .....</b>   | <b>377,880</b>   | <b>386,786</b> | <b>398,151</b> | <b>351,550</b> | <b>384,245</b> | <b>398,832</b> |
| Discretionary .....  | 133,074          | 124,650        | 124,989        | 145,618        | 157,760        | 154,063        |
| Mandatory .....  | 244,806          | 262,136        | 273,162        | 205,932        | 226,485        | 244,769        |

**APPENDIX: SELECTED GRANT DATA BY STATE**

This Appendix displays State-by-State spending for the selected grant programs to State and local governments shown in the following table, "Summary of Programs by Agency and Bureau." The programs selected here cover more than 60 percent of total grant spending.

The first summary table shows the obligations for each program. The second summary table, "Summary of Programs by State," shows the amounts for each State for these programs. The individual program tables display obligations for each program on a State-by-State basis, consistent with the estimates in this budget. Each table reports the following information:

- The Federal agency that administers the program.
- The program title and number as contained in the *Catalog of Federal Domestic Assistance*.

- The budget account number from which the program is funded.
- Actual 2002 obligations by State, Federal territory, and Indian tribes in thousands of dollars. Undistributed obligations shown at the bottom of each page are generally project funds that are not distributed by formula, or programs for which State-by-State data are not available.
- Estimates of 2003 obligations by State from previous budget authority, from new budget authority, and total obligations.
- Estimates of 2004 obligations by State, which are also based on the 2004 budget request, unless otherwise noted.
- The percentage share of 2004 estimated program funds distributed to each State.

**Summary of Programs by Agency and Bureau**

(obligations in millions of dollars)

| Agency, Bureau, and Program   | FY 2002<br>(actual) | Estimated FY 2003 obligations<br>from: |                  |                | FY 2004<br>(estimated) |
|---|---------------------|--|------------------|----------------|------------------------|
|   |                     | Previous<br>authority                  | New<br>authority | Total          |                        |
| <b>Department of Agriculture, Food and Nutrition Service</b>  |                     |  |                  |                |                        |
| National School Lunch Program (10.555) .....  | 6,026               | 601                                    | 5,788            | 6,389          | 6,684                  |
| Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557) .....                  | 4,459               | 108                                    | 4,658            | 4,766          | 4,971                  |
| State Administrative Matching Grants for Food Stamp Program (10.561) .....                                    | 2,162               |  | 2,212            | 2,212          | 2,258                  |
| <b>Department of Education, Office of Elementary and Secondary Education</b>                                  |                     |  |                  |                |                        |
| Title I Grants to Local Educational Agencies (84.010) .....   | 10,005              | 38                                     | 11,350           | 11,388         | 12,350                 |
| <b>Department of Education, Office of Special Education and Rehabilitative Services</b>                       |                     |  |                  |                |                        |
| Special Education—Grants to States (84.027) .....   | 7,530               | 17                                     | 8,529            | 8,546          | 9,529                  |
| Rehabilitation Services—Vocational Rehabilitation Grants to States (84.126) .....                             | 2,481               |  | 2,616            | 2,616          | 2,669                  |
| <b>Department of Health and Human Services, Centers for Medicare and Medicaid Services</b>                    |                     |  |                  |                |                        |
| State Children's Health Insurance Program (93.767) .....  | 3,115               |  | 3,175            | 3,175          | 3,175                  |
| Medicaid (93.778) .....   | 151,644             |  | 162,443          | 162,443        | 176,754                |
| <b>Department of Health and Human Services, Administration for Children and Families</b>                      |                     |  |                  |                |                        |
| Temporary Assistance for Needy Families (TANF)—Family Assistance Grants (93.558) .....                        | 16,562              |  | 16,567           | 16,567         | 16,567                 |
| Child Support Enforcement—Federal Share of State and Local Administrative Costs and Incentives (93.563) ..... | 3,931               |  | 4,183            | 4,183          | 4,489                  |
| Child Care and Development Block Grant (93.575) .....   | 2,100               |  | 2,100            | 2,100          | 2,100                  |
| Child Care and Development Fund—Mandatory (93.596a) .....   | 1,235               |  | 1,235            | 1,235          | 1,235                  |
| Child Care and Development Fund—Matching (93.596b) .....  | 1,523               |  | 1,482            | 1,482          | 1,482                  |
| Head Start (93.600) .....   | 6,537               |  | 6,668            | 6,668          | 6,818                  |
| Foster Care—Title IV-E (93.658) .....   | 4,536               |  | 4,666            | 4,666          | 4,974                  |
| <b>Department of Housing and Urban Development, Public and Indian Housing Programs</b>                        |                     |  |                  |                |                        |
| Public Housing Operating Subsidy (14.850) .....   | 3,621               | 26                                     | 3,530            | 3,556          | 3,574                  |
| Housing Choice Vouchers (14.871) .....  | 11,846              | 225                                    | 12,991           | 13,215         | 13,607                 |
| Public Housing Capital Fund (14.872) .....  | 2,802               | 738                                    | 2,208            | 2,946          | 2,328                  |
| <b>Department of Housing and Urban Development, Community Planning and Development</b>                        |                     |  |                  |                |                        |
| Community Development Block Grants—Entitlement Grants (14.218) .....  | 3,039               |  | 3,100            | 3,100          | 3,100                  |
| <b>Total</b> .....  | <b>245,152</b>      | <b>1,753</b>                           | <b>259,500</b>   | <b>261,253</b> | <b>278,663</b>         |

## Summary of Programs by State

(obligations in millions of dollars)

| State or Territory   | FY 2002<br>(actual) | Estimated FY 2003 obligations from: |                  |                | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--|---------------------|-------------------------------------|------------------|----------------|------------------------|---|
|  |                     | Previous<br>authority               | New<br>authority | Total          |                        |   |
| Alabama .....  | 3,559               | 43                                  | 3,605            | 3,648          | 3,876                  | 1.43  |
| Alaska .....   | 738                 | 3                                   | 771              | 774            | 815                    | 0.30  |
| Arizona .....  | 3,796               | 18                                  | 4,456            | 4,474          | 4,845                  | 1.79  |
| Arkansas .....   | 2,521               | 19                                  | 2,566            | 2,585          | 2,685                  | 0.99  |
| California .....   | 29,794              | 172                                 | 31,595           | 31,767         | 32,691                 | 12.08   |
| Colorado .....   | 2,203               | 15                                  | 2,387            | 2,402          | 2,474                  | 0.91  |
| Connecticut .....  | 3,003               | 20                                  | 3,166            | 3,186          | 3,369                  | 1.24  |
| Delaware .....   | 602                 | 4                                   | 586              | 591            | 606                    | 0.22  |
| District of Columbia .....                                     | 1,221               | 10                                  | 1,270            | 1,281          | 1,304                  | 0.48  |
| Florida .....  | 9,827               | 75                                  | 10,911           | 10,986         | 11,464                 | 4.23  |
| Georgia .....  | 6,617               | 55                                  | 6,525            | 6,580          | 7,069                  | 2.61  |
| Hawaii .....   | 892                 | 8                                   | 934              | 943            | 979                    | 0.36  |
| Idaho .....  | 877                 | 4                                   | 914              | 918            | 968                    | 0.36  |
| Illinois .....   | 9,012               | 91                                  | 9,195            | 9,286          | 10,122                 | 3.74  |
| Indiana .....  | 4,172               | 24                                  | 4,513            | 4,537          | 4,923                  | 1.82  |
| Iowa .....   | 2,362               | 10                                  | 2,165            | 2,175          | 2,294                  | 0.85  |
| Kansas .....   | 1,831               | 14                                  | 1,755            | 1,769          | 1,770                  | 0.65  |
| Kentucky .....   | 4,047               | 23                                  | 4,060            | 4,082          | 4,135                  | 1.53  |
| Louisiana .....  | 5,066               | 35                                  | 5,055            | 5,090          | 5,354                  | 1.98  |
| Maine .....  | 1,405               | 6                                   | 1,471            | 1,477          | 1,608                  | 0.59  |
| Maryland .....   | 3,507               | 25                                  | 3,771            | 3,796          | 4,067                  | 1.50  |
| Massachusetts .....  | 6,450               | 42                                  | 6,977            | 7,019          | 7,240                  | 2.67  |
| Michigan .....   | 8,300               | 38                                  | 8,089            | 8,127          | 8,283                  | 3.06  |
| Minnesota .....  | 3,835               | 23                                  | 4,066            | 4,089          | 4,381                  | 1.62  |
| Mississippi .....  | 3,208               | 24                                  | 3,382            | 3,406          | 3,630                  | 1.34  |
| Missouri .....   | 5,082               | 28                                  | 5,008            | 5,037          | 5,446                  | 2.01  |
| Montana .....  | 704                 | 3                                   | 713              | 716            | 757                    | 0.28  |
| Nebraska .....   | 1,307               | 7                                   | 1,324            | 1,331          | 1,414                  | 0.52  |
| Nevada .....   | 901                 | 8                                   | 1,023            | 1,030          | 1,096                  | 0.40  |
| New Hampshire .....  | 780                 | 4                                   | 866              | 870            | 904                    | 0.33  |
| New Jersey .....   | 6,779               | 49                                  | 6,832            | 6,881          | 7,141                  | 2.64  |
| New Mexico .....   | 1,982               | 9                                   | 2,118            | 2,127          | 2,257                  | 0.83  |
| New York .....   | 28,230              | 179                                 | 31,561           | 31,740         | 34,101                 | 12.60   |
| North Carolina .....   | 6,585               | 38                                  | 7,074            | 7,112          | 7,768                  | 2.87  |
| North Dakota .....   | 531                 | 3                                   | 538              | 540            | 556                    | 0.21  |
| Ohio .....   | 9,711               | 76                                  | 10,319           | 10,395         | 11,183                 | 4.13  |
| Oklahoma .....   | 2,806               | 18                                  | 2,980            | 2,998          | 3,025                  | 1.12  |
| Oregon .....   | 2,642               | 14                                  | 2,905            | 2,919          | 3,025                  | 1.12  |
| Pennsylvania .....   | 11,286              | 77                                  | 11,676           | 11,753         | 12,273                 | 4.53  |
| Rhode Island .....   | 1,206               | 10                                  | 1,251            | 1,261          | 1,317                  | 0.49  |
| South Carolina .....   | 3,470               | 20                                  | 3,627            | 3,646          | 3,726                  | 1.38  |
| South Dakota .....   | 572                 | 3                                   | 568              | 571            | 583                    | 0.22  |
| Tennessee .....  | 5,783               | 38                                  | 5,566            | 5,604          | 5,732                  | 2.12  |
| Texas .....  | 14,689              | 137                                 | 15,753           | 15,891         | 16,569                 | 6.12  |
| Utah .....   | 1,255               | 7                                   | 1,340            | 1,347          | 1,474                  | 0.54  |
| Vermont .....  | 657                 | 2                                   | 684              | 686            | 719                    | 0.27  |
| Virginia .....   | 3,813               | 25                                  | 3,741            | 3,766          | 3,954                  | 1.46  |
| Washington .....   | 4,514               | 29                                  | 4,733            | 4,761          | 5,063                  | 1.87  |
| West Virginia .....  | 1,926               | 12                                  | 1,929            | 1,941          | 2,009                  | 0.74  |
| Wisconsin .....  | 4,171               | 16                                  | 4,179            | 4,195          | 4,425                  | 1.63  |
| Wyoming .....  | 322                 | 2                                   | 336              | 338            | 352                    | 0.13  |
| American Samoa .....   | 25                  | 8                                   | 28               | 36             | 29                     | 0.01  |
| Guam .....   | 74                  | 8                                   | 85               | 93             | 88                     | 0.03  |
| Northern Mariana Islands .....                                 | 13                  | 4                                   | 16               | 19             | 16                     | 0.01  |
| Puerto Rico .....  | 1,811               | 79                                  | 1,884            | 1,963          | 1,973                  | 0.73  |
| Freely Associated States .....                                 | 90                  | 17                                  | 99               | 116            | 103                    | 0.04  |
| Virgin Islands .....   | 605                 | 1                                   | 637              | 638            | 681                    | 0.25  |
| Indian Tribes .....  |                     |                                     |                  |                |                        |   |
| <b>Total, programs distributed by State in all years .....</b> | <b>243,170</b>      | <b>1,732</b>                        | <b>255,578</b>   | <b>257,310</b> | <b>270,710</b>         | <b>100.00</b>                                       |
| <b>MEMORANDUM:</b>   |                     |                                     |                  |                |                        |   |
| Not distributed by State in all years .....                    | 1,982               | 20                                  | 3,923            | 3,943          | 7,953                  | N/A   |
| Total, including undistributed .....                           | 245,152             | 1,753                               | 259,500          | 261,253        | 278,663                | N/A   |

Department of Agriculture, Food and Nutrition Service

12-3539-0-1-605

National School Lunch Program (10.555)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                  | 119,677          | 11,948                              | 115,101          | 127,049          | 132,910             | 1.99                                    |
| Alaska                   | 16,775           | 1,675                               | 16,134           | 17,809           | 18,630              | 0.28                                    |
| Arizona                  | 120,080          | 11,989                              | 115,488          | 127,477          | 133,357             | 2.00                                    |
| Arkansas                 | 68,106           | 6,800                               | 65,502           | 72,302           | 75,637              | 1.13                                    |
| California               | 818,613          | 81,727                              | 787,309          | 869,036          | 909,124             | 13.60                                   |
| Colorado                 | 56,241           | 5,615                               | 54,090           | 59,705           | 62,460              | 0.93                                    |
| Connecticut              | 50,129           | 5,005                               | 48,212           | 53,217           | 55,672              | 0.83                                    |
| Delaware                 | 12,714           | 1,269                               | 12,228           | 13,497           | 14,120              | 0.21                                    |
| District of Columbia     | 15,782           | 1,576                               | 15,179           | 16,755           | 17,527              | 0.26                                    |
| Florida                  | 345,143          | 34,459                              | 331,946          | 366,405          | 383,306             | 5.73                                    |
| Georgia                  | 230,785          | 23,041                              | 221,960          | 245,001          | 256,303             | 3.83                                    |
| Hawaii                   | 28,312           | 2,827                               | 27,229           | 30,056           | 31,442              | 0.47                                    |
| Idaho                    | 26,048           | 2,601                               | 25,052           | 27,653           | 28,928              | 0.43                                    |
| Illinois                 | 246,156          | 24,576                              | 236,744          | 261,320          | 273,374             | 4.09                                    |
| Indiana                  | 99,308           | 9,915                               | 95,511           | 105,426          | 110,289             | 1.65                                    |
| Iowa                     | 50,193           | 5,011                               | 48,274           | 53,285           | 55,743              | 0.83                                    |
| Kansas                   | 49,427           | 4,935                               | 47,537           | 52,472           | 54,892              | 0.82                                    |
| Kentucky                 | 100,947          | 10,078                              | 97,087           | 107,165          | 112,109             | 1.68                                    |
| Louisiana                | 145,959          | 14,572                              | 140,378          | 154,950          | 162,098             | 2.43                                    |
| Maine                    | 18,428           | 1,840                               | 17,723           | 19,563           | 20,466              | 0.31                                    |
| Maryland                 | 80,324           | 8,019                               | 77,253           | 85,272           | 89,205              | 1.33                                    |
| Massachusetts            | 87,304           | 8,716                               | 83,966           | 92,682           | 96,957              | 1.45                                    |
| Michigan                 | 155,233          | 15,498                              | 149,297          | 164,795          | 172,397             | 2.58                                    |
| Minnesota                | 74,604           | 7,448                               | 71,751           | 79,199           | 82,853              | 1.24                                    |
| Mississippi              | 105,405          | 10,523                              | 101,375          | 111,898          | 117,060             | 1.75                                    |
| Missouri                 | 109,072          | 10,890                              | 104,901          | 115,791          | 121,132             | 1.81                                    |
| Montana                  | 14,837           | 1,481                               | 14,270           | 15,751           | 16,478              | 0.25                                    |
| Nebraska                 | 32,697           | 3,264                               | 31,447           | 34,711           | 36,312              | 0.54                                    |
| Nevada                   | 32,598           | 3,255                               | 31,352           | 34,607           | 36,202              | 0.54                                    |
| New Hampshire            | 12,055           | 1,204                               | 11,594           | 12,798           | 13,388              | 0.20                                    |
| New Jersey               | 127,122          | 12,692                              | 122,261          | 134,953          | 141,178             | 2.11                                    |
| New Mexico               | 53,437           | 5,335                               | 51,394           | 56,729           | 59,346              | 0.89                                    |
| New York                 | 422,849          | 42,217                              | 406,680          | 448,897          | 469,604             | 7.03                                    |
| North Carolina           | 176,069          | 17,578                              | 169,337          | 186,915          | 195,537             | 2.93                                    |
| North Dakota             | 10,758           | 1,074                               | 10,347           | 11,421           | 11,948              | 0.18                                    |
| Ohio                     | 173,506          | 17,323                              | 166,872          | 184,195          | 192,691             | 2.88                                    |
| Oklahoma                 | 82,928           | 8,279                               | 79,757           | 88,036           | 92,097              | 1.38                                    |
| Oregon                   | 56,958           | 5,687                               | 54,780           | 60,467           | 63,256              | 0.95                                    |
| Pennsylvania             | 181,447          | 18,115                              | 174,509          | 192,624          | 201,510             | 3.01                                    |
| Rhode Island             | 18,609           | 1,858                               | 17,897           | 19,755           | 20,667              | 0.31                                    |
| South Carolina           | 107,367          | 10,719                              | 103,262          | 113,981          | 119,239             | 1.78                                    |
| South Dakota             | 16,332           | 1,631                               | 15,708           | 17,339           | 18,138              | 0.27                                    |
| Tennessee                | 123,308          | 12,311                              | 118,593          | 130,904          | 136,942             | 2.05                                    |
| Texas                    | 628,606          | 62,759                              | 604,570          | 667,329          | 698,111             | 10.44                                   |
| Utah                     | 45,129           | 4,506                               | 43,403           | 47,909           | 50,119              | 0.75                                    |
| Vermont                  | 8,006            | 799                                 | 7,700            | 8,499            | 8,891               | 0.13                                    |
| Virginia                 | 113,552          | 11,337                              | 109,210          | 120,547          | 126,107             | 1.89                                    |
| Washington               | 97,480           | 9,732                               | 93,753           | 103,485          | 108,258             | 1.62                                    |
| West Virginia            | 40,322           | 4,026                               | 38,780           | 42,806           | 44,780              | 0.67                                    |
| Wisconsin                | 77,282           | 7,716                               | 74,327           | 82,043           | 85,827              | 1.28                                    |
| Wyoming                  | 7,879            | 787                                 | 7,578            | 8,365            | 8,750               | 0.13                                    |
| American Samoa           |                  |                                     |                  |                  |                     |   |
| Guam                     | 3,931            | 392                                 | 3,781            | 4,173            | 4,366               | 0.07                                    |
| Northern Mariana Islands |                  |                                     |                  |                  |                     |   |
| Puerto Rico              | 112,275          | 11,209                              | 107,982          | 119,191          | 124,689             | 1.87                                    |
| Freely Associated States |                  |                                     |                  |                  |                     |   |
| Virgin Islands           | 3,994            | 399                                 | 3,841            | 4,240            | 4,436               | 0.07                                    |
| Indian Tribes            |                  |                                     |                  |                  |                     |   |
| Undistributed            | 7,658            |                                     |                  |                  |                     |   |
| DOD/AF/USMC              | 6,197            | 619                                 | 5,960            | 6,579            | 6,882               | 0.10                                    |
| <b>Total</b>             | <b>6,025,953</b> | <b>600,857</b>                      | <b>5,788,172</b> | <b>6,389,029</b> | <b>6,683,740</b>    | <b>1 100.00</b>                         |

<sup>1</sup> Excludes undistributed obligations.



## Department of Agriculture, Food and Nutrition Service

12-3510-0-1-605

## Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557)

(obligations in thousands of dollars)

| State or Territory             | FY 2002 Actual     | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------------|--------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                                |                    | Previous authority                  | New authority    | Total            |                     |   |
| Alabama .....                  | 71,723             | 1,735                               | 74,863           | 76,598           | 78,945              | 1.61                                    |
| Alaska .....                   | 21,251             | 514                                 | 22,181           | 22,695           | 23,391              | 0.48                                    |
| Arizona .....                  | 81,711             | 1,976                               | 85,289           | 87,265           | 89,940              | 1.84                                    |
| Arkansas .....                 | 45,716             | 1,106                               | 47,718           | 48,824           | 50,320              | 1.03                                    |
| California .....               | 801,615            | 19,389                              | 836,713          | 856,102          | 882,339             | 18.03                                   |
| Colorado .....                 | 43,445             | 1,051                               | 45,347           | 46,398           | 47,820              | 0.98                                    |
| Connecticut .....              | 34,987             | 846                                 | 36,519           | 37,365           | 38,510              | 0.79                                    |
| Delaware .....                 | 9,490              | 230                                 | 9,906            | 10,136           | 10,446              | 0.21                                    |
| District of Columbia .....     | 11,054             | 267                                 | 11,538           | 11,805           | 12,167              | 0.25                                    |
| Florida .....                  | 201,713            | 4,879                               | 210,545          | 215,424          | 222,025             | 4.54                                    |
| Georgia .....                  | 131,418            | 3,179                               | 137,172          | 140,351          | 144,651             | 2.96                                    |
| Hawaii .....                   | 26,483             | 641                                 | 27,643           | 28,284           | 29,150              | 0.60                                    |
| Idaho .....                    | 18,256             | 442                                 | 19,055           | 19,497           | 20,094              | 0.41                                    |
| Illinois .....                 | 165,222            | 3,996                               | 172,456          | 176,452          | 181,859             | 3.72                                    |
| Indiana .....                  | 71,099             | 1,720                               | 74,212           | 75,932           | 78,259              | 1.60                                    |
| Iowa .....                     | 34,354             | 831                                 | 35,858           | 36,689           | 37,813              | 0.77                                    |
| Kansas .....                   | 31,621             | 765                                 | 33,005           | 33,770           | 34,805              | 0.71                                    |
| Kentucky .....                 | 68,188             | 1,649                               | 71,173           | 72,822           | 75,054              | 1.53                                    |
| Louisiana .....                | 79,041             | 1,912                               | 82,502           | 84,414           | 87,001              | 1.78                                    |
| Maine .....                    | 11,849             | 287                                 | 12,368           | 12,655           | 13,042              | 0.27                                    |
| Maryland .....                 | 52,683             | 1,274                               | 54,989           | 56,263           | 57,988              | 1.18                                    |
| Massachusetts .....            | 62,569             | 1,513                               | 65,308           | 66,821           | 68,869              | 1.41                                    |
| Michigan .....                 | 124,867            | 3,020                               | 130,334          | 133,354          | 137,441             | 2.81                                    |
| Minnesota .....                | 55,357             | 1,339                               | 57,781           | 59,120           | 60,932              | 1.24                                    |
| Mississippi .....              | 58,671             | 1,419                               | 61,240           | 62,659           | 64,579              | 1.32                                    |
| Missouri .....                 | 71,330             | 1,725                               | 74,453           | 76,178           | 78,513              | 1.60                                    |
| Montana .....                  | 13,819             | 334                                 | 14,424           | 14,758           | 15,210              | 0.31                                    |
| Nebraska .....                 | 21,467             | 519                                 | 22,406           | 22,925           | 23,628              | 0.48                                    |
| Nevada .....                   | 23,404             | 566                                 | 24,429           | 24,995           | 25,761              | 0.53                                    |
| New Hampshire .....            | 9,624              | 233                                 | 10,045           | 10,278           | 10,593              | 0.22                                    |
| New Jersey .....               | 75,205             | 1,819                               | 78,498           | 80,317           | 82,778              | 1.69                                    |
| New Mexico .....               | 32,432             | 784                                 | 33,852           | 34,636           | 35,698              | 0.73                                    |
| New York .....                 | 275,830            | 6,672                               | 287,906          | 294,578          | 303,605             | 6.20                                    |
| North Carolina .....           | 110,118            | 2,663                               | 114,939          | 117,602          | 121,206             | 2.48                                    |
| North Dakota .....             | 8,685              | 210                                 | 9,065            | 9,275            | 9,560               | 0.20                                    |
| Ohio .....                     | 141,493            | 3,422                               | 147,688          | 151,110          | 155,741             | 3.18                                    |
| Oklahoma .....                 | 47,054             | 1,138                               | 49,114           | 50,252           | 51,792              | 1.06                                    |
| Oregon .....                   | 58,982             | 1,427                               | 61,564           | 62,991           | 64,921              | 1.33                                    |
| Pennsylvania .....             | 130,179            | 3,149                               | 135,879          | 139,028          | 143,288             | 2.93                                    |
| Rhode Island .....             | 13,924             | 337                                 | 14,533           | 14,870           | 15,326              | 0.31                                    |
| South Carolina .....           | 60,742             | 1,469                               | 63,402           | 64,871           | 66,859              | 1.37                                    |
| South Dakota .....             | 11,938             | 289                                 | 12,461           | 12,750           | 13,140              | 0.27                                    |
| Tennessee .....                | 94,769             | 2,292                               | 98,918           | 101,210          | 104,312             | 2.13                                    |
| Texas .....                    | 392,810            | 9,501                               | 410,008          | 419,509          | 432,365             | 8.83                                    |
| Utah .....                     | 33,260             | 804                                 | 34,716           | 35,520           | 36,609              | 0.75                                    |
| Vermont .....                  | 10,150             | 245                                 | 10,594           | 10,839           | 11,172              | 0.23                                    |
| Virginia .....                 | 77,620             | 1,877                               | 81,018           | 82,895           | 85,436              | 1.75                                    |
| Washington .....               | 96,857             | 2,343                               | 101,097          | 103,440          | 106,610             | 2.18                                    |
| West Virginia .....            | 29,584             | 716                                 | 30,880           | 31,596           | 32,563              | 0.67                                    |
| Wisconsin .....                | 57,442             | 1,389                               | 59,957           | 61,346           | 63,226              | 1.29                                    |
| Wyoming .....                  | 6,340              | 153                                 | 6,617            | 6,770            | 6,978               | 0.14                                    |
| American Samoa .....           | 5,536              | 134                                 | 5,779            | 5,913            | 6,094               | 0.12                                    |
| Guam .....                     | 6,257              | 151                                 | 6,531            | 6,682            | 6,888               | 0.14                                    |
| Northern Mariana Islands ..... | .....              | .....                               | .....            | .....            | .....               | .....                                   |
| Puerto Rico .....              | 168,475            | 4,075                               | 175,851          | 179,926          | 185,440             | 3.79                                    |
| Freely Associated States ..... | .....              | .....                               | .....            | .....            | .....               | .....                                   |
| Virgin Islands .....           | 5,562              | 135                                 | 5,806            | 5,941            | 6,122               | 0.13                                    |
| Indian Tribes .....            | 41,646             | 1,007                               | 43,470           | 44,477           | 45,840              | 0.94                                    |
| Undistributed .....            | 11,623             | .....                               | 16,400           | 16,400           | 76,400              | .....                                   |
| <b>Total .....</b>             | <b>1 4,458,537</b> | <b>107,558</b>                      | <b>4,658,015</b> | <b>4,765,573</b> | <b>4,971,114</b>    | <b>2 100.00</b>                         |

<sup>1</sup> Excludes \$21,335,532 in FY 2002 for Farmers' Market.<sup>2</sup> Excludes undistributed obligations.

Department of Agriculture, Food and Nutrition Service

12-3505-0-1-605

State Administrative Matching Grants for Food Stamp Program (10.561)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                  | 31,490           |                                     | 31,119           | 31,119           | 31,767              | 1.41                                    |
| Alaska                   | 7,743            |                                     | 7,652            | 7,652            | 7,811               | 0.35                                    |
| Arizona                  | 26,942           |                                     | 26,625           | 26,625           | 27,178              | 1.20                                    |
| Arkansas                 | 18,620           |                                     | 18,401           | 18,401           | 18,783              | 0.83                                    |
| California               | 301,418          |                                     | 297,874          | 297,874          | 304,069             | 13.47                                   |
| Colorado                 | 22,941           |                                     | 22,671           | 22,671           | 23,142              | 1.02                                    |
| Connecticut              | 21,101           |                                     | 20,853           | 20,853           | 21,286              | 0.94                                    |
| Delaware                 | 5,184            |                                     | 5,123            | 5,123            | 5,230               | 0.23                                    |
| District of Columbia     | 8,449            |                                     | 8,349            | 8,349            | 8,523               | 0.38                                    |
| Florida                  | 80,235           |                                     | 79,292           | 79,292           | 80,940              | 3.58                                    |
| Georgia                  | 62,828           |                                     | 62,089           | 62,089           | 63,380              | 2.81                                    |
| Hawaii                   | 9,018            |                                     | 8,912            | 8,912            | 9,097               | 0.40                                    |
| Idaho                    | 7,708            |                                     | 7,617            | 7,617            | 7,775               | 0.34                                    |
| Illinois                 | 100,774          |                                     | 99,588           | 99,588           | 101,659             | 4.50                                    |
| Indiana                  | 39,557           |                                     | 39,092           | 39,092           | 39,905              | 1.77                                    |
| Iowa                     | 13,810           |                                     | 13,647           | 13,647           | 13,931              | 0.62                                    |
| Kansas                   | 12,554           |                                     | 12,406           | 12,406           | 12,664              | 0.56                                    |
| Kentucky                 | 26,610           |                                     | 26,298           | 26,298           | 26,844              | 1.19                                    |
| Louisiana                | 36,202           |                                     | 35,776           | 35,776           | 36,520              | 1.62                                    |
| Maine                    | 8,894            |                                     | 8,789            | 8,789            | 8,972               | 0.40                                    |
| Maryland                 | 35,021           |                                     | 34,609           | 34,609           | 35,329              | 1.56                                    |
| Massachusetts            | 36,272           |                                     | 35,845           | 35,845           | 36,591              | 1.62                                    |
| Michigan                 | 90,969           |                                     | 89,899           | 89,899           | 91,768              | 4.06                                    |
| Minnesota                | 33,860           |                                     | 33,461           | 33,461           | 34,157              | 1.51                                    |
| Mississippi              | 24,554           |                                     | 24,265           | 24,265           | 24,769              | 1.10                                    |
| Missouri                 | 42,264           |                                     | 41,767           | 41,767           | 42,636              | 1.89                                    |
| Montana                  | 6,937            |                                     | 6,855            | 6,855            | 6,998               | 0.31                                    |
| Nebraska                 | 11,480           |                                     | 11,345           | 11,345           | 11,581              | 0.51                                    |
| Nevada                   | 9,142            |                                     | 9,034            | 9,034            | 9,222               | 0.41                                    |
| New Hampshire            | 4,726            |                                     | 4,671            | 4,671            | 4,768               | 0.21                                    |
| New Jersey               | 79,624           |                                     | 78,687           | 78,687           | 80,324              | 3.56                                    |
| New Mexico               | 15,593           |                                     | 15,409           | 15,409           | 15,730              | 0.70                                    |
| New York                 | 254,227          |                                     | 251,236          | 251,236          | 256,461             | 11.36                                   |
| North Carolina           | 56,091           |                                     | 55,432           | 55,432           | 56,584              | 2.51                                    |
| North Dakota             | 5,524            |                                     | 5,459            | 5,459            | 5,573               | 0.25                                    |
| Ohio                     | 94,857           |                                     | 93,741           | 93,741           | 95,691              | 4.24                                    |
| Oklahoma                 | 28,379           |                                     | 28,045           | 28,045           | 28,628              | 1.27                                    |
| Oregon                   | 34,189           |                                     | 33,787           | 33,787           | 34,489              | 1.53                                    |
| Pennsylvania             | 118,174          |                                     | 116,784          | 116,784          | 119,212             | 5.28                                    |
| Rhode Island             | 6,271            |                                     | 6,197            | 6,197            | 6,326               | 0.28                                    |
| South Carolina           | 24,540           |                                     | 24,251           | 24,251           | 24,756              | 1.10                                    |
| South Dakota             | 5,747            |                                     | 5,679            | 5,679            | 5,798               | 0.26                                    |
| Tennessee                | 31,810           |                                     | 31,436           | 31,436           | 32,090              | 1.42                                    |
| Texas                    | 162,636          |                                     | 160,724          | 160,724          | 164,066             | 7.27                                    |
| Utah                     | 17,740           |                                     | 17,532           | 17,532           | 17,896              | 0.79                                    |
| Vermont                  | 4,787            |                                     | 4,731            | 4,731            | 4,829               | 0.21                                    |
| Virginia                 | 70,628           |                                     | 69,797           | 69,797           | 71,249              | 3.16                                    |
| Washington               | 36,358           |                                     | 35,930           | 35,930           | 36,678              | 1.62                                    |
| West Virginia            | 11,435           |                                     | 11,301           | 11,301           | 11,536              | 0.51                                    |
| Wisconsin                | 33,525           |                                     | 33,131           | 33,131           | 33,820              | 1.50                                    |
| Wyoming                  | 2,647            |                                     | 2,616            | 2,616            | 2,670               | 0.12                                    |
| American Samoa           |                  |                                     |                  |                  |                     |   |
| Guam                     | 3,078            |                                     | 3,042            | 3,042            | 3,105               | 0.14                                    |
| Northern Mariana Islands |                  |                                     |                  |                  |                     |   |
| Puerto Rico              |                  |                                     |                  |                  |                     |   |
| Freely Associated States |                  |                                     |                  |                  |                     |   |
| Virgin Islands           | 3,166            |                                     | 3,129            | 3,129            | 3,194               | 0.14                                    |
| Indian Tribes            |                  |                                     |                  |                  |                     |   |
| Undistributed            | -76,563          |                                     |                  |                  |                     |   |
| <b>Total</b>             | <b>2,161,763</b> |                                     | <b>2,212,000</b> | <b>2,212,000</b> | <b>2,258,000</b>    | <b>100.00</b>                           |

<sup>1</sup> Excludes undistributed obligations.

Department of Education, Office of Elementary and Secondary Education

91-0900-0-1-501

Title I Grants to Local Educational Agencies (84.010)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual    | Estimated FY 2003 obligations from: |                   |                   | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|-------------------|-------------------------------------|-------------------|-------------------|---------------------|---|
|                          |                   | Previous authority                  | New authority     | Total             |                     |   |
| Alabama                  | 153,535           |                                     | 164,379           | 164,379           | 179,021             | 1.45                                    |
| Alaska                   | 27,007            |                                     | 32,904            | 32,904            | 36,562              | 0.30                                    |
| Arizona                  | 164,923           |                                     | 191,221           | 191,221           | 209,297             | 1.70                                    |
| Arkansas                 | 96,059            |                                     | 102,581           | 102,581           | 111,237             | 0.90                                    |
| California               | 1,380,486         | 990                                 | 1,619,351         | 1,620,341         | 1,769,988           | 14.34                                   |
| Colorado                 | 94,011            |                                     | 104,081           | 104,081           | 113,367             | 0.92                                    |
| Connecticut              | 98,605            |                                     | 115,855           | 115,855           | 125,063             | 1.01                                    |
| Delaware                 | 26,625            |                                     | 28,852            | 28,852            | 32,970              | 0.27                                    |
| District of Columbia     | 31,224            |                                     | 39,772            | 39,772            | 43,557              | 0.35                                    |
| Florida                  | 458,771           |                                     | 540,935           | 540,935           | 590,806             | 4.79                                    |
| Georgia                  | 293,796           |                                     | 348,798           | 348,798           | 375,761             | 3.04                                    |
| Hawaii                   | 31,096            |                                     | 38,018            | 38,018            | 41,309              | 0.33                                    |
| Idaho                    | 31,710            |                                     | 36,012            | 36,012            | 39,449              | 0.32                                    |
| Illinois                 | 423,306           |                                     | 484,448           | 484,448           | 528,594             | 4.28                                    |
| Indiana                  | 153,457           |                                     | 166,123           | 166,123           | 177,593             | 1.44                                    |
| Iowa                     | 63,835            |                                     | 65,016            | 65,016            | 69,883              | 0.57                                    |
| Kansas                   | 71,325            |                                     | 79,503            | 79,503            | 84,877              | 0.69                                    |
| Kentucky                 | 149,883           |                                     | 164,225           | 164,225           | 176,679             | 1.43                                    |
| Louisiana                | 222,327           |                                     | 215,762           | 215,762           | 238,722             | 1.93                                    |
| Maine                    | 37,427            |                                     | 39,470            | 39,470            | 43,957              | 0.36                                    |
| Maryland                 | 144,597           |                                     | 173,866           | 173,866           | 189,119             | 1.53                                    |
| Massachusetts            | 211,597           |                                     | 239,786           | 239,786           | 260,090             | 2.11                                    |
| Michigan                 | 415,055           |                                     | 457,378           | 457,378           | 497,982             | 4.03                                    |
| Minnesota                | 111,596           |                                     | 122,146           | 122,146           | 130,767             | 1.06                                    |
| Mississippi              | 141,154           |                                     | 113,101           | 113,101           | 131,913             | 1.07                                    |
| Missouri                 | 158,992           | 3,710                               | 173,153           | 176,864           | 187,053             | 1.52                                    |
| Montana                  | 32,685            |                                     | 37,367            | 37,367            | 41,132              | 0.33                                    |
| Nebraska                 | 37,830            |                                     | 39,779            | 39,779            | 43,608              | 0.35                                    |
| Nevada                   | 37,832            |                                     | 46,026            | 46,026            | 50,088              | 0.41                                    |
| New Hampshire            | 25,074            |                                     | 28,506            | 28,506            | 32,314              | 0.26                                    |
| New Jersey               | 245,424           |                                     | 280,153           | 280,153           | 303,312             | 2.46                                    |
| New Mexico               | 78,806            |                                     | 91,378            | 91,378            | 98,495              | 0.80                                    |
| New York                 | 978,458           |                                     | 1,169,244         | 1,169,244         | 1,283,836           | 10.40                                   |
| North Carolina           | 207,138           |                                     | 236,434           | 236,434           | 253,292             | 2.05                                    |
| North Dakota             | 24,573            |                                     | 29,583            | 29,583            | 32,722              | 0.27                                    |
| Ohio                     | 347,641           |                                     | 358,384           | 358,384           | 387,450             | 3.14                                    |
| Oklahoma                 | 120,561           |                                     | 132,471           | 132,471           | 143,390             | 1.16                                    |
| Oregon                   | 90,394            |                                     | 101,678           | 101,678           | 109,147             | 0.88                                    |
| Pennsylvania             | 398,047           |                                     | 426,660           | 426,660           | 461,918             | 3.74                                    |
| Rhode Island             | 32,652            |                                     | 38,460            | 38,460            | 41,668              | 0.34                                    |
| South Carolina           | 132,033           |                                     | 156,781           | 156,781           | 168,334             | 1.36                                    |
| South Dakota             | 24,631            |                                     | 30,867            | 30,867            | 34,332              | 0.28                                    |
| Tennessee                | 156,357           |                                     | 154,732           | 154,732           | 169,206             | 1.37                                    |
| Texas                    | 810,402           |                                     | 958,368           | 958,368           | 1,039,428           | 8.42                                    |
| Utah                     | 43,232            |                                     | 45,552            | 45,552            | 50,057              | 0.41                                    |
| Vermont                  | 20,902            |                                     | 24,960            | 24,960            | 27,541              | 0.22                                    |
| Virginia                 | 166,618           | 857                                 | 193,689           | 194,545           | 207,678             | 1.68                                    |
| Washington               | 141,522           |                                     | 153,380           | 153,380           | 165,351             | 1.34                                    |
| West Virginia            | 83,483            |                                     | 83,476            | 83,476            | 90,036              | 0.73                                    |
| Wisconsin                | 149,276           |                                     | 158,844           | 158,844           | 172,026             | 1.39                                    |
| Wyoming                  | 22,303            |                                     | 26,527            | 26,527            | 29,293              | 0.24                                    |
| American Samoa           | 5,973             | 7,453                               | 8,587             | 16,040            | 9,344               | 0.08                                    |
| Guam                     |                   | 6,646                               | 7,657             | 14,303            | 8,332               | 0.07                                    |
| Northern Mariana Islands | 2,964             | 3,541                               | 4,080             | 7,621             | 4,439               | 0.04                                    |
| Puerto Rico              | 317,911           |                                     | 373,003           | 373,003           | 401,767             | 3.25                                    |
| Freely Associated States |                   |                                     |                   |                   |                     |   |
| Virgin Islands           |                   | 10,014                              | 11,539            | 21,553            | 12,556              | 0.10                                    |
| Indian Tribes            | 70,821            |                                     | 81,602            | 81,602            | 88,794              | 0.72                                    |
| Undistributed            | 7,522             | 4,978                               | 3,500             | 8,478             | 3,500               |   |
| <b>Total</b>             | <b>10,005,465</b> | <b>38,188</b>                       | <b>11,350,000</b> | <b>11,388,188</b> | <b>12,350,000</b>   | <b>100.00</b>                           |

<sup>1</sup> Excludes undistributed obligations.

## Department of Education, Office of Special Education and Rehabilitative Services

91-0300-0-1-501

## Special Education—Grants to States (84.027)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                  |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|------------------|------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority | Total            |                        |   |
| Alabama .....                  | 119,684           | .....                               | 135,871          | 135,871          | 151,447                | 1.59  |
| Alaska .....                   | 22,048            | .....                               | 25,300           | 25,300           | 28,663                 | 0.30  |
| Arizona .....                  | 110,287           | .....                               | 126,552          | 126,552          | 143,377                | 1.51  |
| Arkansas .....                 | 71,471            | .....                               | 82,011           | 82,011           | 92,742                 | 0.98  |
| California .....               | 776,324           | .....                               | 890,815          | 890,815          | 1,009,245              | 10.62   |
| Colorado .....                 | 93,406            | .....                               | 107,182          | 107,182          | 121,431                | 1.28  |
| Connecticut .....              | 90,178            | .....                               | 100,702          | 100,702          | 111,156                | 1.17  |
| Delaware .....                 | 20,207            | .....                               | 23,187           | 23,187           | 26,270                 | 0.28  |
| District of Columbia .....     | 11,761            | .....                               | 11,658           | 11,658           | 13,208                 | 0.14  |
| Florida .....                  | 408,701           | .....                               | 459,080          | 459,080          | 509,997                | 5.37  |
| Georgia .....                  | 193,883           | .....                               | 222,477          | 222,477          | 252,054                | 2.65  |
| Hawaii .....                   | 25,485            | .....                               | 29,243           | 29,243           | 33,131                 | 0.35  |
| Idaho .....                    | 34,298            | .....                               | 39,356           | 39,356           | 44,589                 | 0.47  |
| Illinois .....                 | 336,814           | .....                               | 380,968          | 380,968          | 424,368                | 4.46  |
| Indiana .....                  | 172,361           | .....                               | 193,141          | 193,141          | 214,273                | 2.25  |
| Iowa .....                     | 83,389            | .....                               | 93,120           | 93,120           | 102,787                | 1.08  |
| Kansas .....                   | 71,397            | .....                               | 80,344           | 80,344           | 89,683                 | 0.94  |
| Kentucky .....                 | 105,116           | .....                               | 118,277          | 118,277          | 131,602                | 1.38  |
| Louisiana .....                | 118,561           | .....                               | 136,047          | 136,047          | 154,134                | 1.62  |
| Maine .....                    | 37,376            | .....                               | 41,737           | 41,737           | 46,070                 | 0.48  |
| Maryland .....                 | 132,217           | .....                               | 148,680          | 148,680          | 165,193                | 1.74  |
| Massachusetts .....            | 193,895           | .....                               | 216,523          | 216,523          | 239,000                | 2.51  |
| Michigan .....                 | 258,726           | .....                               | 295,343          | 295,343          | 331,115                | 3.48  |
| Minnesota .....                | 129,662           | .....                               | 144,793          | 144,793          | 160,169                | 1.68  |
| Mississippi .....              | 76,672            | .....                               | 87,729           | 87,729           | 98,505                 | 1.04  |
| Missouri .....                 | 155,157           | .....                               | 173,264          | 173,264          | 191,251                | 2.01  |
| Montana .....                  | 23,399            | .....                               | 26,849           | 26,849           | 30,313                 | 0.32  |
| Nebraska .....                 | 51,003            | .....                               | 56,955           | 56,955           | 62,868                 | 0.66  |
| Nevada .....                   | 41,476            | .....                               | 47,592           | 47,592           | 53,920                 | 0.57  |
| New Hampshire .....            | 32,415            | .....                               | 36,198           | 36,198           | 39,956                 | 0.42  |
| New Jersey .....               | 246,892           | .....                               | 275,705          | 275,705          | 304,326                | 3.20  |
| New Mexico .....               | 62,238            | .....                               | 69,501           | 69,501           | 76,758                 | 0.81  |
| New York .....                 | 510,810           | .....                               | 576,149          | 576,149          | 640,283                | 6.74  |
| North Carolina .....           | 202,036           | .....                               | 229,896          | 229,896          | 257,022                | 2.70  |
| North Dakota .....             | 16,408            | .....                               | 18,828           | 18,828           | 21,331                 | 0.22  |
| Ohio .....                     | 286,498           | .....                               | 328,328          | 328,328          | 369,626                | 3.89  |
| Oklahoma .....                 | 97,830            | .....                               | 111,848          | 111,848          | 125,307                | 1.32  |
| Oregon .....                   | 86,172            | .....                               | 98,022           | 98,022           | 109,717                | 1.15  |
| Pennsylvania .....             | 280,546           | .....                               | 319,509          | 319,509          | 357,939                | 3.77  |
| Rhode Island .....             | 29,870            | .....                               | 33,355           | 33,355           | 36,818                 | 0.39  |
| South Carolina .....           | 116,462           | .....                               | 130,487          | 130,487          | 144,760                | 1.52  |
| South Dakota .....             | 19,546            | .....                               | 22,429           | 22,429           | 25,410                 | 0.27  |
| Tennessee .....                | 153,748           | .....                               | 175,516          | 175,516          | 196,004                | 2.06  |
| Texas .....                    | 603,949           | .....                               | 693,019          | 693,019          | 782,513                | 8.23  |
| Utah .....                     | 68,127            | .....                               | 78,174           | 78,174           | 88,567                 | 0.93  |
| Vermont .....                  | 15,820            | .....                               | 18,153           | 18,153           | 20,567                 | 0.22  |
| Virginia .....                 | 182,669           | .....                               | 205,048          | 205,048          | 227,888                | 2.40  |
| Washington .....               | 141,649           | .....                               | 161,934          | 161,934          | 181,556                | 1.91  |
| West Virginia .....            | 51,874            | .....                               | 57,928           | 57,928           | 63,941                 | 0.67  |
| Wisconsin .....                | 139,810           | .....                               | 159,306          | 159,306          | 177,730                | 1.87  |
| Wyoming .....                  | 16,597            | .....                               | 19,045           | 19,045           | 21,577                 | 0.23  |
| American Samoa .....           | 5,977             | .....                               | 6,212            | 6,212            | 6,244                  | 0.07  |
| Guam .....                     | 14,074            | .....                               | 13,751           | 13,751           | 13,822                 | 0.15  |
| Northern Mariana Islands ..... | 3,958             | .....                               | 4,761            | 4,761            | 4,786                  | 0.05  |
| Puerto Rico .....              | 67,416            | .....                               | 77,359           | 77,359           | 87,643                 | 0.92  |
| Freely Associated States ..... | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Virgin Islands .....           | 9,392             | 2,544                               | 8,710            | 11,255           | 8,755                  | 0.09  |
| Indian Tribes .....            | 79,377            | .....                               | 80,985           | 80,985           | 82,549                 | 0.87  |
| Undistributed .....            | 22,585            | 14,830                              | 23,579           | 38,410           | 22,579                 | .....   |
| <b>Total .....</b>             | <b>7,529,697</b>  | <b>17,375</b>                       | <b>8,528,533</b> | <b>8,545,908</b> | <b>9,528,533</b>       | <b>1 100.00</b>                                     |

<sup>1</sup> Excludes undistributed obligations.

## Department of Education, Office of Special Education and Rehabilitative Services

91-0301-0-1-506

## Rehabilitation Services—Vocational Rehabilitation Grants to States (84.126)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                  |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|------------------|------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority | Total            |                        |   |
| Alabama .....                  | 52,056            | .....                               | 53,777           | 53,777           | 54,667                 | 2.05  |
| Alaska .....                   | 8,228             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| Arizona .....                  | 44,081            | .....                               | 47,144           | 47,144           | 50,416                 | 1.89  |
| Arkansas .....                 | 31,572            | .....                               | 32,849           | 32,849           | 34,184                 | 1.28  |
| California .....               | 243,137           | .....                               | 256,918          | 256,918          | 252,173                | 9.45  |
| Colorado .....                 | 24,746            | .....                               | 31,790           | 31,790           | 32,394                 | 1.21  |
| Connecticut .....              | 18,039            | .....                               | 18,732           | 18,732           | 19,027                 | 0.71  |
| Delaware .....                 | 8,253             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| District of Columbia .....     | 11,664            | .....                               | 11,985           | 11,985           | 12,068                 | 0.45  |
| Florida .....                  | 113,368           | .....                               | 132,385          | 132,385          | 140,477                | 5.26  |
| Georgia .....                  | 71,570            | .....                               | 76,217           | 76,217           | 78,752                 | 2.95  |
| Hawaii .....                   | 9,536             | .....                               | 10,009           | 10,009           | 10,599                 | 0.40  |
| Idaho .....                    | 13,272            | .....                               | 14,020           | 14,020           | 14,229                 | 0.53  |
| Illinois .....                 | 90,467            | .....                               | 93,719           | 93,719           | 96,519                 | 3.62  |
| Indiana .....                  | 58,483            | .....                               | 61,337           | 61,337           | 62,464                 | 2.34  |
| Iowa .....                     | 28,274            | .....                               | 29,529           | 29,529           | 30,306                 | 1.14  |
| Kansas .....                   | 24,101            | .....                               | 25,265           | 25,265           | 25,864                 | 0.97  |
| Kentucky .....                 | 46,888            | .....                               | 48,119           | 48,119           | 48,893                 | 1.83  |
| Louisiana .....                | 44,153            | .....                               | 53,662           | 53,662           | 55,188                 | 2.07  |
| Maine .....                    | 14,069            | .....                               | 14,577           | 14,577           | 14,678                 | 0.55  |
| Maryland .....                 | 36,607            | .....                               | 38,255           | 38,255           | 38,431                 | 1.44  |
| Massachusetts .....            | 44,051            | .....                               | 45,101           | 45,101           | 43,944                 | 1.65  |
| Michigan .....                 | 86,524            | .....                               | 89,688           | 89,688           | 90,476                 | 3.39  |
| Minnesota .....                | 40,190            | .....                               | 40,528           | 40,528           | 40,813                 | 1.53  |
| Mississippi .....              | 37,776            | .....                               | 38,697           | 38,697           | 39,670                 | 1.49  |
| Missouri .....                 | 53,872            | .....                               | 56,475           | 56,475           | 57,594                 | 2.16  |
| Montana .....                  | 9,946             | .....                               | 10,433           | 10,433           | 10,587                 | 0.40  |
| Nebraska .....                 | 15,974            | .....                               | 16,390           | 16,390           | 16,728                 | 0.63  |
| Nevada .....                   | 12,039            | .....                               | 13,283           | 13,283           | 15,553                 | 0.58  |
| New Hampshire .....            | 9,627             | .....                               | 10,102           | 10,102           | 9,924                  | 0.37  |
| New Jersey .....               | 50,197            | .....                               | 52,593           | 52,593           | 53,158                 | 1.99  |
| New Mexico .....               | 20,116            | .....                               | 20,969           | 20,969           | 21,939                 | 0.82  |
| New York .....                 | 131,154           | .....                               | 134,669          | 134,669          | 137,507                | 5.15  |
| North Carolina .....           | 76,746            | .....                               | 80,506           | 80,506           | 83,623                 | 3.13  |
| North Dakota .....             | 8,189             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| Ohio .....                     | 108,977           | .....                               | 111,032          | 111,032          | 112,993                | 4.23  |
| Oklahoma .....                 | 36,788            | .....                               | 39,183           | 39,183           | 39,762                 | 1.49  |
| Oregon .....                   | 29,753            | .....                               | 31,009           | 31,009           | 32,313                 | 1.21  |
| Pennsylvania .....             | 111,070           | .....                               | 114,977          | 114,977          | 116,504                | 4.37  |
| Rhode Island .....             | 9,053             | .....                               | 9,500            | 9,500            | 10,047                 | 0.38  |
| South Carolina .....           | 44,395            | .....                               | 45,753           | 45,753           | 46,869                 | 1.76  |
| South Dakota .....             | 8,321             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| Tennessee .....                | 57,607            | .....                               | 60,031           | 60,031           | 61,579                 | 2.31  |
| Texas .....                    | 179,338           | .....                               | 189,674          | 189,674          | 194,973                | 7.31  |
| Utah .....                     | 22,435            | .....                               | 23,571           | 23,571           | 24,785                 | 0.93  |
| Vermont .....                  | 8,515             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| Virginia .....                 | 56,634            | .....                               | 59,152           | 59,152           | 59,262                 | 2.22  |
| Washington .....               | 42,656            | .....                               | 45,181           | 45,181           | 45,562                 | 1.71  |
| West Virginia .....            | 24,007            | .....                               | 24,244           | 24,244           | 24,447                 | 0.92  |
| Wisconsin .....                | 49,582            | .....                               | 52,009           | 52,009           | 52,682                 | 1.97  |
| Wyoming .....                  | 6,839             | .....                               | 8,632            | 8,632            | 8,804                  | 0.33  |
| American Samoa .....           | 818               | .....                               | 871              | 871              | 880                    | 0.03  |
| Guam .....                     | 1,600             | .....                               | 2,537            | 2,537            | 2,562                  | 0.10  |
| Northern Mariana Islands ..... | 883               | .....                               | 933              | 933              | 944                    | 0.04  |
| Puerto Rico .....              | 65,596            | .....                               | 66,473           | 66,473           | 67,327                 | 2.52  |
| Freely Associated States ..... | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Virgin Islands .....           | 1,977             | .....                               | 1,877            | 1,877            | 1,895                  | 0.07  |
| Indian Tribes .....            | 25,575            | .....                               | 26,804           | 26,804           | 27,600                 | 1.03  |
| Undistributed .....            | .....             | .....                               | .....            | .....            | .....                  | .....   |
| <b>Total .....</b>             | <b>2,481,383</b>  | .....                               | <b>2,616,325</b> | <b>2,616,325</b> | <b>2,668,652</b>       | <b>100.00</b>                                       |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0515-0-1-551

State Children's Health Insurance Program (93.767)

(obligations in thousands of dollars)

| State or Territory        | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|---------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                           |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                   | 48,585           |                                     | 51,973           | 51,973           | 51,973              | 1.64                                    |
| Alaska                    | 6,968            |                                     | 7,430            | 7,430            | 7,430               | 0.23                                    |
| Arizona                   | 87,166           |                                     | 87,709           | 87,709           | 87,709              | 2.76                                    |
| Arkansas                  | 36,292           |                                     | 34,154           | 34,154           | 34,154              | 1.08                                    |
| California                | 528,467          |                                     | 548,808          | 548,808          | 548,808             | 17.28                                   |
| Colorado                  | 34,267           |                                     | 37,915           | 37,915           | 37,915              | 1.19                                    |
| Connecticut               | 25,994           |                                     | 24,361           | 24,361           | 24,361              | 0.77                                    |
| Delaware                  | 8,520            |                                     | 8,686            | 8,686            | 8,686               | 0.27                                    |
| District of Columbia      | 7,849            |                                     | 7,202            | 7,202            | 7,202               | 0.23                                    |
| Florida                   | 164,158          |                                     | 171,991          | 171,991          | 171,991             | 5.42                                    |
| Georgia                   | 104,986          |                                     | 96,977           | 96,977           | 96,977              | 3.05                                    |
| Hawaii                    | 9,464            |                                     | 9,648            | 9,648            | 9,648               | 0.30                                    |
| Idaho                     | 16,800           |                                     | 16,795           | 16,795           | 16,795              | 0.53                                    |
| Illinois                  | 127,220          |                                     | 132,153          | 132,153          | 132,153             | 4.16                                    |
| Indiana                   | 47,030           |                                     | 53,710           | 53,710           | 53,710              | 1.69                                    |
| Iowa                      | 22,411           |                                     | 21,368           | 21,368           | 21,368              | 0.67                                    |
| Kansas                    | 21,979           |                                     | 24,444           | 24,444           | 24,444              | 0.77                                    |
| Kentucky                  | 38,436           |                                     | 37,984           | 37,984           | 37,984              | 1.20                                    |
| Louisiana                 | 57,692           |                                     | 61,291           | 61,291           | 61,291              | 1.93                                    |
| Maine                     | 9,994            |                                     | 9,689            | 9,689            | 9,689               | 0.31                                    |
| Maryland                  | 33,927           |                                     | 33,648           | 33,648           | 33,648              | 1.06                                    |
| Massachusetts             | 45,319           |                                     | 46,201           | 46,201           | 46,201              | 1.46                                    |
| Michigan                  | 96,893           |                                     | 95,696           | 95,696           | 95,696              | 3.01                                    |
| Minnesota                 | 30,042           |                                     | 30,626           | 30,626           | 30,626              | 0.96                                    |
| Mississippi               | 37,917           |                                     | 37,673           | 37,673           | 37,673              | 1.19                                    |
| Missouri                  | 45,918           |                                     | 43,425           | 43,425           | 43,425              | 1.37                                    |
| Montana                   | 10,933           |                                     | 11,326           | 11,326           | 11,326              | 0.36                                    |
| Nebraska                  | 14,161           |                                     | 15,414           | 15,414           | 15,414              | 0.49                                    |
| Nevada                    | 27,614           |                                     | 30,436           | 30,436           | 30,436              | 0.96                                    |
| New Hampshire             | 9,092            |                                     | 8,904            | 8,904            | 8,904               | 0.28                                    |
| New Jersey                | 69,479           |                                     | 69,346           | 69,346           | 69,346              | 2.18                                    |
| New Mexico                | 33,495           |                                     | 32,789           | 32,789           | 32,789              | 1.03                                    |
| New York                  | 233,993          |                                     | 227,517          | 227,517          | 227,517             | 7.17                                    |
| North Carolina            | 81,129           |                                     | 81,748           | 81,748           | 81,748              | 2.57                                    |
| North Dakota              | 5,333            |                                     | 5,437            | 5,437            | 5,437               | 0.17                                    |
| Ohio                      | 108,125          |                                     | 114,614          | 114,614          | 114,614             | 3.61                                    |
| Oklahoma                  | 45,583           |                                     | 44,622           | 44,622           | 44,622              | 1.41                                    |
| Oregon                    | 37,597           |                                     | 40,709           | 40,709           | 40,709              | 1.28                                    |
| Pennsylvania              | 101,604          |                                     | 100,846          | 100,846          | 100,846             | 3.18                                    |
| Rhode Island              | 7,473            |                                     | 7,319            | 7,319            | 7,319               | 0.23                                    |
| South Carolina            | 47,304           |                                     | 43,402           | 43,402           | 43,402              | 1.37                                    |
| South Dakota              | 5,942            |                                     | 6,152            | 6,152            | 6,152               | 0.19                                    |
| Tennessee                 | 61,964           |                                     | 58,354           | 58,354           | 58,354              | 1.84                                    |
| Texas                     | 301,840          |                                     | 311,504          | 311,504          | 311,504             | 9.81                                    |
| Utah                      | 23,018           |                                     | 24,694           | 24,694           | 24,694              | 0.78                                    |
| Vermont                   | 3,740            |                                     | 3,813            | 3,813            | 3,813               | 0.12                                    |
| Virginia                  | 54,663           |                                     | 53,438           | 53,438           | 53,438              | 1.68                                    |
| Washington                | 42,446           |                                     | 50,326           | 50,326           | 50,326              | 1.58                                    |
| West Virginia             | 16,650           |                                     | 18,551           | 18,551           | 18,551              | 0.58                                    |
| Wisconsin                 | 39,375           |                                     | 43,825           | 43,825           | 43,825              | 1.38                                    |
| Wyoming                   | 5,297            |                                     | 5,481            | 5,481            | 5,481               | 0.17                                    |
| American Samoa            | 397              |                                     | 397              | 397              | 397                 | 0.01                                    |
| Guam                      | 1,158            |                                     | 1,158            | 1,158            | 1,158               | 0.04                                    |
| Northern Mariana Islands  | 364              |                                     | 364              | 364              | 364                 | 0.01                                    |
| Puerto Rico               | 30,297           |                                     | 30,297           | 30,297           | 30,297              | 0.95                                    |
| Freely Associated States  |                  |                                     |                  |                  |                     |   |
| Virgin Islands            | 860              |                                     | 860              | 860              | 860                 | 0.03                                    |
| Indian Tribes             |                  |                                     |                  |                  |                     |   |
| Undistributed             |                  |                                     |                  |                  |                     |   |
| <b>Total <sup>1</sup></b> | <b>3,115,220</b> |                                     | <b>3,175,200</b> | <b>3,175,200</b> | <b>3,175,200</b>    | <sup>2</sup> <b>100.00</b>              |

<sup>1</sup> FY2003 amounts published in FEDERAL REGISTER; FY2004 are estimates; FY2002, FY2003 and FY2004 do not include redistribution/retention amounts.

<sup>2</sup> Excludes undistributed obligations.

Note: Amounts do not include proposed legislation.

## Department of Health and Human Services, Centers for Medicare and Medicaid Services

75-0512-0-1-551

## Medicaid (93.778)

(obligations in thousands of dollars)

| State or Territory        | FY 2002<br>Actual  | Estimated FY 2003 obligations from: |                    |                    | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|---------------------------|--------------------|-------------------------------------|--------------------|--------------------|------------------------|---|
|                           |                    | Previous<br>authority               | New<br>authority   | Total              |                        |   |
| Alabama                   | 2,284,697          |                                     | 2,297,147          | 2,297,147          | 2,498,116              | 1.47  |
| Alaska                    | 499,595            |                                     | 507,510            | 507,510            | 536,791                | 0.31  |
| Arizona                   | 2,515,859          |                                     | 3,089,898          | 3,089,898          | 3,403,630              | 2.00  |
| Arkansas                  | 1,778,650          |                                     | 1,808,276          | 1,808,276          | 1,883,376              | 1.10  |
| California                | 15,417,626         |                                     | 16,400,909         | 16,400,909         | 16,773,353             | 9.84  |
| Colorado                  | 1,237,013          |                                     | 1,370,232          | 1,370,232          | 1,405,367              | 0.82  |
| Connecticut               | 1,837,157          |                                     | 1,933,523          | 1,933,523          | 2,084,309              | 1.22  |
| Delaware                  | 377,151            |                                     | 360,699            | 360,699            | 366,955                | 0.22  |
| District of Columbia      | 810,501            |                                     | 854,953            | 854,953            | 871,268                | 0.51  |
| Florida                   | 5,866,161          |                                     | 6,766,407          | 6,766,407          | 7,078,372              | 4.15  |
| Georgia                   | 4,223,853          |                                     | 3,983,295          | 3,983,295          | 4,395,505              | 2.58  |
| Hawaii                    | 464,772            |                                     | 489,685            | 489,685            | 513,883                | 0.30  |
| Idaho                     | 607,783            |                                     | 623,802            | 623,802            | 661,073                | 0.39  |
| Illinois                  | 4,853,987          |                                     | 4,892,698          | 4,892,698          | 5,608,260              | 3.29  |
| Indiana                   | 2,773,571          |                                     | 3,049,143          | 3,049,143          | 3,387,938              | 1.99  |
| Iowa                      | 1,686,563          |                                     | 1,463,788          | 1,463,788          | 1,559,921              | 0.92  |
| Kansas                    | 1,202,605          |                                     | 1,102,614          | 1,102,614          | 1,085,101              | 0.64  |
| Kentucky                  | 2,812,262          |                                     | 2,774,057          | 2,774,057          | 2,786,240              | 1.63  |
| Louisiana                 | 3,563,060          |                                     | 3,538,119          | 3,538,119          | 3,735,081              | 2.19  |
| Maine                     | 1,019,628          |                                     | 1,077,046          | 1,077,046          | 1,195,081              | 0.70  |
| Maryland                  | 1,937,056          |                                     | 2,126,757          | 2,126,757          | 2,340,933              | 1.37  |
| Massachusetts             | 4,155,775          |                                     | 4,583,898          | 4,583,898          | 4,747,040              | 2.78  |
| Michigan                  | 5,072,834          |                                     | 4,713,285          | 4,713,285          | 4,747,131              | 2.78  |
| Minnesota                 | 2,396,953          |                                     | 2,645,333          | 2,645,333          | 2,896,950              | 1.70  |
| Mississippi               | 2,254,686          |                                     | 2,443,130          | 2,443,130          | 2,631,793              | 1.54  |
| Missouri                  | 3,552,986          |                                     | 3,469,346          | 3,469,346          | 3,832,278              | 2.25  |
| Montana                   | 471,087            |                                     | 462,179            | 462,179            | 492,666                | 0.29  |
| Nebraska                  | 858,883            |                                     | 866,216            | 866,216            | 931,792                | 0.55  |
| Nevada                    | 462,175            |                                     | 554,267            | 554,267            | 594,705                | 0.35  |
| New Hampshire             | 519,739            |                                     | 588,979            | 588,979            | 612,505                | 0.36  |
| New Jersey                | 4,181,342          |                                     | 4,171,695          | 4,171,695          | 4,358,495              | 2.56  |
| New Mexico                | 1,365,092          |                                     | 1,465,738          | 1,465,738          | 1,572,677              | 0.92  |
| New York                  | 18,339,660         |                                     | 21,542,393         | 21,542,393         | 23,674,744             | 13.89   |
| North Carolina            | 4,448,904          |                                     | 4,885,071          | 4,885,071          | 5,472,244              | 3.21  |
| North Dakota              | 340,848            |                                     | 337,314            | 337,314            | 344,100                | 0.20  |
| Ohio                      | 5,919,055          |                                     | 6,450,203          | 6,450,203          | 7,142,873              | 4.19  |
| Oklahoma                  | 1,800,676          |                                     | 1,934,385          | 1,934,385          | 1,926,119              | 1.13  |
| Oregon                    | 1,680,165          |                                     | 1,894,861          | 1,894,861          | 1,968,221              | 1.15  |
| Pennsylvania              | 7,204,070          |                                     | 7,525,108          | 7,525,108          | 7,940,687              | 4.66  |
| Rhode Island              | 812,004            |                                     | 845,238            | 845,238            | 893,525                | 0.52  |
| South Carolina            | 2,465,078          |                                     | 2,571,718          | 2,571,718          | 2,613,730              | 1.53  |
| South Dakota              | 386,036            |                                     | 370,263            | 370,263            | 373,273                | 0.22  |
| Tennessee                 | 4,282,845          |                                     | 4,047,238          | 4,047,238          | 4,134,061              | 2.43  |
| Texas                     | 8,705,000          |                                     | 9,485,662          | 9,485,662          | 9,935,720              | 5.83  |
| Utah                      | 728,501            |                                     | 776,867            | 776,867            | 879,874                | 0.52  |
| Vermont                   | 460,758            |                                     | 477,521            | 477,521            | 502,537                | 0.29  |
| Virginia                  | 2,204,823          |                                     | 2,073,049          | 2,073,049          | 2,201,666              | 1.29  |
| Washington                | 2,833,169          |                                     | 2,905,075          | 2,905,075          | 3,158,947              | 1.85  |
| West Virginia             | 1,328,659          |                                     | 1,325,246          | 1,325,246          | 1,377,382              | 0.81  |
| Wisconsin                 | 2,782,134          |                                     | 2,757,799          | 2,757,799          | 2,939,222              | 1.72  |
| Wyoming                   | 191,046            |                                     | 195,617            | 195,617            | 202,762                | 0.12  |
| American Samoa            | 3,470              |                                     | 3,620              | 3,620              | 3,620                  | *   |
| Guam                      | 5,921              |                                     | 6,140              | 6,140              | 6,140                  | *   |
| Northern Mariana Islands  | 2,100              |                                     | 2,190              | 2,190              | 2,190                  | *   |
| Puerto Rico               | 192,900            |                                     | 201,400            | 201,400            | 201,400                | 0.12  |
| Freely Associated States  |                    |                                     |                    |                    |                        |   |
| Virgin Islands            | 6,354              |                                     | 6,350              | 6,350              | 6,350                  | *   |
| Indian Tribes             |                    |                                     |                    |                    |                        |   |
| Undistributed             | 475,763            |                                     | 2,291,867          | 2,291,867          | 6,283,415              |   |
| Vaccines for Children     | 982,667            |                                     | 1,056,185          | 1,056,185          | 980,196                | 0.58  |
| <b>Total <sup>1</sup></b> | <b>151,643,708</b> |                                     | <b>162,443,004</b> | <b>162,443,004</b> | <b>176,753,583</b>     | <b><sup>2</sup> 100.00</b>                          |

\* \$500 or less or 0.005 percent or less.

<sup>1</sup> Amounts exclude proposed legislation.<sup>2</sup> Excludes undistributed obligations.

## Department of Health and Human Services, Administration for Children and Families

75-1552-0-1-609

## Temporary Assistance for Needy Families (TANF)—Family Assistance Grants (93.558)

(obligations in thousands of dollars)

| State or Territory       | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                   |                   | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------|-------------------|-------------------------------------|-------------------|-------------------|------------------------|---|
|                          |                   | Previous<br>authority               | New<br>authority  | Total             |                        |   |
| Alabama                  | 93,315            |                                     | 93,315            | 93,315            | 93,315                 | 0.56  |
| Alaska                   | 53,377            |                                     | 53,377            | 53,377            | 53,377                 | 0.32  |
| Arizona                  | 202,263           |                                     | 202,206           | 202,206           | 202,206                | 1.22  |
| Arkansas                 | 56,709            |                                     | 56,733            | 56,733            | 56,733                 | 0.34  |
| California               | 3,698,141         |                                     | 3,694,826         | 3,694,826         | 3,693,721              | 22.30   |
| Colorado                 | 136,057           |                                     | 136,057           | 136,057           | 136,057                | 0.82  |
| Connecticut              | 266,788           |                                     | 266,788           | 266,788           | 266,788                | 1.61  |
| Delaware                 | 32,291            |                                     | 32,291            | 32,291            | 32,291                 | 0.19  |
| District of Columbia     | 92,610            |                                     | 92,610            | 92,610            | 92,610                 | 0.56  |
| Florida                  | 562,340           |                                     | 562,340           | 562,340           | 562,340                | 3.39  |
| Georgia                  | 330,742           |                                     | 330,742           | 330,742           | 330,742                | 2.00  |
| Hawaii                   | 98,905            |                                     | 98,905            | 98,905            | 98,905                 | 0.60  |
| Idaho                    | 30,413            |                                     | 30,413            | 30,413            | 30,413                 | 0.18  |
| Illinois                 | 585,057           |                                     | 585,057           | 585,057           | 585,057                | 3.53  |
| Indiana                  | 206,799           |                                     | 206,799           | 206,799           | 206,799                | 1.25  |
| Iowa                     | 131,525           |                                     | 131,525           | 131,525           | 131,525                | 0.79  |
| Kansas                   | 101,931           |                                     | 101,931           | 101,931           | 101,931                | 0.62  |
| Kentucky                 | 181,288           |                                     | 181,288           | 181,288           | 181,288                | 1.09  |
| Louisiana                | 163,972           |                                     | 163,972           | 163,972           | 163,972                | 0.99  |
| Maine                    | 78,121            |                                     | 78,121            | 78,121            | 78,121                 | 0.47  |
| Maryland                 | 229,098           |                                     | 229,098           | 229,098           | 229,098                | 1.38  |
| Massachusetts            | 459,371           |                                     | 459,371           | 459,371           | 459,371                | 2.77  |
| Michigan                 | 775,353           |                                     | 775,353           | 775,353           | 775,353                | 4.68  |
| Minnesota                | 267,161           |                                     | 267,161           | 267,161           | 267,161                | 1.61  |
| Mississippi              | 86,768            |                                     | 86,768            | 86,768            | 86,768                 | 0.52  |
| Missouri                 | 217,052           |                                     | 217,052           | 217,052           | 217,052                | 1.31  |
| Montana                  | 42,977            |                                     | 42,977            | 42,977            | 42,977                 | 0.26  |
| Nebraska                 | 57,769            |                                     | 57,769            | 57,769            | 57,769                 | 0.35  |
| Nevada                   | 43,977            |                                     | 43,977            | 43,977            | 43,977                 | 0.27  |
| New Hampshire            | 38,521            |                                     | 38,521            | 38,521            | 38,521                 | 0.23  |
| New Jersey               | 404,035           |                                     | 404,035           | 404,035           | 404,035                | 2.44  |
| New Mexico               | 109,067           |                                     | 110,578           | 110,578           | 110,578                | 0.67  |
| New York                 | 2,442,930         |                                     | 2,442,930         | 2,442,930         | 2,442,930              | 14.75   |
| North Carolina           | 302,240           |                                     | 302,240           | 302,240           | 302,240                | 1.82  |
| North Dakota             | 26,400            |                                     | 26,400            | 26,400            | 26,400                 | 0.16  |
| Ohio                     | 727,968           |                                     | 727,968           | 727,968           | 727,968                | 4.39  |
| Oklahoma                 | 147,594           |                                     | 147,594           | 147,594           | 147,594                | 0.89  |
| Oregon                   | 166,799           |                                     | 166,799           | 166,799           | 166,799                | 1.01  |
| Pennsylvania             | 719,499           |                                     | 719,499           | 719,499           | 719,499                | 4.34  |
| Rhode Island             | 95,022            |                                     | 95,022            | 95,022            | 95,022                 | 0.57  |
| South Carolina           | 99,968            |                                     | 99,968            | 99,968            | 99,968                 | 0.60  |
| South Dakota             | 21,280            |                                     | 21,280            | 21,280            | 21,280                 | 0.13  |
| Tennessee                | 191,524           |                                     | 191,524           | 191,524           | 191,524                | 1.16  |
| Texas                    | 486,257           |                                     | 486,257           | 486,257           | 486,257                | 2.94  |
| Utah                     | 75,609            |                                     | 75,609            | 75,609            | 75,609                 | 0.46  |
| Vermont                  | 47,353            |                                     | 47,353            | 47,353            | 47,353                 | 0.29  |
| Virginia                 | 158,285           |                                     | 158,285           | 158,285           | 158,285                | 0.96  |
| Washington               | 397,755           |                                     | 392,570           | 392,570           | 389,069                | 2.35  |
| West Virginia            | 110,176           |                                     | 110,176           | 110,176           | 110,176                | 0.67  |
| Wisconsin                | 316,676           |                                     | 316,603           | 316,603           | 316,603                | 1.91  |
| Wyoming                  | 18,500            |                                     | 18,500            | 18,500            | 18,500                 | 0.11  |
| American Samoa           |                   |                                     |                   |                   |                        |   |
| Guam                     | 3,993             |                                     | 3,993             | 3,993             | 3,993                  | 0.02  |
| Northern Mariana Islands |                   |                                     |                   |                   |                        |   |
| Puerto Rico              | 66,918            |                                     | 71,562            | 71,562            | 71,562                 | 0.43  |
| Freely Associated States |                   |                                     |                   |                   |                        |   |
| Virgin Islands           | 2,846             |                                     | 2,846             | 2,846             | 2,846                  | 0.02  |
| Indian Tribes            | 102,792           |                                     | 110,135           | 110,135           | 114,741                | 0.69  |
| Undistributed            |                   |                                     |                   |                   |                        |   |
| <b>Total</b>             | <b>16,562,177</b> |                                     | <b>16,567,069</b> | <b>16,567,069</b> | <b>16,567,069</b>      | <b>1 100.00</b>                                     |

<sup>1</sup> Excludes undistributed obligations.



## Department of Health and Human Services, Administration for Children and Families

75-1501-0-1-609

## Child Support Enforcement—Federal Share of State and Local Administrative Costs and Incentives (93.563)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                  |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|------------------|------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority | Total            |                        |   |
| Alabama .....                  | 42,480            | .....                               | 45,504           | 45,504           | 48,599                 | 1.08  |
| Alaska .....                   | 17,709            | .....                               | 18,969           | 18,969           | 20,260                 | 0.45  |
| Arizona .....                  | 46,231            | .....                               | 49,522           | 49,522           | 52,891                 | 1.18  |
| Arkansas .....                 | 34,804            | .....                               | 37,281           | 37,281           | 39,817                 | 0.89  |
| California .....               | 643,480           | .....                               | 689,293          | 689,293          | 736,172                | 16.40   |
| Colorado .....                 | 44,459            | .....                               | 47,624           | 47,624           | 50,863                 | 1.13  |
| Connecticut .....              | 54,298            | .....                               | 58,164           | 58,164           | 62,120                 | 1.38  |
| Delaware .....                 | 15,470            | .....                               | 16,571           | 16,571           | 17,698                 | 0.39  |
| District of Columbia .....     | 3,184             | .....                               | 3,410            | 3,410            | 3,642                  | 0.08  |
| Florida .....                  | 172,713           | .....                               | 185,009          | 185,009          | 197,592                | 4.40  |
| Georgia .....                  | 80,262            | .....                               | 85,976           | 85,976           | 91,823                 | 2.05  |
| Hawaii .....                   | 9,673             | .....                               | 10,362           | 10,362           | 11,067                 | 0.25  |
| Idaho .....                    | 16,680            | .....                               | 17,867           | 17,867           | 19,082                 | 0.43  |
| Illinois .....                 | 142,773           | .....                               | 152,937          | 152,937          | 163,339                | 3.64  |
| Indiana .....                  | 50,402            | .....                               | 53,990           | 53,990           | 57,662                 | 1.28  |
| Iowa .....                     | 42,157            | .....                               | 45,158           | 45,158           | 48,229                 | 1.07  |
| Kansas .....                   | 44,069            | .....                               | 47,206           | 47,206           | 50,417                 | 1.12  |
| Kentucky .....                 | 50,816            | .....                               | 54,434           | 54,434           | 58,136                 | 1.30  |
| Louisiana .....                | 43,685            | .....                               | 46,795           | 46,795           | 49,977                 | 1.11  |
| Maine .....                    | 17,661            | .....                               | 18,919           | 18,919           | 20,205                 | 0.45  |
| Maryland .....                 | 74,098            | .....                               | 79,373           | 79,373           | 84,771                 | 1.89  |
| Massachusetts .....            | 58,572            | .....                               | 62,742           | 62,742           | 67,010                 | 1.49  |
| Michigan .....                 | 299,030           | .....                               | 320,320          | 320,320          | 342,105                | 7.62  |
| Minnesota .....                | 106,447           | .....                               | 114,025          | 114,025          | 121,780                | 2.71  |
| Mississippi .....              | 16,507            | .....                               | 17,682           | 17,682           | 18,884                 | 0.42  |
| Missouri .....                 | 70,449            | .....                               | 75,465           | 75,465           | 80,597                 | 1.80  |
| Montana .....                  | 9,822             | .....                               | 10,521           | 10,521           | 11,236                 | 0.25  |
| Nebraska .....                 | 36,372            | .....                               | 38,962           | 38,962           | 41,612                 | 0.93  |
| Nevada .....                   | 28,638            | .....                               | 30,677           | 30,677           | 32,763                 | 0.73  |
| New Hampshire .....            | 14,636            | .....                               | 15,678           | 15,678           | 16,745                 | 0.37  |
| New Jersey .....               | 137,732           | .....                               | 147,538          | 147,538          | 157,572                | 3.51  |
| New Mexico .....               | 30,207            | .....                               | 32,358           | 32,358           | 34,558                 | 0.77  |
| New York .....                 | 217,215           | .....                               | 232,679          | 232,679          | 248,504                | 5.54  |
| North Carolina .....           | 79,217            | .....                               | 84,857           | 84,857           | 90,628                 | 2.02  |
| North Dakota .....             | 9,140             | .....                               | 9,790            | 9,790            | 10,456                 | 0.23  |
| Ohio .....                     | 304,020           | .....                               | 325,665          | 325,665          | 347,814                | 7.75  |
| Oklahoma .....                 | 36,252            | .....                               | 38,832           | 38,832           | 41,474                 | 0.92  |
| Oregon .....                   | 40,442            | .....                               | 43,321           | 43,321           | 46,267                 | 1.03  |
| Pennsylvania .....             | 140,173           | .....                               | 150,152          | 150,152          | 160,364                | 3.57  |
| Rhode Island .....             | 13,901            | .....                               | 14,890           | 14,890           | 15,903                 | 0.35  |
| South Carolina .....           | 19,621            | .....                               | 21,018           | 21,018           | 22,447                 | 0.50  |
| South Dakota .....             | 6,628             | .....                               | 7,099            | 7,099            | 7,582                  | 0.17  |
| Tennessee .....                | 50,199            | .....                               | 53,773           | 53,773           | 57,430                 | 1.28  |
| Texas .....                    | 196,686           | .....                               | 210,689          | 210,689          | 225,018                | 5.01  |
| Utah .....                     | 26,469            | .....                               | 28,353           | 28,353           | 30,281                 | 0.67  |
| Vermont .....                  | 6,144             | .....                               | 6,581            | 6,581            | 7,029                  | 0.16  |
| Virginia .....                 | 59,155            | .....                               | 63,366           | 63,366           | 67,676                 | 1.51  |
| Washington .....               | 109,730           | .....                               | 117,541          | 117,541          | 125,536                | 2.80  |
| West Virginia .....            | 23,899            | .....                               | 25,601           | 25,601           | 27,342                 | 0.61  |
| Wisconsin .....                | 60,764            | .....                               | 65,090           | 65,090           | 69,517                 | 1.55  |
| Wyoming .....                  | 7,509             | .....                               | 8,044            | 8,044            | 8,591                  | 0.19  |
| American Samoa .....           | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Guam .....                     | 4,032             | .....                               | 4,319            | 4,319            | 4,613                  | 0.10  |
| Northern Mariana Islands ..... | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Puerto Rico .....              | 23,384            | .....                               | 25,049           | 25,049           | 26,752                 | 0.60  |
| Freely Associated States ..... | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Virgin Islands .....           | 3,515             | .....                               | 3,766            | 3,766            | 4,022                  | 0.09  |
| Indian Tribes .....            | 6,133             | .....                               | 11,700           | 11,700           | 34,800                 | 0.78  |
| Undistributed .....            | .....             | .....                               | .....            | .....            | .....                  | .....   |
| Adjustments .....              | 31,592            | .....                               | .....            | .....            | .....                  | .....   |
| <b>Total .....</b>             | <b>3,931,336</b>  | <b>.....</b>                        | <b>4,182,507</b> | <b>4,182,507</b> | <b>4,489,270</b>       | <b>1 100.00</b>                                     |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1515-0-1-609

Child Care and Development Block Grant (93.575)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                  | 42,930           |                                     | 41,897           | 41,897           | 41,897              | 2.00                                    |
| Alaska                   | 4,078            |                                     | 4,269            | 4,269            | 4,269               | 0.20                                    |
| Arizona                  | 43,481           |                                     | 45,868           | 45,868           | 45,868              | 2.18                                    |
| Arkansas                 | 25,554           |                                     | 25,041           | 25,041           | 25,041              | 1.19                                    |
| California               | 243,602          |                                     | 239,515          | 239,515          | 239,515             | 11.41                                   |
| Colorado                 | 23,217           |                                     | 23,169           | 23,169           | 23,169              | 1.10                                    |
| Connecticut              | 15,516           |                                     | 15,111           | 15,111           | 15,111              | 0.72                                    |
| Delaware                 | 4,425            |                                     | 4,479            | 4,479            | 4,479               | 0.21                                    |
| District of Columbia     | 3,576            |                                     | 3,640            | 3,640            | 3,640               | 0.17                                    |
| Florida                  | 105,496          |                                     | 110,305          | 110,305          | 110,305             | 5.25                                    |
| Georgia                  | 69,950           |                                     | 71,558           | 71,558           | 71,558              | 3.41                                    |
| Hawaii                   | 8,044            |                                     | 8,464            | 8,464            | 8,464               | 0.40                                    |
| Idaho                    | 11,558           |                                     | 11,311           | 11,311           | 11,311              | 0.54                                    |
| Illinois                 | 78,611           |                                     | 79,575           | 79,575           | 79,575              | 3.79                                    |
| Indiana                  | 39,634           |                                     | 40,331           | 40,331           | 40,331              | 1.92                                    |
| Iowa                     | 18,911           |                                     | 19,267           | 19,267           | 19,267              | 0.92                                    |
| Kansas                   | 18,967           |                                     | 20,171           | 20,171           | 20,171              | 0.96                                    |
| Kentucky                 | 37,297           |                                     | 36,177           | 36,177           | 36,177              | 1.72                                    |
| Louisiana                | 51,718           |                                     | 49,481           | 49,481           | 49,481              | 2.36                                    |
| Maine                    | 7,953            |                                     | 7,797            | 7,797            | 7,797               | 0.37                                    |
| Maryland                 | 27,856           |                                     | 27,991           | 27,991           | 27,991              | 1.33                                    |
| Massachusetts            | 28,623           |                                     | 28,038           | 28,038           | 28,038              | 1.34                                    |
| Michigan                 | 60,684           |                                     | 60,653           | 60,653           | 60,653              | 2.89                                    |
| Minnesota                | 27,018           |                                     | 26,780           | 26,780           | 26,780              | 1.28                                    |
| Mississippi              | 34,881           |                                     | 34,048           | 34,048           | 34,048              | 1.62                                    |
| Missouri                 | 38,898           |                                     | 39,638           | 39,638           | 39,638              | 1.89                                    |
| Montana                  | 6,448            |                                     | 6,219            | 6,219            | 6,219               | 0.30                                    |
| Nebraska                 | 11,693           |                                     | 11,877           | 11,877           | 11,877              | 0.57                                    |
| Nevada                   | 10,856           |                                     | 11,789           | 11,789           | 11,789              | 0.56                                    |
| New Hampshire            | 5,342            |                                     | 5,180            | 5,180            | 5,180               | 0.25                                    |
| New Jersey               | 39,728           |                                     | 39,451           | 39,451           | 39,451              | 1.88                                    |
| New Mexico               | 19,314           |                                     | 18,911           | 18,911           | 18,911              | 0.90                                    |
| New York                 | 117,149          |                                     | 117,163          | 117,163          | 117,163             | 5.58                                    |
| North Carolina           | 59,840           |                                     | 62,110           | 62,110           | 62,110              | 2.96                                    |
| North Dakota             | 4,636            |                                     | 4,475            | 4,475            | 4,475               | 0.21                                    |
| Ohio                     | 69,347           |                                     | 69,623           | 69,623           | 69,623              | 3.32                                    |
| Oklahoma                 | 32,479           |                                     | 31,516           | 31,516           | 31,516              | 1.50                                    |
| Oregon                   | 21,693           |                                     | 22,354           | 22,354           | 22,354              | 1.06                                    |
| Pennsylvania             | 65,738           |                                     | 66,213           | 66,213           | 66,213              | 3.15                                    |
| Rhode Island             | 5,609            |                                     | 5,760            | 5,760            | 5,760               | 0.27                                    |
| South Carolina           | 38,363           |                                     | 37,265           | 37,265           | 37,265              | 1.77                                    |
| South Dakota             | 6,239            |                                     | 6,167            | 6,167            | 6,167               | 0.29                                    |
| Tennessee                | 44,213           |                                     | 45,390           | 45,390           | 45,390              | 2.16                                    |
| Texas                    | 202,599          |                                     | 202,217          | 202,217          | 202,217             | 9.63                                    |
| Utah                     | 21,355           |                                     | 20,955           | 20,955           | 20,955              | 1.00                                    |
| Vermont                  | 3,452            |                                     | 3,381            | 3,381            | 3,381               | 0.16                                    |
| Virginia                 | 40,870           |                                     | 40,441           | 40,441           | 40,441              | 1.93                                    |
| Washington               | 34,994           |                                     | 34,324           | 34,324           | 34,324              | 1.63                                    |
| West Virginia            | 15,110           |                                     | 14,400           | 14,400           | 14,400              | 0.69                                    |
| Wisconsin                | 31,005           |                                     | 31,085           | 31,085           | 31,085              | 1.48                                    |
| Wyoming                  | 3,321            |                                     | 3,223            | 3,223            | 3,223               | 0.15                                    |
| American Samoa           | 2,663            |                                     | 2,663            | 2,663            | 2,663               | 0.13                                    |
| Guam                     | 4,001            |                                     | 4,001            | 4,001            | 4,001               | 0.19                                    |
| Northern Mariana Islands | 1,636            |                                     | 1,636            | 1,636            | 1,636               | 0.08                                    |
| Puerto Rico              | 47,374           |                                     | 45,182           | 45,182           | 45,182              | 2.15                                    |
| Freely Associated States |                  |                                     |                  |                  |                     |   |
| Virgin Islands           | 2,199            |                                     | 2,199            | 2,199            | 2,199               | 0.10                                    |
| Indian Tribes            | 43,000           |                                     | 43,000           | 43,000           | 43,000              | 2.05                                    |
| Undistributed            |                  |                                     |                  |                  |                     |   |
| Technical Assistance     | 5,226            |                                     | 5,250            | 5,250            | 5,121               | 0.24                                    |
| Research Set-Aside       | 9,972            |                                     | 10,000           | 10,000           | 9,864               | 0.47                                    |
| <b>Total</b>             | <b>2,099,942</b> |                                     | <b>2,099,994</b> | <b>2,099,994</b> | <b>2,099,729</b>    | <b>100.00</b>                           |

<sup>1</sup> Excludes undistributed obligations.

## Department of Health and Human Services, Administration for Children and Families

75-1550-0-1-609

## Child Care and Development Fund—Mandatory (93.596a)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                  |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|------------------|------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority | Total            |                        |   |
| Alabama .....                  | 16,442            |                                     | 16,442           | 16,442           | 16,442                 | 1.33  |
| Alaska .....                   | 3,545             |                                     | 3,545            | 3,545            | 3,545                  | 0.29  |
| Arizona .....                  | 19,827            |                                     | 19,827           | 19,827           | 19,827                 | 1.60  |
| Arkansas .....                 | 5,300             |                                     | 5,300            | 5,300            | 5,300                  | 0.43  |
| California .....               | 85,592            |                                     | 85,592           | 85,592           | 85,592                 | 6.93  |
| Colorado .....                 | 10,174            |                                     | 10,174           | 10,174           | 10,174                 | 0.82  |
| Connecticut .....              | 18,738            |                                     | 18,738           | 18,738           | 18,738                 | 1.52  |
| Delaware .....                 | 5,179             |                                     | 5,179            | 5,179            | 5,179                  | 0.42  |
| District of Columbia .....     | 4,567             |                                     | 4,567            | 4,567            | 4,567                  | 0.37  |
| Florida .....                  | 43,026            |                                     | 43,027           | 43,027           | 43,027                 | 3.48  |
| Georgia .....                  | 36,548            |                                     | 36,548           | 36,548           | 36,548                 | 2.96  |
| Hawaii .....                   | 4,972             |                                     | 4,972            | 4,972            | 4,972                  | 0.40  |
| Idaho .....                    | 2,868             |                                     | 2,868            | 2,868            | 2,868                  | 0.23  |
| Illinois .....                 | 56,873            |                                     | 56,873           | 56,873           | 56,873                 | 4.60  |
| Indiana .....                  | 26,182            |                                     | 26,182           | 26,182           | 26,182                 | 2.12  |
| Iowa .....                     | 8,508             |                                     | 8,508            | 8,508            | 8,508                  | 0.69  |
| Kansas .....                   | 9,812             |                                     | 9,812            | 9,812            | 9,812                  | 0.79  |
| Kentucky .....                 | 16,702            |                                     | 16,702           | 16,702           | 16,702                 | 1.35  |
| Louisiana .....                | 13,865            |                                     | 13,865           | 13,865           | 13,865                 | 1.12  |
| Maine .....                    | 3,019             |                                     | 3,019            | 3,019            | 3,019                  | 0.24  |
| Maryland .....                 | 23,301            |                                     | 23,301           | 23,301           | 23,301                 | 1.89  |
| Massachusetts .....            | 44,973            |                                     | 44,973           | 44,973           | 44,973                 | 3.64  |
| Michigan .....                 | 32,082            |                                     | 32,082           | 32,082           | 32,082                 | 2.60  |
| Minnesota .....                | 23,368            |                                     | 23,368           | 23,368           | 23,368                 | 1.89  |
| Mississippi .....              | 6,293             |                                     | 6,293            | 6,293            | 6,293                  | 0.51  |
| Missouri .....                 | 24,669            |                                     | 24,669           | 24,669           | 24,669                 | 2.00  |
| Montana .....                  | 3,191             |                                     | 3,191            | 3,191            | 3,191                  | 0.26  |
| Nebraska .....                 | 10,595            |                                     | 10,595           | 10,595           | 10,595                 | 0.86  |
| Nevada .....                   | 2,580             |                                     | 2,580            | 2,580            | 2,580                  | 0.21  |
| New Hampshire .....            | 4,582             |                                     | 4,582            | 4,582            | 4,582                  | 0.37  |
| New Jersey .....               | 26,374            |                                     | 26,374           | 26,374           | 26,374                 | 2.13  |
| New Mexico .....               | 8,308             |                                     | 8,308            | 8,308            | 8,308                  | 0.67  |
| New York .....                 | 101,983           |                                     | 101,983          | 101,983          | 101,983                | 8.26  |
| North Carolina .....           | 69,639            |                                     | 69,639           | 69,639           | 69,639                 | 5.64  |
| North Dakota .....             | 2,506             |                                     | 2,506            | 2,506            | 2,506                  | 0.20  |
| Ohio .....                     | 70,125            |                                     | 70,125           | 70,125           | 70,125                 | 5.68  |
| Oklahoma .....                 | 24,910            |                                     | 24,910           | 24,910           | 24,910                 | 2.02  |
| Oregon .....                   | 19,409            |                                     | 19,409           | 19,409           | 19,409                 | 1.57  |
| Pennsylvania .....             | 55,337            |                                     | 55,337           | 55,337           | 55,337                 | 4.48  |
| Rhode Island .....             | 6,634             |                                     | 6,634            | 6,634            | 6,634                  | 0.54  |
| South Carolina .....           | 9,867             |                                     | 9,867            | 9,867            | 9,867                  | 0.80  |
| South Dakota .....             | 1,711             |                                     | 1,711            | 1,711            | 1,711                  | 0.14  |
| Tennessee .....                | 37,702            |                                     | 37,702           | 37,702           | 37,702                 | 3.05  |
| Texas .....                    | 59,844            |                                     | 59,844           | 59,844           | 59,844                 | 4.84  |
| Utah .....                     | 12,592            |                                     | 12,592           | 12,592           | 12,592                 | 1.02  |
| Vermont .....                  | 3,945             |                                     | 3,945            | 3,945            | 3,945                  | 0.32  |
| Virginia .....                 | 21,329            |                                     | 21,329           | 21,329           | 21,329                 | 1.73  |
| Washington .....               | 41,883            |                                     | 41,883           | 41,883           | 41,883                 | 3.39  |
| West Virginia .....            | 8,727             |                                     | 8,727            | 8,727            | 8,727                  | 0.71  |
| Wisconsin .....                | 24,511            |                                     | 24,511           | 24,511           | 24,511                 | 1.98  |
| Wyoming .....                  | 2,815             |                                     | 2,815            | 2,815            | 2,815                  | 0.23  |
| American Samoa .....           |                   |                                     |                  |                  |                        |   |
| Guam .....                     |                   |                                     |                  |                  |                        |   |
| Northern Mariana Islands ..... |                   |                                     |                  |                  |                        |   |
| Puerto Rico .....              |                   |                                     |                  |                  |                        |   |
| Freely Associated States ..... |                   |                                     |                  |                  |                        |   |
| Virgin Islands .....           |                   |                                     |                  |                  |                        |   |
| Indian Tribes .....            | 54,340            |                                     | 54,340           | 54,340           | 54,340                 | 4.40  |
| Undistributed .....            |                   |                                     |                  |                  |                        |   |
| Technical Assistance .....     | 3,530             |                                     | 3,532            | 3,532            | 3,532                  | 0.29  |
| <b>Total .....</b>             | <b>1,235,394</b>  |                                     | <b>1,235,397</b> | <b>1,235,397</b> | <b>1,235,397</b>       | <b>2 100.00</b>                                     |

<sup>1</sup> The FY 2003 allotment calculation used Census 2000 data because July 2001 census estimates have not been published by the Census Bureau.<sup>2</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1550-0-1-609

Child Care and Development Fund—Matching (93.596b)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                  | 22,803           |                                     | 22,803           | 22,803           | 22,803              | 1.54                                    |
| Alaska                   | 4,042            |                                     | 3,837            | 3,837            | 3,837               | 0.26                                    |
| Arizona                  | 29,867           |                                     | 28,415           | 28,415           | 28,415              | 1.92                                    |
| Arkansas                 | 13,918           |                                     | 13,742           | 13,742           | 13,742              | 0.93                                    |
| California               | 202,346          |                                     | 192,511          | 192,511          | 192,511             | 12.99                                   |
| Colorado                 | 23,346           |                                     | 22,506           | 22,506           | 22,506              | 1.52                                    |
| Connecticut              | 18,326           |                                     | 17,434           | 17,434           | 17,434              | 1.18                                    |
| Delaware                 | 4,195            |                                     | 3,997            | 3,997            | 3,997               | 0.27                                    |
| District of Columbia     | 2,532            |                                     | 2,420            | 2,420            | 2,420               | 0.16                                    |
| Florida                  | 74,316           |                                     | 74,316           | 74,316           | 74,316              | 5.02                                    |
| Georgia                  | 46,969           |                                     | 44,737           | 44,737           | 44,737              | 3.02                                    |
| Hawaii                   | 6,391            |                                     | 6,077            | 6,077            | 6,077               | 0.41                                    |
| Idaho                    | 7,687            |                                     | 7,417            | 7,417            | 7,417               | 0.50                                    |
| Illinois                 | 70,164           |                                     | 66,742           | 66,742           | 66,742              | 4.50                                    |
| Indiana                  | 33,405           |                                     | 32,196           | 32,196           | 32,196              | 2.17                                    |
| Iowa                     | 14,671           |                                     | 14,671           | 14,671           | 14,671              | 0.99                                    |
| Kansas                   | 14,387           |                                     | 14,387           | 14,387           | 14,387              | 0.97                                    |
| Kentucky                 | 21,286           |                                     | 20,269           | 20,269           | 20,269              | 1.37                                    |
| Louisiana                | 24,348           |                                     | 24,348           | 24,348           | 24,348              | 1.64                                    |
| Maine                    | 6,220            |                                     | 5,925            | 5,925            | 5,925               | 0.40                                    |
| Maryland                 | 29,279           |                                     | 27,869           | 27,869           | 27,869              | 1.88                                    |
| Massachusetts            | 32,528           |                                     | 30,947           | 30,947           | 30,947              | 2.09                                    |
| Michigan                 | 53,067           |                                     | 53,068           | 53,068           | 53,068              | 3.58                                    |
| Minnesota                | 27,154           |                                     | 25,839           | 25,839           | 25,839              | 1.74                                    |
| Mississippi              | 15,814           |                                     | 15,614           | 15,614           | 15,614              | 1.05                                    |
| Missouri                 | 30,244           |                                     | 28,781           | 28,781           | 28,781              | 1.94                                    |
| Montana                  | 4,707            |                                     | 4,482            | 4,482            | 4,482               | 0.30                                    |
| Nebraska                 | 9,431            |                                     | 8,974            | 8,974            | 8,974               | 0.61                                    |
| Nevada                   | 11,345           |                                     | 10,804           | 10,804           | 10,804              | 0.73                                    |
| New Hampshire            | 6,578            |                                     | 6,260            | 6,260            | 6,260               | 0.42                                    |
| New Jersey               | 45,576           |                                     | 43,391           | 43,391           | 43,391              | 2.93                                    |
| New Mexico               | 10,636           |                                     | 10,117           | 10,117           | 10,117              | 0.68                                    |
| New York                 | 101,293          |                                     | 96,440           | 96,440           | 96,440              | 6.51                                    |
| North Carolina           | 42,876           |                                     | 40,786           | 40,786           | 40,786              | 2.75                                    |
| North Dakota             | 3,295            |                                     | 3,135            | 3,135            | 3,135               | 0.21                                    |
| Ohio                     | 61,571           |                                     | 58,588           | 58,588           | 58,588              | 3.95                                    |
| Oklahoma                 | 11,502           |                                     | 17,896           | 17,896           | 17,896              | 1.21                                    |
| Oregon                   | 17,957           |                                     | 17,091           | 17,091           | 17,091              | 1.15                                    |
| Pennsylvania             | 61,888           |                                     | 58,901           | 58,901           | 58,901              | 3.98                                    |
| Rhode Island             | 5,349            |                                     | 5,090            | 5,090            | 5,090               | 0.34                                    |
| South Carolina           | 21,614           |                                     | 20,591           | 20,591           | 20,591              | 1.39                                    |
| South Dakota             | 4,188            |                                     | 3,985            | 3,985            | 3,985               | 0.27                                    |
| Tennessee                | 29,774           |                                     | 28,706           | 28,706           | 28,706              | 1.94                                    |
| Texas                    | 122,571          |                                     | 120,570          | 120,570          | 120,570             | 8.14                                    |
| Utah                     | 7,800            |                                     | 14,732           | 14,732           | 14,732              | 0.99                                    |
| Vermont                  | 3,048            |                                     | 2,905            | 2,905            | 2,905               | 0.20                                    |
| Virginia                 | 36,889           |                                     | 35,556           | 35,556           | 35,556              | 2.40                                    |
| Washington               | 30,721           |                                     | 30,721           | 30,721           | 30,721              | 2.07                                    |
| West Virginia            | 8,412            |                                     | 8,001            | 8,001            | 8,001               | 0.54                                    |
| Wisconsin                | 28,649           |                                     | 27,266           | 27,266           | 27,266              | 1.84                                    |
| Wyoming                  | 2,487            |                                     | 2,487            | 2,487            | 2,487               | 0.17                                    |
| American Samoa           |                  |                                     |                  |                  |                     |   |
| Guam                     |                  |                                     |                  |                  |                     |   |
| Northern Mariana Islands |                  |                                     |                  |                  |                     |   |
| Puerto Rico              |                  |                                     |                  |                  |                     |   |
| Freely Associated States |                  |                                     |                  |                  |                     |   |
| Virgin Islands           |                  |                                     |                  |                  |                     |   |
| Indian Tribes            |                  |                                     |                  |                  |                     |   |
| Undistributed            |                  |                                     |                  |                  |                     |   |
| Technical Assistance     | 3,258            |                                     | 3,260            | 3,260            | 3,260               | 0.22                                    |
| <b>Total</b>             | <b>1,522,720</b> |                                     | <b>1,481,603</b> | <b>1,481,603</b> | <b>1,481,603</b>    | <b>2 100.00</b>                         |

<sup>1</sup> The FY 2003 allotment calculation used Census 2000 data because July 2001 census estimates have not been published by the Census Bureau.

<sup>2</sup> Excludes undistributed obligations.

## Department of Health and Human Services, Administration for Children and Families

75-1536-0-1-506

## Head Start (93.600)

(obligations in thousands of dollars)

| State or Territory       | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                  |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------|-------------------|-------------------------------------|------------------|------------------|------------------------|---|
|                          |                   | Previous<br>authority               | New<br>authority | Total            |                        |   |
| Alabama                  | 100,154           |                                     | 102,170          | 102,170          | 104,418                | 1.53  |
| Alaska                   | 12,104            |                                     | 12,348           | 12,348           | 12,620                 | 0.19  |
| Arizona                  | 96,913            |                                     | 98,863           | 98,863           | 101,038                | 1.48  |
| Arkansas                 | 61,024            |                                     | 62,252           | 62,252           | 63,622                 | 0.93  |
| California               | 801,430           |                                     | 817,556          | 817,556          | 835,542                | 12.26   |
| Colorado                 | 65,716            |                                     | 67,038           | 67,038           | 68,513                 | 1.00  |
| Connecticut              | 49,985            |                                     | 50,990           | 50,990           | 52,112                 | 0.76  |
| Delaware                 | 12,286            |                                     | 12,534           | 12,534           | 12,810                 | 0.19  |
| District of Columbia     | 24,091            |                                     | 24,576           | 24,576           | 25,117                 | 0.37  |
| Florida                  | 252,370           |                                     | 257,448          | 257,448          | 263,112                | 3.86  |
| Georgia                  | 161,740           |                                     | 164,995          | 164,995          | 168,625                | 2.47  |
| Hawaii                   | 21,977            |                                     | 22,419           | 22,419           | 22,912                 | 0.34  |
| Idaho                    | 21,663            |                                     | 22,099           | 22,099           | 22,585                 | 0.33  |
| Illinois                 | 259,780           |                                     | 265,008          | 265,008          | 270,838                | 3.97  |
| Indiana                  | 88,667            |                                     | 90,451           | 90,451           | 92,441                 | 1.36  |
| Iowa                     | 49,495            |                                     | 50,491           | 50,491           | 51,602                 | 0.76  |
| Kansas                   | 47,909            |                                     | 48,873           | 48,873           | 49,948                 | 0.73  |
| Kentucky                 | 103,473           |                                     | 105,555          | 105,555          | 107,877                | 1.58  |
| Louisiana                | 135,048           |                                     | 137,766          | 137,766          | 140,797                | 2.07  |
| Maine                    | 26,661            |                                     | 27,198           | 27,198           | 27,796                 | 0.41  |
| Maryland                 | 74,929            |                                     | 76,437           | 76,437           | 78,119                 | 1.15  |
| Massachusetts            | 104,182           |                                     | 106,278          | 106,278          | 108,616                | 1.59  |
| Michigan                 | 225,290           |                                     | 229,824          | 229,824          | 234,880                | 3.45  |
| Minnesota                | 69,643            |                                     | 71,045           | 71,045           | 72,608                 | 1.07  |
| Mississippi              | 155,259           |                                     | 158,384          | 158,384          | 161,868                | 2.37  |
| Missouri                 | 113,256           |                                     | 115,535          | 115,535          | 118,077                | 1.73  |
| Montana                  | 20,117            |                                     | 20,522           | 20,522           | 20,973                 | 0.31  |
| Nebraska                 | 34,580            |                                     | 35,276           | 35,276           | 36,052                 | 0.53  |
| Nevada                   | 19,786            |                                     | 20,184           | 20,184           | 20,628                 | 0.30  |
| New Hampshire            | 12,861            |                                     | 13,119           | 13,119           | 13,408                 | 0.20  |
| New Jersey               | 125,176           |                                     | 127,694          | 127,694          | 130,503                | 1.91  |
| New Mexico               | 49,185            |                                     | 50,175           | 50,175           | 51,279                 | 0.75  |
| New York                 | 418,239           |                                     | 426,655          | 426,655          | 436,041                | 6.40  |
| North Carolina           | 132,667           |                                     | 135,337          | 135,337          | 138,314                | 2.03  |
| North Dakota             | 16,036            |                                     | 16,359           | 16,359           | 16,719                 | 0.25  |
| Ohio                     | 236,999           |                                     | 241,768          | 241,768          | 247,087                | 3.62  |
| Oklahoma                 | 76,910            |                                     | 78,457           | 78,457           | 80,183                 | 1.18  |
| Oregon                   | 57,105            |                                     | 58,254           | 58,254           | 59,536                 | 0.87  |
| Pennsylvania             | 219,115           |                                     | 223,524          | 223,524          | 228,442                | 3.35  |
| Rhode Island             | 21,184            |                                     | 21,611           | 21,611           | 22,086                 | 0.32  |
| South Carolina           | 78,507            |                                     | 80,086           | 80,086           | 81,848                 | 1.20  |
| South Dakota             | 18,079            |                                     | 18,442           | 18,442           | 18,848                 | 0.28  |
| Tennessee                | 112,344           |                                     | 114,604          | 114,604          | 117,125                | 1.72  |
| Texas                    | 454,292           |                                     | 463,434          | 463,434          | 473,630                | 6.95  |
| Utah                     | 36,270            |                                     | 37,000           | 37,000           | 37,814                 | 0.55  |
| Vermont                  | 13,023            |                                     | 13,285           | 13,285           | 13,577                 | 0.20  |
| Virginia                 | 95,366            |                                     | 97,285           | 97,285           | 99,425                 | 1.46  |
| Washington               | 97,247            |                                     | 99,204           | 99,204           | 101,386                | 1.49  |
| West Virginia            | 48,625            |                                     | 49,603           | 49,603           | 50,694                 | 0.74  |
| Wisconsin                | 86,941            |                                     | 88,690           | 88,690           | 90,641                 | 1.33  |
| Wyoming                  | 11,882            |                                     | 12,122           | 12,122           | 12,389                 | 0.18  |
| American Samoa           |                   |                                     |                  |                  |                        |   |
| Guam                     |                   |                                     |                  |                  |                        |   |
| Northern Mariana Islands |                   |                                     |                  |                  |                        |   |
| Puerto Rico              | 234,304           |                                     | 239,018          | 239,018          | 244,276                | 3.58  |
| Freely Associated States |                   |                                     |                  |                  |                        |   |
| Virgin Islands           | 9,878             |                                     | 10,077           | 10,077           | 10,299                 | 0.15  |
| Indian Tribes            | 181,794           |                                     | 185,452          | 185,452          | 189,532                | 2.78  |
| Undistributed            |                   |                                     |                  |                  |                        |   |
| Migrant Program          | 257,815           |                                     | 263,002          | 263,002          | 268,789                | 3.94  |
| Outer Pacific            | 14,943            |                                     | 15,244           | 15,244           | 15,579                 | 0.23  |
| Technical Assistance     | 166,414           |                                     | 169,688          | 169,688          | 105,263                | 1.54  |
| RD&E                     | 20,000            |                                     | 20,000           | 20,000           | 20,000                 | 0.29  |
| Monitoring               | 23,841            |                                     | 24,229           | 24,229           | 24,229                 | 0.36  |
| Unallocated              |                   |                                     |                  |                  | 72,445                 | 1.06  |
| <b>Total</b>             | <b>6,536,570</b>  |                                     | <b>6,667,533</b> | <b>6,667,533</b> | <b>6,817,533</b>       | <b>1 100.00</b>                                     |

<sup>1</sup> Excludes undistributed obligations.

Department of Health and Human Services, Administration for Children and Families

75-1545-0-1-506

Foster Care—Title IV-E (93.658)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                    |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|--------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority      | Total            |                     |   |
| Alabama                  | 26,761           |                                     | 27,514             | 27,514           | 29,093              | 0.58                                    |
| Alaska                   | 9,043            |                                     | 9,297              | 9,297            | 9,831               | 0.20                                    |
| Arizona                  | 37,175           |                                     | 38,222             | 38,222           | 40,416              | 0.81                                    |
| Arkansas                 | 27,204           |                                     | 27,969             | 27,969           | 29,575              | 0.59                                    |
| California               | 1,088,647        |                                     | 1,119,284          | 1,119,284        | 1,183,534           | 23.79                                   |
| Colorado                 | 46,104           |                                     | 47,401             | 47,401           | 50,122              | 1.01                                    |
| Connecticut              | 69,375           |                                     | 71,327             | 71,327           | 75,422              | 1.52                                    |
| Delaware                 | 9,263            |                                     | 9,524              | 9,524            | 10,071              | 0.20                                    |
| District of Columbia     | 21,829           |                                     | 22,443             | 22,443           | 23,731              | 0.48                                    |
| Florida                  | 134,027          |                                     | 137,799            | 137,799          | 145,709             | 2.93                                    |
| Georgia                  | 71,401           |                                     | 73,410             | 73,410           | 77,624              | 1.56                                    |
| Hawaii                   | 18,410           |                                     | 18,928             | 18,928           | 20,015              | 0.40                                    |
| Idaho                    | 4,376            |                                     | 4,500              | 4,500            | 4,758               | 0.10                                    |
| Illinois                 | 305,507          |                                     | 314,104            | 314,104          | 332,135             | 6.68                                    |
| Indiana                  | 37,343           |                                     | 38,394             | 38,394           | 40,598              | 0.82                                    |
| Iowa                     | 10,629           |                                     | 10,929             | 10,929           | 11,556              | 0.23                                    |
| Kansas                   | 16,582           |                                     | 17,048             | 17,048           | 18,027              | 0.36                                    |
| Kentucky                 | 54,934           |                                     | 56,480             | 56,480           | 59,722              | 1.20                                    |
| Louisiana                | 54,485           |                                     | 56,018             | 56,018           | 59,234              | 1.19                                    |
| Maine                    | 27,675           |                                     | 28,454             | 28,454           | 30,088              | 0.60                                    |
| Maryland                 | 154,288          |                                     | 158,630            | 158,630          | 167,736             | 3.37                                    |
| Massachusetts            | 67,468           |                                     | 69,366             | 69,366           | 73,348              | 1.47                                    |
| Michigan                 | 152,602          |                                     | 156,897            | 156,897          | 165,903             | 3.34                                    |
| Minnesota                | 97,895           |                                     | 100,650            | 100,650          | 106,428             | 2.14                                    |
| Mississippi              | 17,759           |                                     | 18,258             | 18,258           | 19,306              | 0.39                                    |
| Missouri                 | 56,505           |                                     | 58,095             | 58,095           | 61,430              | 1.23                                    |
| Montana                  | 5,042            |                                     | 5,184              | 5,184            | 5,481               | 0.11                                    |
| Nebraska                 | 21,683           |                                     | 22,293             | 22,293           | 23,573              | 0.47                                    |
| Nevada                   | 22,941           |                                     | 23,586             | 23,586           | 24,940              | 0.50                                    |
| New Hampshire            | 9,659            |                                     | 9,931              | 9,931            | 10,501              | 0.21                                    |
| New Jersey               | 43,587           |                                     | 44,814             | 44,814           | 47,387              | 0.95                                    |
| New Mexico               | 13,482           |                                     | 13,861             | 13,861           | 14,657              | 0.29                                    |
| New York                 | 534,882          |                                     | 549,935            | 549,935          | 581,503             | 11.69                                   |
| North Carolina           | 62,945           |                                     | 64,716             | 64,716           | 68,431              | 1.38                                    |
| North Dakota             | 13,694           |                                     | 14,080             | 14,080           | 14,888              | 0.30                                    |
| Ohio                     | 206,408          |                                     | 212,217            | 212,217          | 224,399             | 4.51                                    |
| Oklahoma                 | 27,515           |                                     | 28,290             | 28,290           | 29,913              | 0.60                                    |
| Oregon                   | 32,147           |                                     | 33,052             | 33,052           | 34,949              | 0.70                                    |
| Pennsylvania             | 398,424          |                                     | 409,636            | 409,636          | 433,150             | 8.71                                    |
| Rhode Island             | 12,629           |                                     | 12,984             | 12,984           | 13,729              | 0.28                                    |
| South Carolina           | 36,970           |                                     | 38,010             | 38,010           | 40,192              | 0.81                                    |
| South Dakota             | 5,419            |                                     | 5,571              | 5,571            | 5,891               | 0.12                                    |
| Tennessee                | 24,043           |                                     | 24,720             | 24,720           | 26,139              | 0.53                                    |
| Texas                    | 145,823          |                                     | 149,927            | 149,927          | 158,533             | 3.19                                    |
| Utah                     | 22,034           |                                     | 22,654             | 22,654           | 23,954              | 0.48                                    |
| Vermont                  | 12,494           |                                     | 12,846             | 12,846           | 13,583              | 0.27                                    |
| Virginia                 | 85,322           |                                     | 87,723             | 87,723           | 92,759              | 1.86                                    |
| Washington               | 55,826           |                                     | 57,397             | 57,397           | 60,691              | 1.22                                    |
| West Virginia            | 27,568           |                                     | 28,344             | 28,344           | 29,971              | 0.60                                    |
| Wisconsin                | 78,152           |                                     | 80,352             | 80,352           | 84,964              | 1.71                                    |
| Wyoming                  | 2,491            |                                     | 2,561              | 2,561            | 2,708               | 0.05                                    |
| American Samoa           |                  |                                     |                    |                  |                     |   |
| Guam                     |                  |                                     |                    |                  |                     |   |
| Northern Mariana Islands |                  |                                     |                    |                  |                     |   |
| Puerto Rico              | 9,215            |                                     | 9,475              | 9,475            | 10,018              | 0.20                                    |
| Freely Associated States |                  |                                     |                    |                  |                     |   |
| Virgin Islands           |                  |                                     |                    |                  |                     |   |
| Indian Tribes            |                  |                                     |                    |                  |                     |   |
| Undistributed            |                  |                                     |                    |                  |                     |   |
| Technical Assistance     | 8,342            |                                     | 11,000             | 11,000           | 16,584              | 0.33                                    |
| New Program Option       |                  |                                     |                    |                  | 35,300              | 0.71                                    |
| <b>Total</b>             | <b>4,536,024</b> |                                     | <b>1 4,666,100</b> | <b>4,666,100</b> | <b>4,974,200</b>    | <b>2 100.00</b>                         |

<sup>1</sup> Assumes lapse of \$69,900,000.  
<sup>2</sup> Excludes undistributed obligations.

## Department of Housing and Urban Development, Public and Indian Housing Programs

86-0163-0-1-604

## Public Housing Operating Subsidy (14.850)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                    |                  | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|--------------------|------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority   | Total            |                        |   |
| Alabama .....                  | 120,607           | 867                                 | 117,591            | 118,458          | 119,057                | 3.33  |
| Alaska .....                   | 8,075             | 58                                  | 7,873              | 7,931            | 7,971                  | 0.22  |
| Arizona .....                  | 19,485            | 140                                 | 18,998             | 19,138           | 19,235                 | 0.54  |
| Arkansas .....                 | 26,177            | 188                                 | 25,522             | 25,711           | 25,841                 | 0.72  |
| California .....               | 112,608           | 810                                 | 109,792            | 110,602          | 111,161                | 3.11  |
| Colorado .....                 | 19,714            | 142                                 | 19,221             | 19,363           | 19,461                 | 0.54  |
| Connecticut .....              | 47,299            | 340                                 | 46,116             | 46,456           | 46,691                 | 1.31  |
| Delaware .....                 | 6,472             | 47                                  | 6,310              | 6,357            | 6,389                  | 0.18  |
| District of Columbia .....     | 24,221            | 174                                 | 23,615             | 23,789           | 23,910                 | 0.67  |
| Florida .....                  | 85,555            | 615                                 | 83,416             | 84,031           | 84,455                 | 2.36  |
| Georgia .....                  | 128,537           | 924                                 | 125,323            | 126,247          | 126,885                | 3.55  |
| Hawaii .....                   | 11,091            | 80                                  | 10,814             | 10,893           | 10,948                 | 0.31  |
| Idaho .....                    | 1,155             | 8                                   | 1,126              | 1,134            | 1,140                  | 0.03  |
| Illinois .....                 | 270,395           | 1,944                               | 263,634            | 265,578          | 266,920                | 7.47  |
| Indiana .....                  | 40,458            | 291                                 | 39,446             | 39,737           | 39,938                 | 1.12  |
| Iowa .....                     | 6,917             | 50                                  | 6,744              | 6,794            | 6,828                  | 0.19  |
| Kansas .....                   | 16,972            | 122                                 | 16,548             | 16,670           | 16,754                 | 0.47  |
| Kentucky .....                 | 53,546            | 385                                 | 52,207             | 52,592           | 52,858                 | 1.48  |
| Louisiana .....                | 48,861            | 351                                 | 47,639             | 47,990           | 48,233                 | 1.35  |
| Maine .....                    | 8,659             | 62                                  | 8,442              | 8,505            | 8,548                  | 0.24  |
| Maryland .....                 | 81,123            | 583                                 | 79,094             | 79,678           | 80,080                 | 2.24  |
| Massachusetts .....            | 100,105           | 720                                 | 97,602             | 98,322           | 98,818                 | 2.76  |
| Michigan .....                 | 50,600            | 364                                 | 49,335             | 49,699           | 49,950                 | 1.40  |
| Minnesota .....                | 40,802            | 293                                 | 39,782             | 40,075           | 40,278                 | 1.13  |
| Mississippi .....              | 30,244            | 217                                 | 29,488             | 29,705           | 29,855                 | 0.84  |
| Missouri .....                 | 41,854            | 301                                 | 40,807             | 41,108           | 41,316                 | 1.16  |
| Montana .....                  | 4,093             | 29                                  | 3,991              | 4,020            | 4,040                  | 0.11  |
| Nebraska .....                 | 12,344            | 89                                  | 12,035             | 12,124           | 12,185                 | 0.34  |
| Nevada .....                   | 11,105            | 80                                  | 10,827             | 10,907           | 10,962                 | 0.31  |
| New Hampshire .....            | 5,924             | 43                                  | 5,776              | 5,818            | 5,848                  | 0.16  |
| New Jersey .....               | 165,733           | 1,192                               | 161,589            | 162,780          | 163,603                | 4.58  |
| New Mexico .....               | 12,009            | 86                                  | 11,709             | 11,795           | 11,855                 | 0.33  |
| New York .....                 | 899,639           | 6,468                               | 877,143            | 883,611          | 888,076                | 24.85   |
| North Carolina .....           | 97,049            | 698                                 | 94,622             | 95,320           | 95,802                 | 2.68  |
| North Dakota .....             | 2,662             | 19                                  | 2,595              | 2,615            | 2,628                  | 0.07  |
| Ohio .....                     | 180,018           | 1,294                               | 175,517            | 176,811          | 177,704                | 4.97  |
| Oklahoma .....                 | 28,240            | 203                                 | 27,534             | 27,737           | 27,877                 | 0.78  |
| Oregon .....                   | 15,255            | 110                                 | 14,874             | 14,983           | 15,059                 | 0.42  |
| Pennsylvania .....             | 243,625           | 1,752                               | 237,533            | 239,285          | 240,494                | 6.73  |
| Rhode Island .....             | 32,270            | 232                                 | 31,463             | 31,695           | 31,855                 | 0.89  |
| South Carolina .....           | 28,107            | 202                                 | 27,404             | 27,606           | 27,746                 | 0.78  |
| South Dakota .....             | 2,836             | 20                                  | 2,765              | 2,785            | 2,800                  | 0.08  |
| Tennessee .....                | 88,803            | 638                                 | 86,582             | 87,221           | 87,662                 | 2.45  |
| Texas .....                    | 125,204           | 900                                 | 122,073            | 122,973          | 123,595                | 3.46  |
| Utah .....                     | 4,284             | 31                                  | 4,177              | 4,208            | 4,229                  | 0.12  |
| Vermont .....                  | 2,792             | 20                                  | 2,722              | 2,742            | 2,756                  | 0.08  |
| Virginia .....                 | 56,487            | 406                                 | 55,075             | 55,481           | 55,761                 | 1.56  |
| Washington .....               | 30,610            | 220                                 | 29,845             | 30,065           | 30,217                 | 0.85  |
| West Virginia .....            | 16,903            | 122                                 | 16,480             | 16,602           | 16,686                 | 0.47  |
| Wisconsin .....                | 20,386            | 147                                 | 19,876             | 20,023           | 20,124                 | 0.56  |
| Wyoming .....                  | 1,697             | 12                                  | 1,655              | 1,667            | 1,675                  | 0.05  |
| American Samoa .....           | .....             | .....                               | .....              | .....            | .....                  | .....   |
| Guam .....                     | 2,373             | 17                                  | 2,314              | 2,331            | 2,343                  | 0.07  |
| Northern Mariana Islands ..... | .....             | .....                               | .....              | .....            | .....                  | .....   |
| Puerto Rico .....              | 105,940           | 762                                 | 103,291            | 104,053          | 104,578                | 2.93  |
| Freely Associated States ..... | .....             | .....                               | .....              | .....            | .....                  | .....   |
| Virgin Islands .....           | 22,614            | 163                                 | 22,049             | 22,211           | 22,323                 | 0.62  |
| Indian Tribes .....            | .....             | .....                               | .....              | .....            | .....                  | .....   |
| Undistributed .....            | .....             | .....                               | .....              | .....            | .....                  | .....   |
| <b>Total .....</b>             | <b>3,620,534</b>  | <b>26,031</b>                       | <b>1 3,530,000</b> | <b>3,556,031</b> | <b>3,574,000</b>       | <b>2 100.00</b>                                     |

<sup>1</sup> A regular 2003 appropriation for this account has not been enacted, and thus, this account is operating under a continuing resolution. The 2003 estimated obligations of \$3.530 billion reflect the amounts proposed in the 2003 Budget, which includes \$10 million that will be used by the Attorney General to assist in the investigation, prosecution and prevention of violent crimes in public and federally assisted housing, including Indian housing. The \$10 million will be administered by the Department of Justice through a reimbursable agreement with HUD.

<sup>2</sup> Excludes undistributed obligations.

## Department of Housing and Urban Development, Public and Indian Housing Programs

86-0319-0-1-604

## Housing Choice Vouchers (14.871)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual | Estimated FY 2003 obligations from: |                   |                   | FY 2004<br>(estimated) | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------|-------------------------------------|-------------------|-------------------|------------------------|---|
|                                |                   | Previous<br>authority               | New<br>authority  | Total             |                        |   |
| Alabama .....                  | 103,768           | 1,978                               | 119,836           | 121,814           | 124,569                | 0.92  |
| Alaska .....                   | 11,398            | 224                                 | 25,052            | 25,276            | 25,945                 | 0.19  |
| Arizona .....                  | 94,159            | 1,776                               | 123,826           | 125,602           | 129,296                | 0.95  |
| Arkansas .....                 | 88,392            | 1,686                               | 89,761            | 91,447            | 92,962                 | 0.68  |
| California .....               | 2,041,365         | 38,665                              | 2,396,807         | 2,435,472         | 2,548,340              | 18.73   |
| Colorado .....                 | 186,006           | 3,529                               | 194,566           | 198,095           | 202,820                | 1.49  |
| Connecticut .....              | 225,334           | 4,271                               | 259,505           | 263,776           | 270,967                | 1.99  |
| Delaware .....                 | 27,281            | 517                                 | 26,531            | 27,048            | 27,659                 | 0.20  |
| District of Columbia .....     | 77,001            | 1,461                               | 89,007            | 90,468            | 94,270                 | 0.69  |
| Florida .....                  | 524,431           | 9,959                               | 544,355           | 554,314           | 581,393                | 4.27  |
| Georgia .....                  | 259,915           | 4,923                               | 316,366           | 321,289           | 327,820                | 2.41  |
| Hawaii .....                   | 83,119            | 1,574                               | 87,982            | 89,556            | 91,322                 | 0.67  |
| Idaho .....                    | 20,897            | 405                                 | 30,291            | 30,696            | 31,371                 | 0.23  |
| Illinois .....                 | 575,975           | 10,925                              | 577,508           | 588,433           | 604,763                | 4.44  |
| Indiana .....                  | 164,719           | 3,125                               | 182,051           | 185,176           | 190,430                | 1.40  |
| Iowa .....                     | 71,923            | 1,371                               | 83,651            | 85,022            | 86,700                 | 0.64  |
| Kansas .....                   | 50,396            | 967                                 | 48,744            | 49,711            | 50,482                 | 0.37  |
| Kentucky .....                 | 118,064           | 2,248                               | 138,056           | 140,304           | 143,447                | 1.05  |
| Louisiana .....                | 147,038           | 2,788                               | 160,042           | 162,830           | 168,901                | 1.24  |
| Maine .....                    | 59,152            | 1,124                               | 60,452            | 61,576            | 62,800                 | 0.46  |
| Maryland .....                 | 238,844           | 4,541                               | 287,218           | 291,759           | 303,114                | 2.23  |
| Massachusetts .....            | 543,313           | 10,317                              | 607,223           | 617,540           | 633,331                | 4.65  |
| Michigan .....                 | 198,742           | 3,777                               | 233,067           | 236,844           | 246,012                | 1.81  |
| Minnesota .....                | 192,367           | 3,642                               | 170,139           | 173,781           | 176,967                | 1.30  |
| Mississippi .....              | 70,654            | 1,349                               | 79,492            | 80,841            | 82,327                 | 0.61  |
| Missouri .....                 | 185,148           | 3,507                               | 183,393           | 186,900           | 190,602                | 1.40  |
| Montana .....                  | 18,388            | 360                                 | 26,167            | 26,527            | 27,100                 | 0.20  |
| Nebraska .....                 | 48,330            | 922                                 | 48,875            | 49,797            | 51,358                 | 0.38  |
| Nevada .....                   | 78,452            | 1,484                               | 84,586            | 86,070            | 93,686                 | 0.69  |
| New Hampshire .....            | 46,032            | 877                                 | 57,434            | 58,311            | 59,483                 | 0.44  |
| New Jersey .....               | 512,106           | 9,711                               | 515,877           | 525,588           | 539,013                | 3.96  |
| New Mexico .....               | 47,289            | 899                                 | 65,548            | 66,447            | 67,886                 | 0.50  |
| New York .....                 | 1,462,778         | 27,763                              | 1,364,449         | 1,392,212         | 1,419,765              | 10.43   |
| North Carolina .....           | 261,833           | 4,968                               | 281,879           | 286,847           | 291,959                | 2.15  |
| North Dakota .....             | 27,542            | 517                                 | 29,562            | 30,079            | 30,682                 | 0.23  |
| Ohio .....                     | 394,478           | 7,486                               | 431,689           | 439,175           | 448,217                | 3.29  |
| Oklahoma .....                 | 105,530           | 2,001                               | 131,478           | 133,479           | 136,168                | 1.00  |
| Oregon .....                   | 159,115           | 3,012                               | 175,526           | 178,538           | 182,105                | 1.34  |
| Pennsylvania .....             | 439,623           | 8,340                               | 475,200           | 483,540           | 495,380                | 3.64  |
| Rhode Island .....             | 48,591            | 922                                 | 56,493            | 57,415            | 59,346                 | 0.44  |
| South Carolina .....           | 91,980            | 1,753                               | 113,457           | 115,210           | 117,504                | 0.86  |
| South Dakota .....             | 23,169            | 450                                 | 24,868            | 25,318            | 25,839                 | 0.19  |
| Tennessee .....                | 143,225           | 2,720                               | 153,806           | 156,526           | 160,581                | 1.18  |
| Texas .....                    | 743,773           | 14,117                              | 815,588           | 829,705           | 846,817                | 6.22  |
| Utah .....                     | 47,691            | 899                                 | 60,210            | 61,109            | 62,494                 | 0.46  |
| Vermont .....                  | 28,349            | 540                                 | 31,289            | 31,829            | 32,754                 | 0.24  |
| Virginia .....                 | 219,949           | 4,181                               | 256,532           | 260,713           | 266,960                | 1.96  |
| Washington .....               | 192,168           | 3,642                               | 298,333           | 301,975           | 310,597                | 2.28  |
| West Virginia .....            | 54,785            | 1,034                               | 58,319            | 59,353            | 60,572                 | 0.45  |
| Wisconsin .....                | 123,933           | 2,360                               | 121,526           | 123,886           | 126,145                | 0.93  |
| Wyoming .....                  | 10,219            | 202                                 | 10,246            | 10,448            | 10,856                 | 0.08  |
| American Samoa .....           | .....             | .....                               | .....             | .....             | .....                  | .....   |
| Guam .....                     | 21,931            | 427                                 | 24,044            | 24,471            | 24,902                 | 0.18  |
| Northern Mariana Islands ..... | 1,318             | 22                                  | 1,754             | 1,776             | 1,817                  | 0.01  |
| Puerto Rico .....              | 125,490           | 2,383                               | 152,894           | 155,277           | 160,279                | 1.18  |
| Freely Associated States ..... | .....             | .....                               | .....             | .....             | .....                  | .....   |
| Virgin Islands .....           | 8,318             | 157                                 | 8,040             | 8,197             | 8,326                  | 0.06  |
| Indian Tribes .....            | .....             | .....                               | .....             | .....             | .....                  | .....   |
| Undistributed .....            | .....             | .....                               | .....             | .....             | .....                  | .....   |
| <b>Total .....</b>             | <b>11,845,786</b> | <b>224,798</b>                      | <b>12,990,590</b> | <b>13,215,388</b> | <b>13,607,201</b>      | <b>100.00</b>                                       |

<sup>1</sup> Excludes undistributed obligations.



## Department of Housing and Urban Development, Public and Indian Housing Programs

86-0304-0-1-604

## Public Housing Capital Fund (14.872)

(obligations in thousands of dollars)

| State or Territory             | FY 2002<br>Actual             | Estimated FY 2003 obligations from: |                  |                               | FY 2004<br>(estimated)        | FY 2004<br>Percentage<br>of<br>distributed<br>total |
|--------------------------------|-------------------------------|-------------------------------------|------------------|-------------------------------|-------------------------------|---|
|                                |                               | Previous<br>authority               | New<br>authority | Total                         |                               |   |
| Alabama .....                  | 77,999                        | 26,498                              | 64,939           | 91,437                        | 68,145                        | 2.93  |
| Alaska .....                   | 3,128                         | 734                                 | 2,550            | 3,284                         | 2,676                         | 0.11  |
| Arizona .....                  | 12,740                        | 2,485                               | 9,573            | 12,058                        | 10,046                        | 0.43  |
| Arkansas .....                 | 26,617                        | 8,937                               | 21,736           | 30,673                        | 22,810                        | 0.98  |
| California .....               | 124,321                       | 30,095                              | 90,232           | 120,327                       | 94,686                        | 4.07  |
| Colorado .....                 | 11,991                        | 5,006                               | 12,849           | 17,855                        | 13,483                        | 0.58  |
| Connecticut .....              | 26,023                        | 9,821                               | 28,560           | 38,381                        | 29,970                        | 1.29  |
| Delaware .....                 | 11,335                        | 2,245                               | 5,181            | 7,426                         | 5,438                         | 0.23  |
| District of Columbia .....     | 36,098                        | 6,893                               | 20,008           | 26,901                        | 20,996                        | 0.90  |
| Florida .....                  | 83,021                        | 25,043                              | 59,520           | 84,563                        | 62,458                        | 2.68  |
| Georgia .....                  | 73,460                        | 23,056                              | 76,470           | 99,526                        | 80,245                        | 3.45  |
| Hawaii .....                   | 11,619                        | 3,306                               | 12,733           | 16,039                        | 13,362                        | 0.57  |
| Idaho .....                    | 1,737                         | 458                                 | 1,203            | 1,661                         | 1,262                         | 0.05  |
| Illinois .....                 | 146,394                       | 50,022                              | 166,744          | 216,766                       | 174,976                       | 7.52  |
| Indiana .....                  | 23,987                        | 9,023                               | 26,642           | 35,665                        | 27,957                        | 1.20  |
| Iowa .....                     | 7,039                         | 3,026                               | 5,878            | 8,904                         | 6,168                         | 0.26  |
| Kansas .....                   | 11,954                        | 6,783                               | 12,298           | 19,081                        | 12,905                        | 0.55  |
| Kentucky .....                 | 38,032                        | 8,394                               | 39,493           | 47,887                        | 41,442                        | 1.78  |
| Louisiana .....                | 70,214                        | 14,999                              | 50,895           | 65,894                        | 64,208                        | 2.76  |
| Maine .....                    | 6,232                         | 2,355                               | 5,657            | 8,012                         | 5,936                         | 0.26  |
| Maryland .....                 | 65,043                        | 10,999                              | 35,209           | 46,208                        | 36,947                        | 1.59  |
| Massachusetts .....            | 83,028                        | 21,043                              | 61,187           | 82,230                        | 64,208                        | 2.76  |
| Michigan .....                 | 29,124                        | 15,763                              | 41,430           | 57,193                        | 43,476                        | 1.87  |
| Minnesota .....                | 65,373                        | 10,221                              | 35,226           | 45,447                        | 36,964                        | 1.59  |
| Mississippi .....              | 30,089                        | 10,922                              | 22,180           | 33,102                        | 23,275                        | 1.00  |
| Missouri .....                 | 59,034                        | 8,304                               | 35,936           | 44,240                        | 37,710                        | 1.62  |
| Montana .....                  | 2,601                         | 433                                 | 3,431            | 3,864                         | 3,600                         | 0.15  |
| Nebraska .....                 | 12,550                        | 2,105                               | 9,205            | 11,310                        | 9,660                         | 0.41  |
| Nevada .....                   | 11,454                        | 2,305                               | 7,051            | 9,356                         | 7,399                         | 0.32  |
| New Hampshire .....            | 8,556                         | 1,983                               | 5,544            | 7,527                         | 5,817                         | 0.25  |
| New Jersey .....               | 91,566                        | 23,845                              | 79,105           | 102,950                       | 83,010                        | 3.57  |
| New Mexico .....               | 13,977                        | 1,822                               | 7,656            | 9,478                         | 8,034                         | 0.35  |
| New York .....                 | 428,000                       | 95,679                              | 386,629          | 482,308                       | 405,716                       | 17.43   |
| North Carolina .....           | 90,147                        | 12,093                              | 52,599           | 64,692                        | 55,196                        | 2.37  |
| North Dakota .....             | 2,748                         | 783                                 | 2,349            | 3,132                         | 2,465                         | 0.11  |
| Ohio .....                     | 138,782                       | 46,732                              | 98,681           | 145,413                       | 103,552                       | 4.45  |
| Oklahoma .....                 | 39,371                        | 6,302                               | 18,066           | 24,368                        | 18,959                        | 0.81  |
| Oregon .....                   | 13,774                        | 4,089                               | 10,843           | 14,932                        | 11,378                        | 0.49  |
| Pennsylvania .....             | 204,114                       | 45,413                              | 156,387          | 201,800                       | 164,107                       | 7.05  |
| Rhode Island .....             | 20,403                        | 6,321                               | 14,179           | 20,500                        | 14,879                        | 0.64  |
| South Carolina .....           | 28,193                        | 5,556                               | 21,460           | 27,016                        | 22,520                        | 0.97  |
| South Dakota .....             | 2,289                         | 729                                 | 2,023            | 2,752                         | 2,123                         | 0.09  |
| Tennessee .....                | 69,728                        | 19,786                              | 56,630           | 76,416                        | 59,426                        | 2.55  |
| Texas .....                    | 153,582                       | 49,893                              | 88,995           | 138,888                       | 93,388                        | 4.01  |
| Utah .....                     | 3,912                         | 1,045                               | 3,064            | 4,109                         | 3,216                         | 0.14  |
| Vermont .....                  | 2,887                         | 780                                 | 2,172            | 2,952                         | 2,279                         | 0.10  |
| Virginia .....                 | 66,244                        | 6,032                               | 33,062           | 39,094                        | 34,694                        | 1.49  |
| Washington .....               | 40,558                        | 12,836                              | 28,878           | 41,714                        | 30,303                        | 1.30  |
| West Virginia .....            | 16,085                        | 5,778                               | 10,047           | 15,825                        | 10,543                        | 0.45  |
| Wisconsin .....                | 24,476                        | 4,207                               | 18,880           | 23,087                        | 19,812                        | 0.85  |
| Wyoming .....                  | 1,002                         | 469                                 | 1,091            | 1,560                         | 1,145                         | 0.05  |
| American Samoa .....           | .....                         | .....                               | .....            | .....                         | .....                         | .....   |
| Guam .....                     | 1,803                         | 412                                 | 1,235            | 1,647                         | 1,296                         | 0.06  |
| Northern Mariana Islands ..... | .....                         | .....                               | .....            | .....                         | .....                         | .....   |
| Puerto Rico .....              | 167,333                       | 60,285                              | 136,411          | 196,696                       | 143,145                       | 6.15  |
| Freely Associated States ..... | .....                         | .....                               | .....            | .....                         | .....                         | .....   |
| Virgin Islands .....           | 9,804                         | 3,578                               | 7,992            | 11,570                        | 8,386                         | 0.36  |
| Indian Tribes .....            | .....                         | .....                               | .....            | .....                         | .....                         | .....   |
| Undistributed .....            | .....                         | .....                               | .....            | .....                         | .....                         | .....   |
| <b>Total .....</b>             | <b><sup>1</sup> 2,801,571</b> | <b>737,722</b>                      | <b>2,207,994</b> | <b><sup>2</sup> 2,945,716</b> | <b><sup>2</sup> 2,327,797</b> | <b><sup>3</sup> 100.00</b>                          |

<sup>1</sup> FY 2002 actuals include Technical Assistance funds, Emergency/Disaster funds, and Neighborhood Networks Initiative funds.<sup>2</sup> FY 2003 new authority and FY 2004 estimated obligations are projected formula grant estimates only.<sup>3</sup> Excludes undistributed obligations.

Department of Housing and Urban Development, Community Planning and Development

86-0162-0-1-451

Community Development Block Grants—Entitlement Grants (14.218)

(obligations in thousands of dollars)

| State or Territory       | FY 2002 Actual   | Estimated FY 2003 obligations from: |                  |                  | FY 2004 (estimated) | FY 2004 Percentage of distributed total |
|--------------------------|------------------|-------------------------------------|------------------|------------------|---------------------|---|
|                          |                  | Previous authority                  | New authority    | Total            |                     |   |
| Alabama                  | 30,765           |                                     | 28,971           | 28,971           | 28,971              | 0.93                                    |
| Alaska                   | 2,283            |                                     | 2,378            | 2,378            | 2,378               | 0.08                                    |
| Arizona                  | 43,095           |                                     | 50,725           | 50,725           | 50,725              | 1.64                                    |
| Arkansas                 | 8,853            |                                     | 9,408            | 9,408            | 9,408               | 0.30                                    |
| California               | 484,817          |                                     | 521,004          | 521,004          | 521,004             | 16.80                                   |
| Colorado                 | 30,548           |                                     | 32,649           | 32,649           | 32,649              | 1.05                                    |
| Connecticut              | 34,920           |                                     | 34,563           | 34,563           | 34,563              | 1.11                                    |
| Delaware                 | 6,042            |                                     | 6,473            | 6,473            | 6,473               | 0.21                                    |
| District of Columbia     | 23,206           |                                     | 23,331           | 23,331           | 23,331              | 0.75                                    |
| Florida                  | 151,464          |                                     | 161,147          | 161,147          | 161,147             | 5.20                                    |
| Georgia                  | 44,255           |                                     | 49,474           | 49,474           | 49,474              | 1.60                                    |
| Hawaii                   | 13,140           |                                     | 12,351           | 12,351           | 12,351              | 0.40                                    |
| Idaho                    | 2,521            |                                     | 2,890            | 2,890            | 2,890               | 0.09                                    |
| Illinois                 | 176,188          |                                     | 173,735          | 173,735          | 173,735             | 5.60                                    |
| Indiana                  | 45,229           |                                     | 44,374           | 44,374           | 44,374              | 1.43                                    |
| Iowa                     | 17,317           |                                     | 17,096           | 17,096           | 17,096              | 0.55                                    |
| Kansas                   | 13,506           |                                     | 12,951           | 12,951           | 12,951              | 0.42                                    |
| Kentucky                 | 22,819           |                                     | 21,660           | 21,660           | 21,660              | 0.70                                    |
| Louisiana                | 45,375           |                                     | 40,524           | 40,524           | 40,524              | 1.31                                    |
| Maine                    | 5,950            |                                     | 6,037            | 6,037            | 6,037               | 0.19                                    |
| Maryland                 | 56,605           |                                     | 58,534           | 58,534           | 58,534              | 1.89                                    |
| Massachusetts            | 91,283           |                                     | 92,410           | 92,410           | 92,410              | 2.98                                    |
| Michigan                 | 122,665          |                                     | 115,727          | 115,727          | 115,727             | 3.73                                    |
| Minnesota                | 45,768           |                                     | 45,621           | 45,621           | 45,621              | 1.47                                    |
| Mississippi              | 7,201            |                                     | 6,213            | 6,213            | 6,213               | 0.20                                    |
| Missouri                 | 54,830           |                                     | 51,924           | 51,924           | 51,924              | 1.67                                    |
| Montana                  | 2,715            |                                     | 2,843            | 2,843            | 2,843               | 0.09                                    |
| Nebraska                 | 8,562            |                                     | 8,635            | 8,635            | 8,635               | 0.28                                    |
| Nevada                   | 14,043           |                                     | 20,306           | 20,306           | 20,306              | 0.65                                    |
| New Hampshire            | 4,713            |                                     | 4,885            | 4,885            | 4,885               | 0.16                                    |
| New Jersey               | 112,123          |                                     | 113,272          | 113,272          | 113,272             | 3.65                                    |
| New Mexico               | 7,640            |                                     | 7,791            | 7,791            | 7,791               | 0.25                                    |
| New York                 | 359,400          |                                     | 369,611          | 369,611          | 369,611             | 11.92                                   |
| North Carolina           | 27,981           |                                     | 32,072           | 32,072           | 32,072              | 1.03                                    |
| North Dakota             | 1,878            |                                     | 1,850            | 1,850            | 1,850               | 0.06                                    |
| Ohio                     | 140,883          |                                     | 136,332          | 136,332          | 136,332             | 4.40                                    |
| Oklahoma                 | 16,225           |                                     | 16,361           | 16,361           | 16,361              | 0.53                                    |
| Oregon                   | 23,618           |                                     | 26,835           | 26,835           | 26,835              | 0.87                                    |
| Pennsylvania             | 212,972          |                                     | 209,355          | 209,355          | 209,355             | 6.75                                    |
| Rhode Island             | 14,376           |                                     | 14,724           | 14,724           | 14,724              | 0.47                                    |
| South Carolina           | 18,653           |                                     | 18,330           | 18,330           | 18,330              | 0.59                                    |
| South Dakota             | 1,660            |                                     | 1,648            | 1,648            | 1,648               | 0.05                                    |
| Tennessee                | 29,345           |                                     | 28,109           | 28,109           | 28,109              | 0.91                                    |
| Texas                    | 213,931          |                                     | 220,365          | 220,365          | 220,365             | 7.11                                    |
| Utah                     | 15,815           |                                     | 15,827           | 15,827           | 15,827              | 0.51                                    |
| Vermont                  | 1,098            |                                     | 1,087            | 1,087            | 1,087               | 0.04                                    |
| Virginia                 | 45,807           |                                     | 48,075           | 48,075           | 48,075              | 1.55                                    |
| Washington               | 50,520           |                                     | 55,186           | 55,186           | 55,186              | 1.78                                    |
| West Virginia            | 9,256            |                                     | 8,739            | 8,739            | 8,739               | 0.28                                    |
| Wisconsin                | 47,164           |                                     | 45,734           | 45,734           | 45,734              | 1.48                                    |
| Wyoming                  | 1,240            |                                     | 1,247            | 1,247            | 1,247               | 0.04                                    |
| American Samoa           |                  |                                     |                  |                  |                     |   |
| Guam                     |                  |                                     |                  |                  |                     |   |
| Northern Mariana Islands |                  |                                     |                  |                  |                     |   |
| Puerto Rico              | 76,437           |                                     | 68,911           | 68,911           | 68,911              | 2.22                                    |
| Freely Associated States |                  |                                     |                  |                  |                     |   |
| Virgin Islands           |                  |                                     |                  |                  |                     |   |
| Indian Tribes            |                  |                                     |                  |                  |                     |   |
| Undistributed            |                  |                                     |                  |                  |                     |   |
| <b>Total</b>             | <b>3,038,700</b> |                                     | <b>3,100,300</b> | <b>3,100,300</b> | <b>3,100,300</b>    | <b>100.00</b>                           |

<sup>1</sup> Excludes undistributed obligations.

## 11. 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 which is published as a separate volume of the President's Budget.

### Measuring Federal Employment

Civilian employment is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year (see OMB Circular A-11, Section 32). Put simply, one full-time employee counts as one FTE, and two half-time employees also count as one FTE. However, data shown for military are average strengths, not FTEs. Federal employment can also be measured by actual positions filled.

### 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. Two of this year's tables also provide a breakout of Commissioned Corps officers employed by the Public Health Service (PHS) in the Department of Health and Human Services and the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce. Table 11-1 provides Executive Branch FTE totals from 2000 through 2004. Table 11-2 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 11-3 shows total Federal employment as measured on an FTE basis.

### Department of Homeland Security

On November 25, 2002, the President signed the Homeland Security Act of 2002 (Public Law 107-296). The Act initiates the most substantial reorganization of the Federal Government since the 1940's transferring FTE from ten major Federal agencies to the newly-established Department of Homeland Security (DHS). The President's Budget displays FTE estimates for DHS on a three-year comparable basis. The DHS FTE totals reflect estimates of 142 thousand civilians and 37 thousand military (US Coast Guard) in fiscal year 2004 for a total estimated strength of 179 thousand FTEs. The net increase of 23 thousand Executive Branch civilian FTE from 2002 actuals to the 2004 estimate is largely due to the creation of the Transportation Security Administration, which will be incorporated into the Department of Homeland Security.

### Personnel Compensation and Benefits

Table 11-4 displays personnel compensation and benefits (in millions of dollars) 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.

The Budget proposes a new approach to federal pay. Consistent with the Administration's emphasis on program performance, the 2004 pay proposal combines a two percent across-the-board increase with a performance component. \$500 million will be set aside governmentwide to allow managers to increase pay beyond annual raises to reward top-performing employees with a permanent increase in their base pay. The Administration also proposes to reform the pay structure of its senior managers by increasing the limit on pay and replacing the current six-tier system with a pay band so that agencies can tie these managers' compensation more closely to their performance.

The Administration proposes legislation to require agencies to pay the full Government share of the accruing cost of retirement for current CSRS, CIA and Foreign Service employees, and the Coast Guard, Public Health Service and NOAA Commissioned Corps. The legislation also requires agencies to pay the full accruing cost of post-retirement health benefits for current civilian employees who are enrolled in the Federal Employees Health Benefits Program and the post-retirement health costs of Medicare eligible retirees (and their dependents/survivors) of the Uniformed Services (DoD, Coast Guard, Public Health Service, and NOAA Commissioned Corps). Pending approved legislation, the 2004 Budget includes the realignment of these incremental costs to the agencies as memorandum entries.

**Table 11-1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH**

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

| Agency  | Actual         |                |                | Estimate       |                | Change: 2000 to 2004 |             |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|-------------|
|   | 2000           | 2001           | 2002           | 2003           | 2004           | FTE's                | Percent     |
| <b>Cabinet agencies:</b>  |                |                |                |                |                |                      |             |
| Agriculture .....   | 95.1           | 96.9           | 97.0           | 99.2           | 98.0           | 2.9                  | 3.0%        |
| Commerce <sup>1</sup> .....   | 112.7          | 36.4           | 34.9           | 38.9           | 38.5           | n/a                  | n/a         |
| Defense-military functions .....                                      | 660.3          | 649.9          | 649.9          | 642.8          | 635.8          | -24.5                | -3.7%       |
| Education .....   | 4.6            | 4.6            | 4.5            | 4.6            | 4.6            | 0.0                  | 0.0%        |
| Energy .....  | 15.6           | 15.6           | 15.8           | 16.3           | 16.1           | 0.5                  | 3.2%        |
| Health and Human Services .....                                       | 54.8           | 56.1           | 59.0           | 61.0           | 60.9           | 6.1                  | 11.1%       |
| Homeland Security <sup>2</sup> .....                                  | 0.0            | 0.0            | 81.3           | 144.9          | 142.2          | n/a                  | n/a         |
| Housing and Urban Development .....                                   | 10.1           | 10.1           | 10.0           | 10.5           | 10.5           | 0.4                  | 4.0%        |
| Interior .....  | 67.3           | 68.7           | 70.3           | 70.0           | 70.3           | 3.0                  | 4.5%        |
| Justice <sup>3</sup> .....  | 122.8          | 124.2          | 97.3           | 106.0          | 112.0          | n/a                  | n/a         |
| Labor .....   | 16.3           | 16.5           | 17.0           | 17.3           | 17.5           | 1.2                  | 7.4%        |
| State .....   | 27.3           | 27.7           | 28.6           | 29.5           | 30.1           | 2.8                  | 10.3%       |
| Transportation <sup>3</sup> .....                                     | 63.0           | 63.4           | 61.2           | 59.2           | 60.0           | n/a                  | n/a         |
| Treasury <sup>3</sup> .....   | 143.7          | 145.0          | 115.9          | 116.7          | 117.5          | n/a                  | n/a         |
| Veterans Affairs .....  | 202.6          | 206.9          | 208.9          | 209.0          | 214.0          | 11.4                 | 5.6%        |
| <b>Other agencies—excluding Postal Service:</b>                       |                |                |                |                |                |                      |             |
| Agency for International Development .....                            | 2.4            | 2.3            | 2.3            | 2.4            | 2.5            | 0.1                  | 4.2%        |
| Broadcasting Board of Governors .....                                 | 2.4            | 2.4            | 2.4            | 2.5            | 2.5            | 0.1                  | 4.2%        |
| Corps of Engineers—Civil Works .....                                  | 24.8           | 24.7           | 25.0           | 24.8           | 24.8           | 0.0                  | 0.0%        |
| Environmental Protection Agency .....                                 | 17.7           | 17.5           | 17.5           | 17.6           | 17.9           | 0.2                  | 1.1%        |
| EEOC .....  | 2.9            | 2.7            | 2.8            | 2.7            | 2.8            | -0.1                 | -3.4%       |
| FEMA <sup>4</sup> .....   | 4.6            | 4.9            | 0.0            | 0.0            | 0.0            | n/a                  | n/a         |
| FDIC/RTC .....  | 7.1            | 6.4            | 6.0            | 5.7            | 5.6            | -1.5                 | -21.1%      |
| General Services Administration .....                                 | 14.0           | 14.0           | 12.4           | 12.4           | 12.4           | -1.6                 | -11.4%      |
| NASA .....  | 18.4           | 18.7           | 18.7           | 19.1           | 18.9           | 0.5                  | 2.7%        |
| National Archives and Records Administration .....                    | 2.5            | 2.6            | 2.8            | 2.8            | 2.9            | 0.4                  | 16.0%       |
| National Labor Relations Board .....                                  | 1.9            | 2.0            | 1.9            | 2.0            | 2.0            | 0.1                  | 5.3%        |
| National Science Foundation .....                                     | 1.2            | 1.2            | 1.2            | 1.3            | 1.3            | 0.1                  | 8.3%        |
| Nuclear Regulatory Commission .....                                   | 2.8            | 2.8            | 2.8            | 2.9            | 3.0            | 0.2                  | 7.1%        |
| Office of Personnel Management .....                                  | 2.8            | 2.8            | 2.8            | 2.9            | 3.0            | 0.2                  | 7.1%        |
| Peace Corps .....   | 1.0            | 1.0            | 1.0            | 1.2            | 1.3            | 0.3                  | 30.0%       |
| Railroad Retirement Board .....                                       | 1.2            | 1.2            | 1.2            | 1.1            | 1.1            | -0.1                 | -8.3%       |
| Securities and Exchange Commission .....                              | 2.8            | 2.9            | 3.0            | 3.2            | 3.7            | 0.9                  | 32.1%       |
| Small Business Administration .....                                   | 4.3            | 4.1            | 4.0            | 3.9            | 3.9            | -0.4                 | -9.3%       |
| Smithsonian Institution .....   | 5.0            | 4.9            | 5.0            | 5.6            | 5.8            | 0.8                  | 16.0%       |
| Social Security Administration .....                                  | 62.4           | 62.7           | 63.1           | 63.6           | 64.6           | 2.2                  | 3.5%        |
| Tennessee Valley Authority .....                                      | 13.2           | 13.2           | 13.5           | 13.6           | 13.4           | 0.2                  | 1.5%        |
| All other small agencies .....  | 16.4           | 14.7           | 15.1           | 15.8           | 15.9           | -0.5                 | -3.0%       |
| <b>Total, Executive Branch civilian employment <sup>5</sup></b> ..... | <b>1,808.2</b> | <b>1,731.7</b> | <b>1,749.9</b> | <b>1,826.7</b> | <b>1,831.0</b> | <b>22.8</b>          | <b>1.3%</b> |
| Subtotal, Defense .....   | 660.3          | 649.9          | 649.9          | 642.8          | 635.8          | -24.5                | -3.7%       |
| Subtotal, Non-Defense .....   | 1,147.9        | 1,081.8        | 1,100.0        | 1,183.9        | 1,195.2        | 47.3                 | 4.1%        |

<sup>1</sup> Department of Commerce FY 2000 data in as outlier due to 2000 Census workload.<sup>2</sup> Department of Homeland Security FTEs shown on a three-year comparable basis. See the introduction to this chapter for an explanation of the growth in DHS FTEs.<sup>3</sup> Transfers to the Department of Homeland Security prevent meaningful 2000 to 2004 comparisons.<sup>4</sup> FEMA realigned under the Department of Homeland Security.<sup>5</sup> Totals may not add due to rounding.

**Table 11-2. TOTAL FEDERAL EMPLOYMENT**

(As measured by total positions filled)

| Description  | Actual as of September 30 |                  |                  | Change: 2000 to 2002 |             |
|--|---------------------------|------------------|------------------|----------------------|-------------|
|  | 2000                      | 2001             | 2002             | Positions            | Percent     |
| <b>Executive branch civilian employment:</b>                           |                           |                  |                  |                      |             |
| All agencies except Postal Service and Postal Rate Commission:         |                           |                  |                  |                      |             |
| Full-time permanent .....  | 1,578,495                 | 1,595,801        | 1,632,663        | 54,168               | 3.4%        |
| Other than full-time permanent .....                                   | 199,643                   | 196,009          | 185,597          | -14,046              | -7.0%       |
| Subtotal .....   | 1,778,138                 | 1,791,810        | 1,818,260        | 40,122               | 2.3%        |
| <b>Postal Service: <sup>1</sup></b>                                    |                           |                  |                  |                      |             |
| Full-time permanent .....  | 666,528                   | 661,452          | 645,758          | -20,770              | -3.1%       |
| Other than full-time permanent .....                                   | 194,249                   | 186,418          | 165,933          | -28,316              | -14.6%      |
| Subtotal .....   | 860,777                   | 847,870          | 811,691          | -49,086              | -5.7%       |
| Subtotal, Executive branch civilian employment .....                   | 2,638,915                 | 2,639,680        | 2,629,951        | -8,964               | -0.3%       |
| <b>Uniformed Services: <sup>2</sup></b>                                |                           |                  |                  |                      |             |
| Department of Defense .....  | 1,384,338                 | 1,385,116        | 1,411,634        | 27,296               | 2.0%        |
| Department of Transportation (Coast Guard) .....                       | 36,157                    | 36,580           | 38,238           | 2,081                | 5.8%        |
| Commissioned Corps (PHS, NOAA) .....                                   | 5,843                     | 6,027            | 6,221            | 378                  | 6.5%        |
| Subtotal, military personnel .....                                     | 1,426,338                 | 1,427,723        | 1,456,093        | 29,755               | 2.1%        |
| Subtotal, Executive Branch .....                                       | 4,065,253                 | 4,067,403        | 4,086,044        | 20,791               | 0.5%        |
| <b>Legislative branch:</b>   |                           |                  |                  |                      |             |
| Full-time permanent .....  | 11,970                    | 11,856           | 12,097           | 127                  | 1.1%        |
| Other than full-time permanent .....                                   | 19,187                    | 18,583           | 18,789           | -398                 | -2.1%       |
| Subtotal, Legislative Branch .....                                     | 31,157                    | 30,439           | 30,886           | -271                 | -0.9%       |
| <b>Judicial Branch:</b>  |                           |                  |                  |                      |             |
| Full-time permanent .....  | 28,938                    | 30,478           | 31,286           | 2,348                | 8.1%        |
| Other than full-time permanent .....                                   | 3,248                     | 3,332            | 3,413            | 165                  | 5.1%        |
| Subtotal, Judicial Branch .....  | 32,186                    | 33,810           | 34,699           | 2,513                | 7.8%        |
| <b>Grand total <sup>3</sup> .....</b>                                  | <b>4,128,596</b>          | <b>4,131,652</b> | <b>4,151,629</b> | <b>23,033</b>        | <b>0.6%</b> |
| <b>ADDENDUM</b>  |                           |                  |                  |                      |             |
| <b>Executive branch civilian personnel (excluding Postal Service):</b> |                           |                  |                  |                      |             |
| DOD civilians—Military functions .....                                 | 651,247                   | 647,048          | 644,817          | -6,430               | -1.0%       |
| All other executive branch .....                                       | 1,126,891                 | 1,144,762        | 1,173,443        | 46,552               | 4.1%        |
| <b>Total .....</b>   | <b>1,778,138</b>          | <b>1,791,810</b> | <b>1,818,260</b> | <b>40,122</b>        | <b>2.3%</b> |

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

**Table 11-3. TOTAL FEDERAL EMPLOYMENT**

(As measured by Full-Time Equivalents)

| Description   | 2002 actual      | Estimate         |                  | Change: 2002 to 2004 |             |
|---|------------------|------------------|------------------|----------------------|-------------|
|   |                  | 2003             | 2004             | FTE's                | Percent     |
| <b>Executive branch civilian personnel:</b>             |                  |                  |                  |                      |             |
| All agencies except Postal Service and Defense .....    | 1,100,022        | 1,183,979        | 1,195,189        | 95,167               | 8.7%        |
| Defense-Military functions (civilians) .....            | 649,875          | 642,759          | 635,781          | -14,094              | -2.2%       |
| Subtotal, excluding Postal Service .....                | 1,749,897        | 1,826,738        | 1,830,970        | 81,073               | 4.6%        |
| Postal Service <sup>1</sup> .....                       | 809,946          | 799,537          | 786,825          | -23,121              | -2.9%       |
| Subtotal, Executive Branch civilian personnel .....     | 2,559,843        | 2,626,275        | 2,617,795        | 57,952               | 2.3%        |
| <b>Executive Branch Uniformed Services:<sup>2</sup></b> |                  |                  |                  |                      |             |
| Department of Defense .....                             | 1,414,355        | 1,392,379        | 1,390,776        | -23,579              | -1.7%       |
| Homeland Security (Coast Guard) .....                   | 37,112           | 37,249           | 37,255           | 143                  | 0.4%        |
| Commissioned Corps (PHS, NOAA) .....                    | 5,984            | 6,207            | 6,259            | 275                  | 4.6%        |
| Subtotal, uniformed military personnel .....            | 1,457,451        | 1,435,835        | 1,434,290        | -23,161              | -1.6%       |
| Subtotal, Executive Branch .....                        | 4,017,294        | 4,062,110        | 4,052,085        | 34,791               | 0.9%        |
| Legislative Branch: <sup>3</sup> Total FTE .....        | 31,390           | 32,167           | 33,082           | 1,692                | 5.4%        |
| Judicial branch: Total FTE .....                        | 33,205           | 35,125           | 34,966           | 1,761                | 5.3%        |
| <b>Grand total</b> .....                                | <b>4,081,889</b> | <b>4,129,402</b> | <b>4,120,133</b> | <b>38,244</b>        | <b>0.9%</b> |

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Military personnel on active duty. Excludes reserve components. Data shown are average strengths, not FTEs.

**TABLE 11-4. PERSONNEL COMPENSATION AND BENEFITS**  
(In millions of dollars)

| Description   | 2002 actual    | Estimate       |                | Change: 2002 to 2004 |              |
|---|----------------|----------------|----------------|----------------------|--------------|
|   |                | 2003           | 2004           | Dollars              | Percent      |
| <b>Civilian personnel costs:</b>                        |                |                |                |                      |              |
| <b>Executive Branch (excluding Postal Service):</b>     |                |                |                |                      |              |
| Direct compensation:                                    |                |                |                |                      |              |
| DOD—military functions .....                            | 35,478         | 35,787         | 37,014         | 1,536                | 4.3%         |
| All other executive branch .....                        | 69,019         | 74,561         | 79,812         | 10,793               | 15.6%        |
| Subtotal, direct compensation .....                     | 104,497        | 110,348        | 116,826        | 12,329               | 11.8%        |
| Personnel benefits:                                     |                |                |                |                      |              |
| DOD—military functions .....                            | 8,096          | 8,414          | 9,302          | 1,206                | 14.9%        |
| All other executive branch .....                        | 28,038         | 29,979         | 30,742         | 2,704                | 9.6%         |
| Subtotal, personnel benefits .....                      | 36,134         | 38,393         | 40,044         | 3,910                | 10.8%        |
| Subtotal, executive branch .....                        | 140,631        | 148,741        | 156,870        | 16,239               | 11.5%        |
| <b>Postal Service:</b>                                  |                |                |                |                      |              |
| Direct compensation .....                               | 36,877         | 37,496         | 38,165         | 1,288                | 3.5%         |
| Personnel benefits .....                                | 12,670         | 13,814         | 14,326         | 1,656                | 13.1%        |
| Subtotal .....  | 49,547         | 51,310         | 52,491         | 2,944                | 5.9%         |
| <b>Legislative Branch: <sup>1</sup></b>                 |                |                |                |                      |              |
| Direct compensation .....                               | 1,521          | 1,712          | 1,812          | 291                  | 19.1%        |
| Personnel benefits .....                                | 366            | 443            | 455            | 89                   | 24.3%        |
| Subtotal .....  | 1,887          | 2,155          | 2,267          | 380                  | 20.1%        |
| <b>Judicial Branch:</b>                                 |                |                |                |                      |              |
| Direct compensation .....                               | 2,214          | 2,557          | 2,613          | 399                  | 18.0%        |
| Personnel benefits .....                                | 591            | 658            | 708            | 117                  | 19.8%        |
| Subtotal .....  | 2,805          | 3,215          | 3,321          | 516                  | 18.4%        |
| Total, civilian personnel costs .....                   | 194,870        | 205,421        | 214,949        | 20,079               | 10.3%        |
| <b>Military personnel costs:</b>                        |                |                |                |                      |              |
| <b>DOD—Military Functions:</b>                          |                |                |                |                      |              |
| Direct compensation .....                               | 60,813         | 61,737         | 65,640         | 4,827                | 7.9%         |
| Personnel benefits <sup>2</sup> .....                   | 23,065         | 29,420         | 30,248         | 7,183                | 31.1%        |
| Subtotal .....  | 83,878         | 91,157         | 95,888         | 12,010               | 14.3%        |
| <b>All other executive branch, uniformed personnel:</b> |                |                |                |                      |              |
| Direct compensation .....                               | 1,933          | 2,016          | 2,148          | 215                  | 11.1%        |
| Personnel benefits .....                                | 298            | 504            | 584            | 286                  | 96.0%        |
| Subtotal .....  | 2,231          | 2,520          | 2,732          | 501                  | 22.5%        |
| Total, military personnel costs .....                   | 86,109         | 93,677         | 98,620         | 12,511               | 14.5%        |
| <b>Grand total, personnel costs .....</b>               | <b>280,979</b> | <b>299,098</b> | <b>313,569</b> | <b>32,590</b>        | <b>11.6%</b> |
| <b>ADDENDUM</b>   |                |                |                |                      |              |
| <b>Former Civilian Personnel:</b>                       |                |                |                |                      |              |
| Retired pay for former personnel .....                  | 49,945         | 52,076         | 53,768         | 3,823                | 7.7%         |
| Government payment for Annuitants:                      |                |                |                |                      |              |
| Employee health benefits .....                          | 6,071          | 6,759          | 7,456          | 1,385                | 22.8%        |
| Employee life insurance .....                           | 33             | 34             | 35             | 2                    | 6.1%         |
| Total Former Civilian Personnel .....                   | 56,049         | 58,869         | 61,259         | 5,210                | 9.3%         |
| <b>Former Military personnel:</b>                       |                |                |                |                      |              |
| Retired pay for former personnel .....                  | 35,188         | 36,056         | 36,870         | 1,682                | 4.8%         |
| Military annuitants health benefits .....               | 0              | 4,445          | 4,765          | 4,765                | n/a          |

<sup>1</sup> Excludes members and officers of the Senate.

<sup>2</sup> Increases in 2003 and 2004 are largely due to legislation requiring payments to the Uniformed Services retiree health care fund.

## 12. STRENGTHENING FEDERAL STATISTICS

Economic statistics are valuable tools that policy makers, industry leaders, and individuals use to understand developments in our economy. Their ability to make appropriate decisions about taxes, work, investments, and a host of other important issues depends critically on the relevance, accuracy, and timeliness of federal statistics. 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 to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have 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. The Administration has proposed initiatives to recognize new financial instruments, such as derivatives, in the Balance of Payments; continue to improve the Consumer Price Index; strengthen the source data used to measure the service sector; and accelerate the release of critical economic statistics. These initiatives will improve the quality of current federal economic statistics.

Similarly, current, comparable data on the characteristics of the U.S. population are essential to monitor significant societal changes. The plan for the next decade is to re-engineer the 2010 Census in order to reduce operational risks, improve accuracy, provide more relevant data, and contain costs. The approach has three components:

- a simplified, short form only, 2010 Census and more timely data based on eliminating the decennial long form through the implementation of the American Community Survey;
- a central, continuously updated address universe and associated geographical products employing satellite and Global Positioning System technology for use in all decennial census and demographic survey programs; and
- a well-tested and planned 2010 Census design produced through systematic development well before mid-decade operational testing.

In particular, the American Community Survey represents a major modernization of the statistical system that will provide community profiles similar to those from the decennial census, but on a far more current basis. This will shift the traditional “once every ten years” long form data collection and data dissemination activity to a continuous activity providing current data every year.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors in order to improve the overall performance and efficiency of the federal statistical system. Several recent initiatives will enhance the quality of data the federal statistical system produces. First, the passage of the Confidential Information Protection

and Statistical Efficiency Act of 2002 (CIPSEA), included as Title V in the E-Government Act of 2002 (Public Law 107-347), provides a uniform set of confidentiality protections and extends these protections to all individually identifiable data collected for statistical purposes under a pledge of confidentiality; this Act also permits the sharing of business data among the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Bureau of the Census. Since 1971, the Executive Branch has sought to shore up legal protection for the confidentiality of statistical information, as well as to permit some limited sharing of data for statistical purposes. The ability to share data will reduce paperwork burdens on businesses that provide information to the government and improve the comparability and accuracy of federal economic statistics. To achieve the greatest benefits from CIPSEA, complementary changes are needed in the “Statistical Use” section of the Internal Revenue Code. A legislative proposal to effect these changes has been endorsed by the Administration and submitted to the Congress.

Second, the statistical agencies have developed a common statement of their principles for information quality, as well as their own individual statistical agency information quality guidelines. These actions were taken in response to OMB’s Information Quality Guidelines (Public Law 106-554, known as the “Information Quality Law”). The Information Quality Law represents the first time that the Executive Branch has developed a government-wide set of information quality guidelines, including agency-specific guidelines tailored to each agency’s unique programs and information. Statistical agencies played a leadership role throughout the federal government in developing a comprehensive and consistent approach for implementation.

Third, the ICSP has formed a working group of information technology (IT) leaders to better coordinate and explore opportunities to foster improved IT collaboration among the statistical agencies. The working group is examining areas such as jointly supporting IT services that are common to the statistical agencies, and adopting a standard data description language known as the extensible markup language (XML). Using the capabilities of XML should allow agencies to more easily manage statistical data and provide broader access to data users, thereby achieving better quality data, improved cost management, and increased user satisfaction.

Fourth, the ICSP continues to support FedStats ([www.fedstats.gov](http://www.fedstats.gov)), the “one-stop shopping” Internet site for federal statistics. The site provides 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. The FedStats team has conducted a Section 508 Accessibility Workshop to identify best practices to make statistical agency web content accessible to people with disabilities and is preparing a working paper based on the workshop findings. It is



also examining ways to disseminate statistical information to promote a better understanding of statistics among the general public and to improve the FedStats search engine.

Despite these accomplishments, rapid changes in our economy and society 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 four programs supported in the Administration's budget. These initiatives would:

- continue support for early planning of the 2010 Census predicated on a fundamental re-engineering of the census process (Bureau of the Census);
- continue implementation of the American Community Survey program (Bureau of the Census);
- accelerate the release of some of the nation's most important economic statistics (Bureau of Economic Analysis); and

- increase the annual number of topical studies of key labor force issues (Bureau of Labor Statistics).

More broadly, the programs that provide essential statistical information for use by governments, businesses, researchers, and the public are carried out by some 70 agencies spread across every department and several independent agencies. Approximately 40 percent of the funding for these programs provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 12-1.) The remaining funding supports work in 60-plus agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. More comprehensive budget and program information about the federal statistical system will be available in OMB's annual report, *Statistical Programs of the United States Government, Fiscal Year 2004*, when it is published this summer. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal federal statistical agencies.

#### HIGHLIGHTS OF 2004 PROGRAM PROPOSALS FOR PRINCIPAL STATISTICAL AGENCIES

**Bureau of Economic Analysis:** Funding is requested to move forward with critical improvements to the nation's economic accounts to: (1) accelerate the release of some of the nation's most important economic statistics to dramatically increase their usefulness to policy makers, business leaders, and other users; (2) update the U.S. Balance of Payments to recognize derivatives and other new financial instruments, and to meet U.S. statistical obligations to international organizations; (3) improve the economic accounts by acquiring monthly real-time data from private sources to fill data gaps in current measures; and (4) conduct a quarterly survey of large and volatile international services such as telecommunications, finance, and insurance.

**Bureau of Justice Statistics:** Funding is requested to enhance and maintain core statistical programs, including: (1) the National Crime Victimization Survey, the nation's primary source of information on criminal victimization, which plans to automate household data collection; (2) cybercrime statistics on the incidence, magnitude, and consequences of electronic and computer crime; (3) law enforcement data from over 3,000 agencies on the organization and administration of police and sheriffs' departments; (4) nationally representative prosecution data on resources, policies, and practices of local prosecutors; (5) court and sentencing statistics, including federal and state case processing data; and (6) data on correctional populations and facilities from federal, state, and local governments.

**Bureau of Labor Statistics:** Funding is requested to: (1) produce two Current Population Survey supplements on key labor force issues every year, such as volunteerism and worker turnover, to provide insights

into trends and their effect on the business cycle; (2) continue to modernize the computing systems for monthly processing of the Producer Price Index (PPI) and U.S. Import and Export Price Indexes, improve index accuracy, and produce new data outputs such as experimental PPI's for goods and services that will provide the first economy-wide measures of changes in producer prices; (3) continue to implement a significant change in the way the Consumer Price Index (CPI) 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; and (4) continue to enhance and consolidate core BLS information technology infrastructure (through a central Department of Labor appropriation).

**Bureau of the Census:** Funding is requested for the Census Bureau's economic and demographic programs and for a re-engineered 2010 Census. For the Census Bureau's economic and demographic programs, funding is requested to: (1) support the completion of the data processing activities and product preparations associated with disseminating results of the 2002 Economic Census and the Census of Governments; (2) improve measurement of services by expanding key source data for critical quarterly and annual estimates of our nation's Gross Domestic Product; (3) offer electronic reporting for almost 100 current economic surveys; (4) provide computing capacity required for mission critical data products in the event of a disaster; and (5) implement the first new samples based on 2000 Census data for ongoing federal household surveys that gather data on topics such as crime, employment, and health. For 2010 Census planning, funding is requested to continue

to: (1) conduct extensive planning, testing, and development activities to support a re-engineered 2010 Census; (2) correct the accuracy of map feature locations in 600 of the nation's 3,232 counties; and (3) implement the American Community Survey to collect current "long form" data instead of using a long form in the 2010 Census.

**Bureau of Transportation Statistics:** Funding is requested to: (1) collect more timely, comprehensive, and geographically detailed data on freight movement and personal travel; (2) advance the Administration's Geospatial One-Stop e-Government initiative; (3) develop and produce a series of indicators of transportation system performance; (4) publish transportation issue briefs that bridge the gap between researchers and policy makers; and (5) improve the collection and analysis of airline data.

**Economic Research Service:** Funding is requested to: (1) strengthen the economic information and analytical bases for genomics research, application, and education program decisions in coordination with an increase in United States Department of Agriculture genomics research; and (2) develop the Security Analysis System for U.S. agriculture.

**Energy Information Administration:** Funding is requested to: (1) improve the data quality of natural gas and electricity surveys, (2) redesign petroleum surveys to reflect new fuel standards, (3) complete the update of the 20-year old survey designs for residential and commercial building energy consumption based on the 2000 Census, (4) integrate the operation of the Weekly Natural Gas Underground Storage Survey as an ongoing EIA activity, and (5) continue development and operation of the Voluntary Greenhouse Gases survey to support the President's Initiative on Greenhouse Gases.

**National Agricultural Statistics Service:** Funding is requested to: (1) restore and modernize the agricul-

tural estimates program to ensure the continuation of state, regional, and national level agricultural estimates of sufficient precision, quality, and detail to meet the needs of a broad customer base; (2) implement the NASS e-Government tactical plan, specifically the infrastructure needs and the continued development of electronic data reporting and enhanced services to the public; and (3) maintain development of an annual integrated locality-based county estimates program.

**National Center for Education Statistics:** Funding is requested to: (1) support new data collection for the Schools and Staffing Survey, the principal source of information on the characteristics of America's schools and the teachers and principals who work in them; (2) improve survey designs for the Study of Students and Faculty, the National Household Survey, and the October supplement to the Current Population Survey; (3) continue U.S. participation in data collections and analyses that depict international educational performance and permit comparison of United States' educational progress with those of other countries; (4) continue support for the National Assessment of Educational Progress (NAEP) Program and its role in the No Child Left Behind Act; and (5) improve electronic data collection and dissemination efforts.

**National Center for Health Statistics:** Funding is requested to: (1) maintain and rebuild several core data collections, including the National Health Interview Survey, which is undertaking a multi-year effort to identify the sample for household surveys for the next decade and to overhaul the basic systems through which data are collected, processed, and made available to users; and (2) support the National Health and Nutrition Examination Survey, through which health information is obtained by direct physical examinations and laboratory tests.

**TABLE 12-1. 2002-2004 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES**

(in millions of dollars)

|   | 2002 actual      | 2003 estimate | 2004 estimate |
|---|------------------|---------------|---------------|
| Bureau of Economic Analysis .....                           | \$ 57            | \$ 67         | \$ 78         |
| Bureau of Justice Statistics .....                          | 33               | 34            | 36            |
| Bureau of Labor Statistics .....                            | 475              | 498           | 512           |
| Bureau of the Census <sup>1</sup>                           | 499              | 725           | 682           |
| Salaries and Expenses <sup>1</sup> .....                    | 189              | 225           | 241           |
| Periodic Censuses and Programs .....                        | 310              | 500           | 441           |
| Bureau of Transportation Statistics .....                   | 31               | 35            | 36            |
| Economic Research Service .....                             | 67               | 73            | 77            |
| Energy Information Administration .....                     | 78               | 80            | 80            |
| National Agricultural Statistics Service <sup>2</sup> ..... | 115              | 141           | 136           |
| National Center for Education Statistics                    | <sup>3</sup> 197 | 190           | 191           |
| Statistics .....  | 85               | 95            | 95            |
| Assessment .....  | <sup>3</sup> 112 | 95            | 96            |
| National Center for Health Statistics                       | 127              | 126           | 125           |
| PHS Evaluation Funds .....                                  | 23               | 47            | 52            |
| Budget Authority .....                                      | 104              | 79            | 73            |

<sup>1</sup> Includes Mandatory Appropriations of \$20 million for each year.<sup>2</sup> Includes funds for the periodic Census of Agriculture of \$25, \$41, and \$25 million in 2002, 2003, and 2004, respectively. The 2004 Budget includes a reduction of \$16.5 million due to the lower cyclical funding needs of the quinquennial Census of Agriculture (funding needs for the Census are at their peak level in 2003).<sup>3</sup> Includes \$17 million in administrative contract costs not necessary in 2003 or 2004, consistent with the assessment plan authorized in the No Child Left Behind Act.



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## FEDERAL BORROWING AND DEBT

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### 13. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 2002, the Government owed \$3,540 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 \$179 billion of interest on this debt.

The budget surplus declined in 2001 and shifted to a deficit in 2002, primarily because of the recession coupled with a slow recovery, the three-year decline in the stock market, and the increased spending in response to the terrorist attacks. As a result of these factors and the President's tax proposals to raise long-

term growth and strengthen the economy against potential risks, the deficit is estimated to rise to a higher level in 2003 and 2004 before declining. Debt held by the public as a percentage of GDP is temporarily increasing through 2004.

#### Trends in Debt Since World War II

Table 13-1 depicts trends in Federal debt held by the public from World War II to the present and estimates from the present to 2008. (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.)

**Table 13-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC**

(Dollar amounts in billions)

| Fiscal year         | Debt held by the public |                              | Debt held by the public as a percent of: |                                 | Interest on the debt held by the public as a percent of: <sup>3</sup> |     |
|---------------------|-------------------------|------------------------------|--|---------------------------------|---|-----|
|                     | Current dollars         | FY 1996 dollars <sup>1</sup> | GDP                                      | Credit market debt <sup>2</sup> | Total outlays   | GDP |
| 1946 .....          | 241.9                   | 1,728.3                      | 108.6                                    | N/A                             | 7.4   | 1.8 |
| 1950 .....          | 219.0                   | 1,270.7                      | 80.1                                     | 53.3                            | 11.4  | 1.8 |
| 1955 .....          | 226.6                   | 1,154.9                      | 57.3                                     | 43.2                            | 7.6   | 1.3 |
| 1960 .....          | 236.8                   | 1,070.7                      | 45.6                                     | 33.8                            | 8.5   | 1.5 |
| 1965 .....          | 260.8                   | 1,102.4                      | 37.9                                     | 26.9                            | 8.1   | 1.4 |
| 1970 .....          | 283.2                   | 994.2                        | 28.0                                     | 20.8                            | 7.9   | 1.5 |
| 1975 .....          | 394.7                   | 1,020.6                      | 25.3                                     | 18.4                            | 7.5   | 1.6 |
| 1980 .....          | 711.9                   | 1,271.6                      | 26.1                                     | 18.5                            | 10.6  | 2.3 |
| 1985 .....          | 1,507.3                 | 2,050.9                      | 36.4                                     | 22.3                            | 16.2  | 3.7 |
| 1986 .....          | 1,740.6                 | 2,312.9                      | 39.5                                     | 22.6                            | 16.1  | 3.6 |
| 1987 .....          | 1,889.8                 | 2,443.9                      | 40.7                                     | 22.3                            | 16.0  | 3.5 |
| 1988 .....          | 2,051.6                 | 2,569.0                      | 40.9                                     | 22.2                            | 16.2  | 3.4 |
| 1989 .....          | 2,190.7                 | 2,641.6                      | 40.5                                     | 22.0                            | 16.5  | 3.5 |
| 1990 .....          | 2,411.6                 | 2,802.6                      | 42.0                                     | 22.6                            | 16.1  | 3.5 |
| 1991 .....          | 2,689.0                 | 3,008.0                      | 45.3                                     | 24.1                            | 16.2  | 3.6 |
| 1992 .....          | 2,999.7                 | 3,269.7                      | 48.2                                     | 25.7                            | 15.5  | 3.4 |
| 1993 .....          | 3,248.4                 | 3,458.4                      | 49.5                                     | 26.6                            | 14.9  | 3.2 |
| 1994 .....          | 3,433.1                 | 3,577.5                      | 49.4                                     | 26.8                            | 14.4  | 3.0 |
| 1995 .....          | 3,604.4                 | 3,676.4                      | 49.2                                     | 26.7                            | 15.8  | 3.3 |
| 1996 .....          | 3,734.1                 | 3,734.1                      | 48.5                                     | 26.2                            | 15.8  | 3.2 |
| 1997 .....          | 3,772.3                 | 3,700.1                      | 46.1                                     | 25.2                            | 15.7  | 3.1 |
| 1998 .....          | 3,721.1                 | 3,599.2                      | 42.9                                     | 23.3                            | 15.1  | 2.9 |
| 1999 .....          | 3,632.4                 | 3,467.1                      | 39.8                                     | 21.3                            | 13.8  | 2.6 |
| 2000 .....          | 3,409.8                 | 3,193.1                      | 35.1                                     | 19.0                            | 13.0  | 2.4 |
| 2001 .....          | 3,319.6                 | 3,034.4                      | 33.1                                     | 17.5                            | 11.6  | 2.1 |
| 2002 .....          | 3,540.4                 | 3,195.3                      | 34.3                                     | 17.5                            | 8.9   | 1.7 |
| 2003 estimate ..... | 3,878.4                 | 3,456.4                      | 36.1                                     | N/A                             | 8.0   | 1.6 |
| 2004 estimate ..... | 4,166.1                 | 3,659.3                      | 36.9                                     | N/A                             | 8.4   | 1.7 |
| 2005 estimate ..... | 4,386.5                 | 3,795.0                      | 36.9                                     | N/A                             | 9.3   | 1.8 |
| 2006 estimate ..... | 4,602.6                 | 3,918.1                      | 36.9                                     | N/A                             | 9.7   | 1.9 |
| 2007 estimate ..... | 4,796.6                 | 4,014.7                      | 36.6                                     | N/A                             | 10.0  | 2.0 |
| 2008 estimate ..... | 5,002.9                 | 4,114.3                      | 36.4                                     | N/A                             | 10.1  | 2.0 |

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 some 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.

<sup>3</sup> Interest on debt held by the public is estimated as the interest on Treasury debt securities less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). 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).

Source: Federal Reserve Board flow of funds accounts. Projections are not available.

As this table shows, Federal debt peaked at 108.6 percent of 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 53.3 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 declined markedly relative to both GDP and total credit market debt. It fell steadily from 49.5 percent of GDP in 1993 to 33.1 percent in 2001; and it fell more unevenly from 26.6 percent of total credit market debt in 1993 to 17.5 percent in 2001. Interest on this debt, 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 11.6 percent by 2001; interest as a percentage of GDP fell in a similar proportion.

The current economic conditions and response to the terrorist attacks have stopped the downward trend in debt relative to GDP for the next few years. The recession, slow recovery, and three-year decline in the stock market reduced tax receipts; and spending increased for war and homeland security. The budget had a deficit in 2002, and the President has proposed tax cuts to stimulate jobs and economic growth and higher spending for security needs. As a result of the ensuing deficits, table 13-1 shows a rise in debt held by the public throughout the projection period. Even during this period, however, debt rises slightly as a percentage of GDP in 2003 and 2004 and then levels off. By 2008, debt as a percentage of GDP is estimated to be 36.4 percent. Interest as a percentage of outlays is estimated to be 10.1 percent that year.

### 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>1</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>2</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 credit market sectors for financial resources in the credit market. 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>3</sup>

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 that is credited to these funds accounts for the fact that some earmarked taxes and user fees will be spent at a later time when the funds receive the monies. The debt securities are a liability of the general fund to the fund that holds the securities and are a

<sup>1</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 book value equals the sales price. Subsequently, it equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the book 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 revised. In 1997 Treasury began to sell inflation-indexed notes and bonds. The book value of these securities includes a periodic adjustment for inflation.

<sup>2</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 13-3 but also the debt of the Government-sponsored enterprises listed in table 9-11 at the end of chapter 9 and certain Government-guaranteed securities.

<sup>3</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 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 17 of this volume, "National Income and Product Accounts." Also see chapter 7 of this volume, Part III, the section on the analysis of saving and investment.



Table 13-2. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

|   | Actual<br>2002 | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Financing:</b>   |                |          |         |         |         |         |         |
| Unified budget deficit (-)/ surplus (+) .....   | -157.8         | -304.2   | -307.4  | -208.2  | -200.5  | -178.1  | -189.6  |
| Financing other than the change in debt held by the public:   |                |          |         |         |         |         |         |
| Premiums paid (-) on buybacks of Treasury securities .....  | -3.8           | .....    | .....   | .....   | .....   | .....   | .....   |
| Net purchases (-) of non-Federal securities by the National Railroad Retirement Investment Trust .....          | -1.5           | -16.5    | -0.1    | 1.1     | 1.3     | 1.3     | 1.4     |
| Changes in: <sup>1</sup>  |                |          |         |         |         |         |         |
| Treasury operating cash balance .....   | -16.7          | 10.9     | .....   | .....   | .....   | .....   | .....   |
| Compensating balances <sup>2</sup> .....  | -14.0          | -9.6     | 37.0    | .....   | .....   | .....   | .....   |
| Checks outstanding, etc. <sup>3</sup> .....   | -11.7          | -4.5     | .....   | .....   | .....   | .....   | .....   |
| Seigniorage on coins .....  | 1.0            | 1.1      | 1.1     | 1.1     | 1.1     | 1.1     | 1.1     |
| Less: Net financing disbursements:  |                |          |         |         |         |         |         |
| Direct loan financing accounts .....  | -14.8          | -16.4    | -19.4   | -14.6   | -19.8   | -20.2   | -21.1   |
| Guaranteed loan financing accounts .....  | -1.5           | 1.3      | 1.2     | 0.2     | 1.7     | 1.9     | 1.9     |
| Total, financing other than the change in debt held by the public .....   | -63.0          | -33.9    | 19.8    | -12.2   | -15.6   | -15.9   | -16.7   |
| Total, requirement to borrow from the public .....  | -220.8         | -338.0   | -287.6  | -220.5  | -216.1  | -194.0  | -206.3  |
| Change in debt held by the public .....   | 220.8          | 338.0    | 287.6   | 220.5   | 216.1   | 194.0   | 206.3   |
| <b>Change in Debt Subject to Statutory Limitation:</b>  |                |          |         |         |         |         |         |
| Change in debt held by the public .....   | 220.8          | 338.0    | 287.6   | 220.5   | 216.1   | 194.0   | 206.3   |
| Change in debt held by Government accounts .....  | 207.7          | 215.6    | 281.1   | 296.3   | 299.7   | 310.1   | 323.9   |
| Change in other factors .....   | 0.1            | 15.7     | 0.2     | 0.4     | 0.1     | 0.5     | 0.6     |
| Total, change in debt subject to statutory limitation .....   | 428.6          | 569.3    | 569.0   | 517.2   | 516.0   | 504.6   | 530.7   |
| <b>Debt Subject to Statutory Limitation, End of Year:</b>   |                |          |         |         |         |         |         |
| Debt issued by Treasury .....   | 6,171.0        | 6,725.2  | 7,294.2 | 7,811.4 | 8,327.4 | 8,832.0 | 9,362.8 |
| Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation <sup>4</sup> ..... | -15.2          | -0.2     | -0.2    | -0.2    | -0.2    | -0.2    | -0.2    |
| Adjustment for discount and premium <sup>5</sup> .....  | 5.7            | 5.7      | 5.7     | 5.7     | 5.7     | 5.7     | 5.7     |
| Total, debt subject to statutory limitation <sup>6</sup> .....  | 6,161.4        | 6,730.7  | 7,299.7 | 7,816.9 | 8,332.9 | 8,837.5 | 9,368.2 |
| <b>Debt Outstanding, End of Year:</b>   |                |          |         |         |         |         |         |
| Gross Federal debt <sup>7</sup> :   |                |          |         |         |         |         |         |
| Debt issued by Treasury .....   | 6,171.0        | 6,725.2  | 7,294.2 | 7,811.4 | 8,327.4 | 8,832.0 | 9,362.8 |
| Debt issued by other agencies .....   | 27.4           | 26.8     | 26.6    | 26.1    | 26.0    | 25.5    | 24.9    |
| Total, gross Federal debt .....   | 6,198.4        | 6,752.0  | 7,320.8 | 7,837.5 | 8,353.4 | 8,857.5 | 9,387.7 |
| Held by:  |                |          |         |         |         |         |         |
| Debt held by Government accounts .....  | 2,658.0        | 2,873.6  | 3,154.7 | 3,451.0 | 3,750.7 | 4,060.9 | 4,384.7 |
| Debt held by the public <sup>8</sup> .....  | 3,540.4        | 3,878.4  | 4,166.1 | 4,386.5 | 4,602.6 | 4,796.6 | 5,002.9 |

<sup>1</sup> A decrease in the Treasury operating cash balance or compensating balances (which are assets) would be a means of financing a deficit and therefore has a positive sign. An increase in checks outstanding (which is a liability) would also be a means of financing a deficit and therefore also has a positive sign.

<sup>2</sup> Compensating balances are non-interest bearing Treasury bank deposits that Treasury mainly uses to compensate banks for collecting tax and non-tax receipts under financial agency agreements. The Administration is proposing legislation to replace them with an appropriation in 2004.

<sup>3</sup> Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights; and, as an offset, cash and monetary assets (other than the Treasury operating cash balance and compensating balances), miscellaneous asset accounts, and profit on sale of gold.

<sup>4</sup> Consists primarily of Federal Financing Bank debt in 2002.

<sup>5</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>6</sup> The statutory debt limit is \$6,400 billion.

<sup>7</sup> Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost all measured at sales price plus amortized discount or less amortized premium. Agency debt securities are almost all measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).

<sup>8</sup> At the end of 2002, the Federal Reserve Banks held \$604.2 billion of Federal securities and the rest of the public held \$2,936.2 billion. Debt held by the Federal Reserve Bank is not estimated for future years.

mechanism for that fund to accumulate interest on its balances. These accounting balances provide the fund with authority to draw upon the U.S. Treasury in later years to make future payments on its behalf to the public. Public policy may 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 is not financed by private saving and does not compete with the private sector for available funds in the credit market; it does not provide the account with resources other than a legal claim on the U.S. Treasury, which itself obtains real resources by taxation and borrowing; and its current interest does not have to be financed by taxes or other means.

Furthermore, the debt held by Government accounts does not represent the estimated amount of the ac-

count's obligations or responsibilities to make future payments to 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 estimated future benefits (or future benefits less taxes) for the current participants in the program; nor does it represent the actuarial present value of estimated future benefits (or future benefits less taxes) for the current participants plus the estimated future participants over some stated time period. The future transactions of Federal social insurance and employee retirement programs, which now own 88 percent of the debt held by Government accounts, are important in their own right and need to be analyzed separately. This can be done through information published in the actuarial and financial reports for these programs.<sup>4</sup>

This budget uses a variety of information sources to analyze the condition of Social Security and Medicare. Chapter 3 of the present volume, "Stewardship," projects Social Security and Medicare outlays to 2080 relative to GDP. It also discusses in some detail the actuarial projections prepared for the Social Security and Medicare trustees reports to evaluate the long-run actuarial deficiency or shortfall in these programs. A chapter in the main volume of the *Budget*, "The Real Fiscal Danger," uses the same data in less detail to explain the long-run challenges to Social Security and Medicare revealed by these projections. The actuarial shortfalls are very different in concept and much larger in size than the amount of Treasury debt that these programs hold.

For all these reasons, debt held by the public is 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 liabilities are incurred when the Government guarantees the payment of interest and principal on private loans; and liabilities for future pension payments are incurred as part of the current compensation for the services performed by Federal civilian and military employees in producing Government outputs. Like debt securities sold in the credit market, these liabilities have their own distinctive effects on the economy. Federal liabilities are analyzed within the broader conceptual framework of Federal resources and responsibilities in chapter 3 of this volume, "Stewardship." 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.

<sup>4</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 major 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*, prepared by the Treasury Department.

*Technical note on retroactive revision to the discount or premium on Treasury debt securities.*—Treasury securities held by the public are measured as the par value less the unamortized discount or premium, as explained in footnote 1. The Bureau of Public Debt changed its method of amortizing discounts and premiums on many Treasury debt securities effective October 1, 2002. The Bureau converted from the straight-line method to the scientific level yield method on public issues of notes and bonds. The scientific level yield method is similar to the effective interest method and produces an effective interest rate on the security that is nearly constant over the life of the security.

Because the new method amortizes discounts and premiums more slowly than the straight-line method, the change increased the unamortized premiums and discounts on debt held by the public as of September 30, 2002, by \$671 million. The debt held by the public decreased by an identical \$671 million. Debt held by the public and interest outlays for 1978 through 2002 were revised by altering the historical amortization schedule of all public issues of Treasury notes and bonds outstanding at the end of 2002. Debt held by the public was reduced by amounts ranging from less than \$1 million in 1978 to \$671 million in 2002. Interest outlays were reduced by amounts that cumulate to an identical \$671 million. It was not practicable to make any adjustment for notes and bonds that had matured. The revised data on Federal debt are included in this chapter and published in full in *Historical Tables*, table 7.1.

### Government Surpluses or Deficits and the Change in Debt

Table 13–2 summarizes Federal borrowing and debt from 2002 through 2008. In 2002 the Government borrowed \$221 billion, so the debt held by the public increased to \$3,540 billion. The debt held by Government accounts increased \$208 billion, and gross Federal debt increased by \$429 billion to a level of \$6,198 billion.

**Debt held by the public.**—The Federal Government primarily finances deficits by borrowing from the public, and it primarily uses surpluses to repay debt held by the public. Table 13–2 shows the relationship between the Federal deficit or surplus and the change in debt held by the public. The borrowing or debt repayment 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 2 of this volume.

The total or unified budget surplus consists of two parts: the on-budget surplus or deficit; 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>5</sup> The

<sup>5</sup> For further explanation of the off-budget Federal entities, see chapter 20, "Off-Budget Federal Entities and Non-Budgetary Activities."

off-budget totals are virtually the same as Social Security, which had a large surplus in 2002 and is estimated to have large and growing surpluses throughout the projection period. The on-budget and off-budget surpluses or deficits are added together to determine the Government's financing needs.

The Government's need to borrow, or its ability to repay debt held by the public, has always depended on several other factors besides the unified budget surplus or deficit, such as the change in the Treasury operating cash balance. As shown in table 13–2, 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 need to borrow. (An increase in its need to borrow is represented by a negative sign, like a deficit.) In 2002 the deficit was \$158 billion and the “financing other than the change in debt held by the public” was minus \$63 billion. As a result, the Government borrowed \$221 billion from the public.

Over the long-run, it is a good approximation to say that “the deficit is financed by borrowing from the public” or “the surplus is used to repay debt held by the public.” Over the last 20 years, the cumulative deficit was \$2,414 billion and the increase in debt held by the public was \$2,616 billion. The other factors added a total of \$202 billion of borrowing, an average of \$10 billion per year. The variation was wide, ranging from additional borrowing (or lower repayment) of \$63 billion to reduced borrowing of \$19 billion.

In individual years it is also generally a good approximation to say that the deficit and borrowing (or the surplus and debt repayment) are about the same. However, as shown in table 13–2, a combination of events may produce a relatively large total for the other factors in a particular year. In 2002, several of the other factors were large and all added to the need for borrowing. In combination, they accounted for \$63 billion of the \$221 billion increase in debt held by the public, which was an exceptionally large total amount and an unusually large proportion. Three specific factors were especially important in 2002 and one more will be very important in 2003.

The first factor is the change in *Treasury operating cash balance*. The operating cash balance rose \$17 billion during 2002, partly because it had been lower than planned at the end of the previous year. It is estimated to decrease \$11 billion during 2003. Changes in the operating cash balance, while they may occasionally be large, are inherently limited. Decreases in cash—a means of financing the Government—are limited by the amount of past accumulations, which themselves required financing when they were built up. Increases are limited because it is more efficient to repay debt.

Second is the *change in compensating balances*, which Treasury mainly uses to compensate banks for collecting tax and non-tax receipts under financial agency agreements. Under these agreements, Treasury deposits a non-interest bearing compensating balance with a bank. The imputed earnings value of the compensating

balance, typically calculated at the 91-day Treasury bill rate, is the source of the bank's compensation for performing the required services related to these collections. Treasury determines the size of the compensating balance on deposit by balancing the value of the services provided with the imputed earnings value of the compensating balance. Banks can use the compensating balances on deposit to make loans or buy investments, and all compensating balances are fully collateralized. Any decrease in the interest rate applied to compensating balances requires Treasury to increase the size of compensating balances on deposit. Because interest rates decreased so much during 2002, Treasury had to increase its compensating balances by \$14 billion to pay for the services.

It is estimated that Treasury will have to increase its compensating balances by another \$10 billion this year. To some extent, this is because of lower interest rates. However, the main reason is to make up for events that occurred during 2002, including the temporary withdrawal of balances when the Federal debt was pressing up against the debt limit. Treasury finances an increase in compensating balances by borrowing from the public or other means of financing.

This budget proposes legislation to replace compensating balances in 2004 by a permanent indefinite appropriation for Treasury to pay banks directly for their services as depositories and financial agents. As a result, as table 13–2 shows, the budget estimates that compensating balances will be drawn down from \$37 billion to zero in 2004. This is expected to simplify Treasury's cash and debt management, making it more efficient, especially when interest rates change sharply. This is also expected to reduce the deficit, with the interest saved on lower borrowing being more than the outlays to pay for the services. The budget estimates savings of \$637 million for the five years 2004–08.

Third is the *net purchases of non-Federal securities by the National Railroad Retirement Investment Trust*. This trust fund was established by the Railroad Retirement and Survivors' Improvement Act of 2001. Under the Act, most of the assets in the Railroad Retirement Board trust funds are transferred to the new trust fund, which is expected to invest primarily in private stocks and bonds. The Act ordered special treatment of the purchase or sale of non-Federal assets by this trust fund, treating such purchases as a means of financing rather than an outlay. Therefore, the increased need to borrow from the public to finance the purchase of non-Federal assets is masked as part of the “financing other than the change in debt held by the public” rather than included as an increase in the deficit. The budget estimates that this will increase borrowing and publicly held debt by \$17 billion in 2003. Net purchases or sales in subsequent years are estimated to be relatively small.<sup>6</sup>

The fourth and final major factor is the *net financing disbursements for the direct loan and guaranteed loan*

<sup>6</sup> The budget treatment of this fund is further discussed in chapter 24, “Budget System and Concepts and Glossary.”

*financing accounts.* The financing accounts were created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated subsidy cost of the loans or guarantees at the time when the direct loans or guaranteed loans are disbursed. The cash flows to and from the public resulting from these loans and guarantees—the disbursement and repayment of loans, the default payments, the collections of interest and fees, and so forth—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>7</sup>

The financing accounts also include intra-governmental transactions. In particular, they receive payment from the credit program accounts for the costs of new direct loans and loan guarantees. These collections are offset against the gross disbursements of the financing accounts in determining the accounts' total net cash flows. The total net cash flows of the financing accounts, consisting of transactions with both the public and budgetary accounts, are called "net financing disbursements." They are defined in the same way as the "outlays" of a budgetary account and therefore affect the requirement for borrowing from the public in the same way as the deficit.

The result is that the intragovernmental transactions of the financing accounts do not affect Federal borrowing from the public. Although the deficit changes because of the budget's outlay or receipt, the net financing disbursement changes in an equal amount with the opposite sign, so the effects cancel out. 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.

<sup>7</sup> The Federal Credit Reform Act of 1990 (sec. 505(b)) requires that the financing accounts be non-budgetary. As explained in chapter 20, "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 20.

The impact of the financing accounts became large in the mid-1990s. In 2002 they required \$16 billion of financing, which increased borrowing by this amount. They are estimated to require additional financing of \$15 billion in 2003 and from \$14 billion to \$19 billion in the following four years. A major part is normally due to the direct student loan program. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are initially increased. Later, when the loans are repaid, Federal borrowing requirements will decrease.

***Debt held by Government accounts.***—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 95 percent of the total Federal debt held by Government accounts at the end of 2002. In 2002, for example, the total trust fund surplus was \$202 billion, and Government accounts invested \$208 billion in Federal securities. The difference is mainly because some revolving funds and special funds also invest in Federal debt. In addition, the trust funds may change the amount of their cash assets not currently invested. A new reason, starting in 2003, is that the National Railroad Retirement Investment Trust will invest mostly in private securities. The debt held in major accounts and the annual investments are shown in table 13–4.

### Agency Debt

Several Federal agencies, shown in table 13–3, sell debt securities to the public and at times in the past have sold securities to other Government accounts. During 2002, agencies borrowed \$0.2 billion from the public. Agency debt is barely one percent of Federal debt held by the public. Agencies are estimated to repay small amounts of debt in 2003 and 2004.

The reasons for issuing agency debt differ considerably from one agency to another. The predominant agency borrower is the Tennessee Valley Authority, which had borrowed \$26 billion from the public as of the end of 2002, or 94 percent of the total debt of all agencies. TVA sells debt primarily to finance capital expenditures.

Table 13-3 AGENCY DEBT

(In millions of dollars)

|   | Borrowing or repayment (-) of debt |               |               | Debt end of 2004 estimate |
|---|------------------------------------|---------------|---------------|---------------------------|
|   | 2002 Actual                        | 2003 Estimate | 2004 Estimate |                           |
| <b>Borrowing from the public:</b>                                 |                                    |               |               |                           |
| Housing and Urban Development:                                    |                                    |               |               |                           |
| Federal Housing Administration .....                              | 66                                 | 0             | 0             | 298                       |
| Small Business Administration:                                    |                                    |               |               |                           |
| Participation certificates: Section 505 development company ..... | 0                                  | 0             | 0             | 7                         |
| Architect of the Capitol .....                                    | -2                                 | -2            | -3            | 163                       |
| Farm Credit System Financial Assistance Corporation .....         | 0                                  | -450          | 0             | 325                       |
| Federal Communications Commission .....                           | -11                                | -114          | 0             | 0                         |
| Federal Deposit Insurance Corporation:                            |                                    |               |               |                           |
| FSLIC Resolution Fund .....                                       | -63                                | 0             | 0             | 0                         |
| National Archives .....   | -7                                 | -7            | -8            | 243                       |
| Tennessee Valley Authority:                                       |                                    |               |               |                           |
| Bonds and Notes .....   | -120                               | -381          | -191          | 24,689                    |
| Lease obligations <sup>1</sup> .....                              | 289                                | 304           | -40           | 825                       |
| Total, borrowing from the public .....                            | 152                                | -651          | -242          | 26,550                    |
| Total, agency borrowing .....                                     | 152                                | -651          | -242          | 26,550                    |

<sup>1</sup> Lease obligations revised retroactively for 2000-02 as explained in the accompanying text.

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 selling securities to the public and then paying the bills by disbursing the cash borrowed, so the transaction is recorded as being simultaneously an outlay and a borrowing. The debentures are therefore classified as agency debt. The borrowing by FHA and a few other agencies that have engaged in similar transactions is thus inherent in the way that their programs operate. <sup>8</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

<sup>8</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.

for a lease-purchase without substantial private 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 according to an amortization schedule by a portion of the annual lease payments. This rule was effective starting in 1991. <sup>9</sup> 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 previous practice.

The Tennessee Valley Authority has primarily financed its capital construction by selling bonds and notes to the public. Starting in 2000, it has also signed contracts to lease some recently constructed power generators to private investors and simultaneously lease them back. TVA receives a lump sum for leasing out its assets, and then leases them back at fixed annual payments for a set number of years. TVA retains substantially all of the economic benefits and risks related to ownership of the assets, and the lease/leasebacks are reported as liabilities on TVA's balance sheet under generally accepted accounting principles.

<sup>9</sup> The rule addressed all lease-purchases and capital leases from the public, not just those without substantial private risk. For all such contracts, the rule requires that budget authority be recorded up front for the present value of the lease payments. See OMB Circular No. A-11, Part 2, Appendix B. Also see the section on "outlays" in chapter 24, "Budget System and Concepts and Glossary."

Table 13-4. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>

(In millions of dollars)

| Description   | Investment or disinvestment (-) |                |                | Holdings end of 2004 estimate |
|---|---------------------------------|----------------|----------------|-------------------------------|
|   | 2002 Actual                     | 2003 Estimate  | 2004 Estimate  |                               |
| <b>Investment in Treasury debt:</b>                                   |                                 |                |                |                               |
| Defense-Military:   |                                 |                |                |                               |
| Uniformed Services Retiree Health Care Fund .....                     |                                 | 18,222         | 20,026         | 38,248                        |
| Energy:   |                                 |                |                |                               |
| Nuclear waste disposal fund .....                                     | 2,179                           | 1,247          | 1,282          | 15,680                        |
| Uranium enrichment decontamination fund .....                         | 431                             | 504            | 393            | 3,884                         |
| Health and Human Services:  |                                 |                |                |                               |
| Federal hospital insurance trust fund .....                           | 31,769                          | 27,015         | 27,102         | 283,023                       |
| Federal supplementary medical insurance trust fund .....              | -3,174                          | -10,179        | 4,227          | 32,852                        |
| Vaccine Injury compensation fund .....                                | 130                             | 222            | 80             | 2,060                         |
| Housing and Urban Development:  |                                 |                |                |                               |
| Federal Housing Administration mutual mortgage fund .....             | 3,966                           | 7,200          | 5,000          | 33,449                        |
| Other HUD .....   | 378                             | 226            | 272            | 7,458                         |
| Interior: Abandoned Mine Reclamation fund .....                       | 29                              | 142            | 139            | 2,176                         |
| Labor:  |                                 |                |                |                               |
| Unemployment trust fund .....   | -20,374                         | -18,444        | 818            | 50,639                        |
| Pension Benefit Guaranty Corporation <sup>1</sup> .....               | 919                             | 544            | 98             | 13,137                        |
| State: Foreign Service retirement and disability trust fund           | 543                             | 560            | 562            | 12,856                        |
| Transportation:   |                                 |                |                |                               |
| Highway trust fund .....  | -5,275                          | 632            | 3,786          | 23,258                        |
| Airport and airway trust fund .....                                   | -2,663                          | 1,343          | -1,762         | 10,578                        |
| Oil spill liability trust fund .....                                  | -125                            | -18            | -69            | 916                           |
| Aquatic resources trust fund .....                                    | 65                              | -63            | .....          | 1,306                         |
| Treasury: Exchange stabilization fund                                 | -297                            | 485            | 511            | 10,713                        |
| Veterans Affairs:   |                                 |                |                |                               |
| National service life insurance trust fund .....                      | -174                            | -236           | -306           | 10,923                        |
| Other trust funds .....   | 36                              | 10             | -7             | 1,919                         |
| Federal funds .....   | -15                             | -25            | -2             | 484                           |
| Defense-Civil:  |                                 |                |                |                               |
| Military retirement trust fund .....                                  | 5,418                           | 12,458         | 13,717         | 188,571                       |
| Harbor maintenance trust fund .....                                   | -1                              | 29             | .....          | 1,833                         |
| Environmental Protection Agency:                                      |                                 |                |                |                               |
| Hazardous substance trust fund .....                                  | -396                            | -396           | -213           | 2,625                         |
| Leaking underground storage tank trust fund .....                     | 189                             | 231            | 203            | 2,327                         |
| International Assistance Programs:                                    |                                 |                |                |                               |
| Overseas Private Investment Corporation .....                         | 114                             | 159            | 152            | 3,775                         |
| Office of Personnel Management:                                       |                                 |                |                |                               |
| Civil Service retirement and disability trust fund .....              | 31,105                          | 28,878         | 30,748         | 633,339                       |
| Employees life insurance fund .....                                   | 1,660                           | 642            | 1,393          | 27,385                        |
| Employees health benefits fund .....                                  | 903                             | 648            | 742            | 8,944                         |
| Social Security Administration:                                       |                                 |                |                |                               |
| Federal old-age and survivors insurance trust fund <sup>2</sup> ..... | 139,646                         | 145,738        | 158,716        | 1,478,213                     |
| Federal disability insurance trust fund .....                         | 19,445                          | 13,329         | 12,906         | 181,522                       |
| Farm Credit System Insurance Corporation:                             |                                 |                |                |                               |
| Farm Credit System Insurance fund .....                               | 87                              | 132            | 160            | 1,978                         |
| Federal Deposit Insurance Corporation:                                |                                 |                |                |                               |
| Bank Insurance fund .....   | -136                            | 414            | 401            | 31,357                        |
| FSLIC Resolution fund .....   | 151                             | 489            | 21             | 3,310                         |
| Savings Association Insurance fund .....                              | 499                             | 634            | 220            | 12,007                        |
| National Credit Union Administration: Share insurance fund .....      | 606                             | 515            | 396            | 6,060                         |
| Postal Service fund .....   | 172                             | -30            | .....          | 1,400                         |
| Railroad Retirement Board trust funds <sup>1</sup> .....              | -263                            | -16,994        | -1,080         | 1,984                         |
| Other Federal funds .....   | 476                             | 200            | 694            | 8,486                         |
| Other trust funds .....   | -312                            | -843           | -213           | 5,894                         |
| Unrealized discount <sup>1</sup> .....                                | -3                              | .....          | .....          | -1,861                        |
| <b>Total, investment in Treasury debt <sup>1</sup> .....</b>          | <b>207,708</b>                  | <b>215,621</b> | <b>281,113</b> | <b>3,154,708</b>              |
| <b>Investment in agency debt:</b>                                     |                                 |                |                |                               |
| <b>Total, investment in agency debt .....</b>                         | .....                           | .....          | .....          | .....                         |
| <b>Total, investment in Federal debt <sup>1</sup> .....</b>           | <b>207,708</b>                  | <b>215,621</b> | <b>281,113</b> | <b>3,154,708</b>              |
| <b>MEMORANDUM</b>   |                                 |                |                |                               |
| Investment by Federal funds (on-budget) .....                         | 9,386                           | 31,089         | 29,763         | 192,202                       |
| Investment by Federal funds (off-budget) .....                        | 172                             | -30            | .....          | 1,400                         |
| Investment by trust funds (on-budget) .....                           | 39,063                          | 25,494         | 79,728         | 1,303,232                     |

Table 13-4. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>—Continued

(In millions of dollars)

| Description                                  | Investment or disinvestment (-) |               |               | Holdings end of 2004 estimate |
|--|---------------------------------|---------------|---------------|-------------------------------|
|  | 2002 Actual                     | 2003 Estimate | 2004 Estimate |                               |
| Investment by trust funds (off-budget) ..... | 159,091                         | 159,067       | 171,622       | 1,659,735                     |
| Unrealized discount <sup>1</sup> .....       | -3                              | .....         | .....         | -1,861                        |

<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, the Pension Benefit Guaranty Corporation (PBGC), 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 \$10.3 billion higher than recorded in this table at the end of 2002; the debt held by PBGC would be \$0.3 billion higher; and the debt held by the Railroad Retirement Board would be \$5.2 billion higher.

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

The Office of Management and Budget determined a year ago that the TVA lease/leaseback in 2002 was a means of financing the acquisition of an asset owned and used by the Government. The arrangement was at least as governmental as a “lease-purchase without substantial private risk.” The budget therefore recorded the upfront cash proceeds from the lease as borrowing from the public, not offsetting collections. Agency debt in the form of a lease obligation was recorded as a type of borrowing. In this year’s budget, the same treatment is used for the lease/leaseback estimated for 2003. For consistent treatment with budget concepts, agency debt is retroactively recorded for the lease/leaseback in 2000.<sup>10</sup> The total amount of the lease obligations is shown in table 13-3 separately from TVA bonds and notes to distinguish between the types of borrowing. The obligation for lease/leasebacks increases to \$865 million at the end of 2003 and then declines steadily as it is amortized.

TVA borrowing is limited by a statutory cap of \$30 billion on the amount of debt that may be outstanding. Because current authorizations are unclear on the point, the budget proposes legislation to ensure that lease/leasebacks and other arrangements that are equivalent to traditional debt financing are included under TVA’s debt cap.

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.

### Debt Held by Government Accounts

Trust funds, and some special funds and public enterprise revolving funds, accumulate cash in excess of current needs in order to meet future obligations. These cash surpluses are generally invested in Treasury debt.

<sup>10</sup> The retroactive revision adds \$300 million to TVA debt at the end of 2000, \$272 million at the end of 2001, and \$265 million at the end of 2002.

Investment by trust funds and other Government accounts has risen greatly for many years. It was \$208 billion in 2002, as shown in table 13-4, and is estimated to be \$281 billion in 2004. The holdings of Federal securities by Government accounts are estimated to grow to \$3,155 billion by the end of 2004, or 43 percent of the gross Federal debt. This percentage is estimated to rise gradually in the following years, as the trust funds and several major Federal funds continue to accumulate surpluses. By 2008, debt held by Government accounts is estimated to be 47 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 \$490 billion during 2002-04, which is 70 percent of the total estimated investment by Government accounts. The two Medicare trust funds—Hospital Insurance and Supplementary Medical Insurance—account for another 11 percent of the total estimated investment.

Apart from these four social insurance funds, the largest investment is by the funds for Federal employee retirement. 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 2002-04. The military retirement trust fund and the special fund for uniformed service retiree medical care account for 10 percent. Altogether, the investment of Social Security, Medicare, and these three retirement funds is more than the total investment by all Government accounts during this period. At the end of 2004, they are estimated to own 90 percent of the total debt held by Government accounts.

Many of the other Government accounts also increased their holdings of Federal securities during this period, but two of them record major decreases. The unemployment trust fund disinvests a total of \$39 billion last year and this year due to the effect of the recession and slow recovery on unemployment. The Railroad Retirement Board trust funds disinvest \$17 billion this year and small amounts in 2002 and 2004. This is because their assets are being transferred to the National Railroad Retirement Investment Trust, as explained previously, which is expected to invest mostly in private stocks and bonds.

*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 13–4 at par value less unamortized discount. The only three Government accounts that held zero-coupon bonds during the period of this table are the Nuclear Waste Disposal fund in the Department of Energy, the Pension Benefit Guaranty Corporation (PBGC), and the Rail Industry Pension fund under the Railroad Retirement Board. The PBGC no longer holds zero-coupon bonds, and the Rail Industry Pension fund is expected to disinvest them this year as it transfers assets to the National Railroad Retirement Investment Trust as discussed above. The total unamortized discount of these zero-coupon bonds was \$15.8 billion at the end of 2002.

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, the unrealized discount is the discount at the time of issue and is not amortized over the term of the security. In table 13–4 it is shown as a separate item at the end of the table and not distributed by account. The amount was \$1.9 billion at the end of 2002.

### 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 third part of table 13–2 compares total Treasury debt with the amount of Federal debt that is subject to the limit. Nearly all Treasury debt is subject to the debt limit. Most of the Treasury debt not subject to limit was issued by the FFB (Federal Financing Bank), whose debt is not included under the limit. The FFB is authorized to have outstanding up to \$15 billion of publicly issued debt, and this amount was issued sev-

eral years ago to the Civil Service Retirement and Disability trust fund. However, it was redeemed in early 2003 and is estimated to remain zero. The remaining Treasury debt not subject to limit consists almost entirely of sliver 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 added only \$283 million at the end of 2002. 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 debt 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 9 to table 13–2. The amount is relatively small: \$5.7 billion at the end of 2002 compared to the total unamortized discount (less premium) of \$57.3 billion on all Treasury securities.

*Changes in the debt limit.*—The statutory debt limit has been changed many times. Since 1960, Congress has passed 69 separate acts to raise the limit, extend the duration of a temporary increase, or revise the definition. For a long period up to mid-1990, the debt limit was also changed frequently. Since then, however, the debt limit has been increased three times by amounts large enough to last for two years or more. The increase in 2002, however, was intended to last a much shorter period.<sup>11</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. In March 1996, although agreement had not been reached on deficit reduction, Congress passed an act

<sup>11</sup> The Acts and the statutory limits since 1940 are enumerated in *Historical Tables, Budget of the United States Government*, table 7.3.



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 in August 1997, increased the debt limit to \$5,950 billion.

This limit lasted more than four years. It was not until December 2001 that the Secretary of the Treasury again requested an increase in the debt limit. When the limit had not been increased and the debt was about to run up against the limit at the beginning of April 2002, he declared that he would suspend new investments in the Government Securities Investment Fund (G-fund). This fund is one component of the Thrift Savings Fund, a defined contribution plan for Federal employees. The Secretary has statutory authority to suspend investments of the G-fund in Treasury securities as needed to prevent the debt from exceeding the

debt limit, and to make the fund whole after the period has ended by restoring the lost interest and investing it fully. Starting on April 4, when the debt reached the limit, Treasury determined each day the amount of investments that would allow the fund to be invested as fully as possible without exceeding the debt limit. Treasury fully restored the lost interest of the G-fund and invested its principal on April 16, when substantial tax receipts were collected. This made the fund whole and protected the participants from any loss. In addition to these steps, Treasury called back about \$7 billion of compensating balances from the banks for a very short time just before it began to suspend investments.

The Secretary declared a debt issuance suspension period as of May 16, when the debt again approached the limit. Treasury again did not fully invest the G-fund, and, under similar statutory authority, it re-deemed a relatively small amount of securities held by the Civil Service Retirement and Disability fund. Treasury augmented these steps by suspending the sales of state and local government issues to enhance control, by calling back about \$20 billion of compensating balances for two weeks in June, and by post-

**Table 13-5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT**

(In billions of dollars)

| Description  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Federal funds deficit (-)</b> .....   | <b>-360.2</b>  | <b>-496.5</b> | <b>-548.1</b> | <b>-472.5</b> | <b>-467.2</b> | <b>-453.4</b> | <b>-476.4</b> |
| Means of financing other than borrowing:   |                |               |               |               |               |               |               |
| Premiums paid (-) on buybacks of Treasury securities .....   | -3.8           | .....         | .....         | .....         | .....         | .....         | .....         |
| Net purchases (-) of non-Federal securities by the National Railroad Retirement Investment Trust ..... | -1.5           | -16.5         | -0.1          | 1.1           | 1.3           | 1.3           | 1.4           |
| Change in: <sup>1</sup>  |                |               |               |               |               |               |               |
| Treasury operating cash balances .....   | -16.7          | 10.9          | .....         | .....         | .....         | .....         | .....         |
| Compensating balances <sup>2</sup> .....   | -14.0          | -9.6          | 37.0          | .....         | .....         | .....         | .....         |
| Checks outstanding, etc. <sup>3</sup> .....  | -7.5           | 3.3           | -10.6         | .....         | .....         | .....         | .....         |
| Seignorage on coins .....  | 1.0            | 1.1           | 1.1           | 1.1           | 1.1           | 1.1           | 1.1           |
| Less: Net financing disbursements:   |                |               |               |               |               |               |               |
| Direct loan financing accounts .....   | -14.8          | -16.4         | -19.4         | -14.6         | -19.8         | -20.2         | -21.1         |
| Guaranteed loan financing accounts .....   | -1.5           | 1.3           | 1.2           | 0.2           | 1.7           | 1.9           | 1.9           |
| <b>Total, means of financing other than borrowing</b> .....  | <b>-58.8</b>   | <b>-26.1</b>  | <b>9.1</b>    | <b>-12.2</b>  | <b>-15.6</b>  | <b>-15.9</b>  | <b>-16.7</b>  |
| Decrease or increase (-) in Federal debt held by Federal funds .....                                   | -9.6           | -31.1         | -29.8         | -32.0         | -33.0         | -34.9         | -37.0         |
| Increase or decrease (-) in Federal debt not subject to limit .....                                    | 0.1            | -15.7         | -0.2          | -0.4          | -0.1          | -0.5          | -0.6          |
| <b>Total, requirement for Federal funds borrowing subject to debt limit</b> .....                      | <b>428.4</b>   | <b>569.3</b>  | <b>569.0</b>  | <b>517.2</b>  | <b>516.0</b>  | <b>504.6</b>  | <b>530.7</b>  |
| Adjustment for change in discount and premium <sup>4</sup> .....                                       | 0.2            | .....         | .....         | .....         | .....         | .....         | .....         |
| <b>Increase in debt subject to limit</b> .....   | <b>428.6</b>   | <b>569.3</b>  | <b>569.0</b>  | <b>517.2</b>  | <b>516.0</b>  | <b>504.6</b>  | <b>530.7</b>  |
| <b>ADDENDUM</b>  |                |               |               |               |               |               |               |
| Debt subject to statutory limit <sup>5</sup> .....   | 6,161.4        | 6,730.7       | 7,299.7       | 7,816.9       | 8,332.9       | 8,837.5       | 9,368.2       |

\* \$50 million or less.

<sup>1</sup> A decrease in the Treasury operating cash balance or compensating balances (which are assets) would be a means of financing the deficit and therefore has a positive sign. An increase in checks outstanding (which is a liability) would also be a means of financing the deficit and would therefore also have a positive sign.

<sup>2</sup> Compensating balances are non-interest bearing bank deposits that Treasury mainly uses to compensate banks for collecting tax and non-tax receipts under financial agency agreements. The Administration is proposing legislation to replace them with an appropriation in 2004.

<sup>3</sup> Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights; and, as an offset, cash and monetary assets (other than the Treasury operating cash balance and compensating balances), miscellaneous asset accounts, and profit on the sale of gold.

<sup>4</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>5</sup> The statutory debt limit is \$6,400 billion.

poning normal auctions at the end of June. Congress raised the debt limit to \$6,400 billion on June 28, the President signed the bill on the same day, and Treasury restored the lost interest to the G-fund and Civil Service fund and invested them fully.

The debt subject to limit is now approaching the new ceiling. Treasury wrote Congress on December 24, 2002, that the debt subject to limit may reach the ceiling in the latter half of February 2003. An increase in the debt limit will be necessary to permit the Federal Government to meet its obligations to borrow the additional cash needed to pay bills as they come due, and to invest the surpluses of trust funds and other Government accounts in Treasury securities as required by law.

**Methods of changing the debt limit.**—The statutory limit is usually changed by normal legislative procedures. Under the rules adopted by the House of Representatives in January 2003, it can also be changed as a consequence of the annual Congressional budget resolution, which is not itself a law. The budget resolution includes a provision specifying the appropriate level of the debt subject to limit at the end of each fiscal year. The new rule provides that, when the budget resolution is adopted by both Houses of the Congress, the vote in the House of Representatives is deemed to have been a vote in favor of a joint resolution setting the statutory limit at the level specified in the budget resolution. The joint resolution is transmitted to the Senate for further action, where it may be amended to change the debt limit provision or in any other way. If it passes both Houses of the Congress, it is sent to the President for his signature.

The House of Representatives first adopted its rule for 1980 and it was used a number of times, but in recent years it was not included in the rules.

**Federal funds financing and the change in debt subject to limit.**—The change in debt held by the public, as shown in table 13–2, is determined primarily by the total Government deficit or surplus. The debt subject to limit, however, includes not only debt held by the public but also debt held by Government accounts. The change in debt subject to limit is therefore determined both by the factors that determine the total Government deficit or surplus and by the factors that determine the change in debt held by Government accounts. The effect of debt held by Government accounts on the total debt subject to limit is brought out sharply in the second part of table 13–2. The change in debt held by Government accounts is a large proportion of the change in total debt subject to limit each year and accounts for more than half of the estimated total increase from 2002 through 2008.

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>12</sup>

A Federal funds deficit must generally be financed by borrowing, which can be done 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 Treasury securities that are subject to the statutory debt limit. Very little debt subject to statutory limit has been issued in past years for reasons other than financing the Federal funds deficit. 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. Trust fund surpluses are almost entirely invested in securities subject to the debt limit, and trust funds hold most of the debt held by Government accounts.

Table 13–5 derives the change in debt subject to limit. In 2002 the Federal funds deficit was \$360 billion, and other factors increased the requirement to borrow subject to limit by \$68 billion. The largest of these other factors were the increase in Treasury operating cash balance (\$17 billion), the increase in compensating balances (\$14 billion), and the net financing disbursements of the direct loan financing accounts (\$15 billion). As explained in an earlier section, financing accounts are excluded from the budget by law because they are not a cost to the Government, but they are sizable and have to be financed. As a net result of all these factors, debt subject to limit increased by \$429 billion, while debt held by the public increased by \$221 billion.

The debt subject to limit is estimated to increase to \$6,731 billion by the end of 2003, which is much more than the present statutory limit of \$6,400 billion. This is caused by a sharp rise in the Federal funds deficit, supplemented by the other factors shown in table 13–5. Some are large, especially the higher investment by Federal funds, which is attributable to the special fund for uniformed services retiree medical care. During subsequent years this fund continues to have large surpluses, and other factors add to the requirement to borrow subject to the debt limit. As a result, while debt held by the public increases by \$1,463 billion during 2003–08, debt subject to limit increases by \$3,207 billion.

### Debt Held by Foreign Residents

During most of American history, the Federal debt was held almost entirely by individuals and institutions within the United States. In the late 1960s, as shown in table 13–6, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

<sup>12</sup> For further discussion of the trust funds and Federal funds groups, see chapter 16, "Trust Funds and Federal Funds."

**Table 13-6. FOREIGN HOLDINGS OF FEDERAL DEBT**  
(Dollar amounts in billions)

| Fiscal year       | Debt held by the public |                      |                    | Borrowing from the public |                      |
|-------------------|-------------------------|----------------------|--------------------|---------------------------|----------------------|
|                   | Total                   | Foreign <sup>1</sup> | Percentage foreign | Total <sup>2</sup>        | Foreign <sup>1</sup> |
| 1965              | 260.8                   | 12.3                 | 4.7                | 3.9                       | 0.3                  |
| 1966              | 263.7                   | 11.6                 | 4.4                | 2.9                       | -0.7                 |
| 1967              | 266.6                   | 11.4                 | 4.3                | 2.9                       | -0.2                 |
| 1968              | 289.5                   | 10.7                 | 3.7                | 22.9                      | -0.7                 |
| 1969              | 278.1                   | 10.3                 | 3.7                | -11.4                     | -0.4                 |
| 1970              | 283.2                   | 14.0                 | 5.0                | 5.1                       | 3.8                  |
| 1971              | 303.0                   | 31.8                 | 10.5               | 19.8                      | 17.8                 |
| 1972              | 322.4                   | 49.2                 | 15.2               | 19.3                      | 17.3                 |
| 1973              | 340.9                   | 59.4                 | 17.4               | 18.5                      | 10.3                 |
| 1974              | 343.7                   | 56.8                 | 16.5               | 2.8                       | -2.6                 |
| 1975              | 394.7                   | 66.0                 | 16.7               | 51.0                      | 9.2                  |
| 1976              | 477.4                   | 69.8                 | 14.6               | 82.7                      | 3.8                  |
| TQ                | 495.5                   | 74.6                 | 15.1               | 18.1                      | 4.9                  |
| 1977              | 549.1                   | 95.5                 | 17.4               | 53.6                      | 20.9                 |
| 1978              | 607.1                   | 121.0                | 19.9               | 58.0                      | 25.4                 |
| 1979 <sup>3</sup> | 640.3                   | 120.3                | 18.8               | 33.2                      | N/A                  |
| 1980              | 711.9                   | 121.7                | 17.1               | 71.6                      | 1.4                  |
| 1981              | 789.4                   | 130.7                | 16.6               | 77.5                      | 9.0                  |
| 1982              | 924.6                   | 140.6                | 15.2               | 135.2                     | 9.9                  |
| 1983              | 1,137.3                 | 160.1                | 14.1               | 212.7                     | 19.5                 |
| 1984              | 1,307.0                 | 175.5                | 13.4               | 169.7                     | 15.4                 |
| 1985 <sup>3</sup> | 1,507.3                 | 222.9                | 14.8               | 200.3                     | N/A                  |
| 1986              | 1,740.6                 | 265.5                | 15.3               | 233.4                     | 42.7                 |
| 1987              | 1,889.8                 | 279.5                | 14.8               | 149.1                     | 14.0                 |
| 1988              | 2,051.6                 | 345.9                | 16.9               | 161.9                     | 66.4                 |
| 1989              | 2,190.7                 | 394.9                | 18.0               | 139.1                     | 49.0                 |
| 1990 <sup>3</sup> | 2,411.6                 | 440.3                | 18.3               | 220.8                     | N/A                  |
| 1991              | 2,689.0                 | 477.3                | 17.7               | 277.4                     | 37.0                 |
| 1992              | 2,999.7                 | 535.2                | 17.8               | 310.7                     | 57.9                 |
| 1993              | 3,248.4                 | 591.3                | 18.2               | 248.7                     | 56.1                 |
| 1994              | 3,433.1                 | 655.8                | 19.1               | 184.7                     | 64.5                 |
| 1995 <sup>3</sup> | 3,604.4                 | 800.4                | 22.2               | 171.3                     | N/A                  |
| 1996              | 3,734.1                 | 978.1                | 26.2               | 129.7                     | 177.7                |
| 1997              | 3,772.3                 | 1,218.2              | 32.3               | 38.3                      | 240.0                |
| 1998              | 3,721.1                 | 1,216.9              | 32.7               | -51.2                     | -1.2                 |
| 1999 <sup>3</sup> | 3,632.4                 | 1,281.4              | 35.3               | -88.7                     | N/A                  |
| 2000 <sup>3</sup> | 3,409.8                 | 1,057.9              | 31.0               | -222.6                    | N/A                  |
| 2001              | 3,319.6                 | 1,005.5              | 30.3               | -90.2                     | -52.3                |
| 2002              | 3,540.4                 | 1,134.1              | 32.0               | 220.8                     | 128.6                |

N/A=Not Available.

<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> Benchmark revisions reduced the estimated foreign holdings of the Federal debt as of December 1978; increased the estimated foreign holdings as of December 1984 and December 1989; and reduced the estimated holdings as of December 1994 and March 2000. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the change in debt from foreign residents in 1979, 1985, 1990, 1995 and 2000 reflects the benchmark revision as well as the net purchase of Federal debt securities. A conceptual revision increased the estimated foreign holdings as of 1999. The change in debt that is recorded as held by foreign residents in these years reflects these revisions as well as the net purchases of Federal securities. Borrowing is therefore not shown in these years.

Foreign holdings began to grow significantly starting in 1970. This increase has been almost entirely due to decisions by foreign central banks, corporations, and individuals, rather than the direct marketing of these securities to foreign residents. At the end of fiscal year 2002 foreign holdings of Treasury debt were \$1,134 billion, which was 32 percent of the total debt held by the public.<sup>13</sup> Foreign central banks owned 60 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 that foreign residents 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

<sup>13</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.

from the public.<sup>14</sup> As a result, the Federal debt held by individuals and institutions within the United States decreased in absolute amount during those years, despite further Federal borrowing, 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. Since then, the changes in foreign debt holdings have been much smaller, and the proportion of Federal debt held by foreign residents was 32 percent at the end of 2002.

Foreign holdings of Federal debt are around 12 percent of the foreign-owned assets in the United States, depending on the method of measuring total assets. 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 de-

posits 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; it permits mortgage interest to be deducted in calculating taxable income; 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 9, "Credit and Insurance." Detailed data are presented in tables at the end of that chapter. Tables 9-11 and 9-12 summarize GSE borrowing and lending.

<sup>14</sup> Table 13-6 does not show a number for the increase in foreign holdings in 1995 because of a benchmark revision. As explained in footnote 5 to that table, a benchmark revision reduced the estimated holdings as of December 1994 (by \$47.9 billion). Because estimates of foreign holdings were not revised retroactively, the increase in 1995 was more than the difference between the beginning and end of year amounts as now calculated. Before the benchmark revision, the increase was estimated to be \$192.6 billion.

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**THE PRESIDENT'S BUDGET REFORM PROPOSALS**

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## 14. THE PRESIDENT'S BUDGET REFORM PROPOSALS

On September 30, 2002, the budget rules that had enforced fiscal restraint for most of the past decade expired. These budget constraints were especially effective in restraining Executive and Legislative Branch action in the initial years of the Budget Enforcement Act (BEA). For these enforcement mechanisms to continue to be effective, budget enforcement rules need to be consistent with current fiscal realities. The Administration will work with the new Congress to develop budget enforcement mechanisms that are consistent with the needs of the country, including future discretionary spending limits and a PAYGO requirement for entitlement spending and tax legislation.

### Discretionary Caps and PAYGO

The Administration proposes to extend the BEA's mechanisms for limiting discretionary spending for 2004 and 2005 with spending limits on net budget authority and outlays equal to the levels proposed in the 2004 Budget. Table 14-1 displays the total levels of discretionary budget authority and outlays proposed for

2004 and 2005. Two years is a reasonable period for setting discretionary spending limits. It covers the term of the new Congress, but is not so long that the limits become obsolete in the face of a changing fiscal situation. In addition, reaching agreement on a two-year discretionary framework allows lawmakers and the President to plan more effectively and devote more time to other legislative business the following year.

The Administration also proposes to extend the pay-as-you-go requirement for two years. The Administration would continue to score the five-year impact of any proposals affecting mandatory spending and receipts, but the enforcement mechanisms would be effective for the same two years covered by the discretionary limits. Table 14-2 displays the President's revenue and direct spending proposals. Legislation that exceeds the discretionary spending limits or the pay-as-you-go requirement would trigger a sequester of discretionary or direct spending as appropriate. As in the past, the 2004 Budget continues to label as "PAYGO" legislation that changes mandatory receipts or direct spending.

**Table 14-1. PROPOSED DISCRETIONARY SPENDING FOR 2004 AND 2005**

(In billions of dollars)

|   | 2004  | 2005  |
|---|-------|-------|
| Proposed Discretionary Spending Before Adjustments:                                   |       |       |
| BA .....  | 780.7 | 811.5 |
| OL .....  | 817.2 | 848.0 |
| Potential Discretionary Cap Adjustments:  |       |       |
| Nuclear Waste Repository for Yucca Mountain <sup>1</sup> :                            |       |       |
| BA .....  | ..... | 0.5   |
| OL .....  | ..... | 0.5   |
| SSA Program Integrity Activities (CDRs and redeterminations):                         |       |       |
| BA .....  | 1.4   | 1.5   |
| OL .....  | 1.4   | 1.5   |
| EITC Compliance:  |       |       |
| BA .....  | 0.1   | 0.1   |
| OL .....  | 0.1   | 0.1   |
| Total, Proposed for Discretionary Spending:   |       |       |
| BA .....  | 782.2 | 813.5 |
| OL .....  | 818.8 | 850.0 |
| Additional Cap Adjustment Assuming Enactment of Authorization of Retirement Accruals: |       |       |
| BA .....  | 11.1  | 11.3  |
| OL .....  | 11.1  | 11.3  |

<sup>1</sup>This adjustment will be modified based on final 2003 appropriations.

**Table 14–2. PROPOSED REVENUE AND DIRECT SPENDING POLICY**  
(PAYGO cost in millions of dollars)

|   | 2003          | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2004–2008      | 2004–2013        |
|---|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Revenue Policy .....                      | 31,087        | 110,411        | 109,056        | 102,386        | 85,238         | 86,565         | 88,940         | 90,223         | 186,857        | 291,629        | 296,693        | 493,656        | 1,447,998        |
| Medicare Modernization .....              |               | 6,000          | 10,000         | 33,000         | 38,000         | 43,000         | 46,000         | 49,000         | 53,000         | 58,000         | 64,000         | 130,000        | 400,000          |
| Other Direct Spending Policy .....        | 5,467         | 8,130          | 3,738          | 5,192          | 6,053          | 7,368          | 3,293          | 2,772          | 3,638          | -492           | -4,281         | 30,480         | 35,410           |
| <b>Total, President's Proposals .....</b> | <b>36,554</b> | <b>124,541</b> | <b>122,794</b> | <b>140,578</b> | <b>129,291</b> | <b>136,933</b> | <b>138,233</b> | <b>141,995</b> | <b>243,495</b> | <b>349,137</b> | <b>356,412</b> | <b>654,136</b> | <b>1,883,408</b> |

### *Discretionary Cap Adjustments*

The Administration will announce a comprehensive discretionary cap proposal at a later date. Among its provisions, the proposal will include discretionary adjustments for spending above a base level of funding for certain programs, but not to exceed the amounts proposed in the 2004 Budget. These adjustments would reserve funds for specific purposes within the overall discretionary spending limits. These adjustments include the following:

- Costs associated with developing the nuclear waste repository at Yucca Mountain for 2004 and 2005. The adjustment would be equal to an amount that exceeds the 2003 enacted level, up to a total funding level for the repository program of \$591 million in FY 2004 and \$1,055 million in 2005. Development of this facility is expected to continue into the next decade; thus, the Administration would expect to continue this adjustment with each BEA reauthorization until the facility is complete.
- Social Security Administration Continuing Disability Reviews (CDRs), SSI redeterminations, and overpayments workload for 2004 and 2005. The Administration will propose an adjustment in 2004 of \$1,446 million for these activities. In 2005, the Administration will propose an adjustment greater than the baseline amount not to exceed a total funding level of \$1,473 million for these activities.
- Earned Income Tax Credit Compliance Initiative. The Administration will propose cap adjustments in both 2004 and 2005 that would be equal to \$100 million above the 2004 base amount of \$151 million.
- Reserve for Fully Accruing Federal Employees' Retirement. Funds would be added upon adoption of the Administration proposal of fully funding accruing federal employees' retirement to correct for what has been a significant understatement in the costs of federal retirement. A more detailed discussion of this proposal is included below.

### **Include Definition of Emergency Designation in the BEA**

When the BEA was created, it provided a “safety-valve” to ensure that the fiscal constraint envisioned by the BEA would not prevent the proposal or enactment of legislation to respond to unforeseen disasters and emergencies such as Operation Desert Storm, Hur-

ricane Andrew, or the terrorist attacks of September 11, 2001. The BEA allowed the President and Congress to respond to emergency situations by granting a PAYGO exemption or adjusting the discretionary spending limits upwards by an amount needed to respond to emergencies effectively. Initially, this safety valve was used judiciously, but in later years its definition was expanded, in particular, to circumvent the discretionary caps by declaring spending for ongoing programs as “emergencies.” Declaration of the 2000 Census as an emergency requirement—despite being regularly required by the Constitution—was but one egregious example.

The President proposes to include in the BEA a definition of “emergency requirement” that will ensure high standards are met before an event is deemed an “emergency” and therefore exempt. This definition would include the following elements:

- **necessary expenditure**—an essential or vital expenditure, not one that is merely useful or beneficial;
- **sudden**—quickly coming into being, not building up over time;
- **urgent**—pressing and compelling, requiring immediate action;
- **unforeseen**—not predictable or seen beforehand as a coming need (an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance would not be “unforeseen”); and
- **not permanent**—the need is temporary in nature.

The Administration proposal would require that the President and Congress concur in designating each spending or tax proposal as an emergency. This would protect against the “bundling” of non-emergency items with true emergency spending. If the President determines that specific proposed emergency designations do not meet this definition, the specific provision would lose its emergency status under the BEA.

### **Limiting Use of Advance Appropriations**

An advance appropriation becomes available one or more years beyond the year for which the its appropriations act is passed. Budget authority is recorded in the year the funds become available, not in the year enacted. Too often, advance appropriations have been used to expand spending levels by shifting budget authority from the budget year into the subsequent year and then appropriating the BA freed up under the



budget year discretionary cap to other programs. From 1993 to 1999, an average of \$2.3 billion in discretionary budget authority was advance appropriated each year. In 1999, advance appropriations totaled \$8.9 billion and increased to \$23.4 billion in 2000.

Because this budget practice distorts the debate over Government spending and misleads the public about spending levels in specific accounts, the President's budget proposals and the 2002 Congressional Budget Resolution capped advance appropriations at the amount advanced in the previous year. This year, the Administration proposes that total advance appropriations continue to be capped in 2004 at the 2002 level. Accordingly, the 2004 Budget freezes all advance appropriations at their 2002 levels, except for those that should be reduced or eliminated for programmatic reasons.

### **Reserve for Fully Accruing Federal Employees Retirement**

The President's 2003 Budget proposed to correct a long-standing understatement of the true cost of thousands of government programs. For some time, the accruing charge of the Federal Employee Retirement System (FERS) and Military Retirement System (MRS) costs and a portion of the old Civil Service Retirement System (CSRS) costs has been properly allocated to the affected salary and expense accounts, but the remainder (a portion of CSRS, other small retirement systems, a portion of military health care and all civilian retiree health benefits) has been charged to central accounts. The full cost of accruing benefits should be allocated to the affected salary and expense accounts, so that budget choices for program managers and budget decision makers are not distorted by inaccurate, understated cost information (see also "Charging Full Annual Budgetary Cost" in Chapter 1: "Budget and Performance Integration").

The 2004 Budget re-proposes this and presents the amounts associated with shifting this cost from central accounts to affected program accounts, starting in 2004. In an effort to respond to the concerns highlighted by the House and Senate Appropriations Committees in their 2003 appropriations bill reports, the presentation of this proposal is different this year. Unlike the 2003 Budget, where the data were included in the budget request numbers, the data are displayed as non-add, memo entries and, therefore, are not included in the discretionary totals. The memo-entry amounts are shown on a comparable basis for most program accounts in 2002 and 2003, with the exception of the Department of Defense for which comparable data by account were generally not available at the time of the printing of this Budget.

### **Baseline**

The Administration proposes several changes to Section 257 of the BEA, which establishes the requirements for the baseline:

- Correct the overcompensation of baseline budgetary resources for pay raise-related costs due to the requirement to annualize pay raises. This requirement was originally intended to compensate for 3-month delays of the pay raise from the normal October 1 effective date to January 1. In that situation, the current year appropriation would only include BA for 3 quarters of the pay raise, so an extra quarter's worth of pay-related BA had to be added to the inflated level for the budget year, in order to provide a constant level of services. However, this adjustment is no longer necessary because the date for pay raises to take effect is now permanently set by law as the first pay period in January. By adding an extra quarter's worth of pay-related BA, the baseline now overstates the cost of providing a constant level of services.
- Remove Sections 257(c)(2) and 257(c)(3), which allow for adjustments for expiring housing contracts and social insurance administrative expenses. Most multi-year housing contracts have expired and have been addressed since the BEA was first enacted in 1990, so the adjustment is no longer needed. The adjustment for social insurance administrative expenses is also inconsistent with the baseline rules for other accounts that fund the costs of administration and should not be singled out for preferential treatment.
- Add a provision to preclude extending discretionary funding for emergencies in subsequent years. Instead, under the Administration proposal, the baseline would include emergency funding only for the year in which it was enacted. The current requirement is for the discretionary baseline estimates for the budget year and the out-years to assume the current year appropriated level, adjusted for inflation. This is reasonable for ongoing programs, where the need is expected to continue into the future. For emergencies, since the need should be for a short duration, the baseline rules build unnecessary funding into the baseline estimates for the years after the need has been addressed and passed. In effect, the current rule biases the baseline in favor of higher discretionary spending.

### **Reviewing Sequestration**

The BEA included a list of accounts that are exempt from sequestration. The Administration proposes this list be reviewed and updated for legislation enacted since the BEA of 1997. This is necessary to resolve a number of technical issues that have arisen in recent years, and to account for new programs added to the budget during this period.

### **Other Budget Reform Proposals**

*Joint Budget Resolution.*—A joint budget resolution would set the overall levels for discretionary spending, mandatory spending, receipts, and debt in a simple doc-

ument that would have the force of law. Under the current process, the Congress annually adopts a “concurrent resolution,” which does not require the President’s signature and does not have the force of law.

A joint budget resolution could be enforced by sequesters requiring automatic across-the-board cuts by category to offset any excess spending, similar to the BEA. It would bring the President into the process at an early stage, require the President and the Congress to reach agreement on overall fiscal policy before individual tax and spending bills are considered, and avoid the “train wrecks” at the end of the year that frequently occur under the current process.

*Biennial Budgeting and Appropriations.*—Only twice in the last 50 years have all appropriation bills been enacted by the beginning of the fiscal year. According to the Congressional Budget Office, roughly one-third of domestic discretionary programs are operating under authorization statutes that have expired. Because Congress must enact these bills each year, it cannot devote the time necessary to provide oversight and resolve problems in other programs. The preoccupation with these annual appropriations bills frequently precludes review and action on the growing portion of the budget that is permanently funded under entitlement laws.

In contrast, a biennial budget would allow lawmakers to devote more time every other year to ensuring that taxpayers’ money is spent wisely and efficiently. In addition, Government agencies would receive more stable funding, which would facilitate longer range planning and improved fiscal management. Under the President’s proposal for a biennial budget, funding decisions would be made in odd-numbered years, with even numbered years devoted to authorizing legislation. This proposal is also symmetric with the President’s proposal for a two-year extension of the discretionary caps and PAYGO.

*Line-Item Veto.*—A perennial criticism of the Federal Government is that the budget contains too many special interest spending items. The persistence of these special interest items diverts resources from higher priority programs and erodes citizen confidence in Government. Because appropriations bills must be enacted annually to fund the Government, they attract special interest spending items that could not be enacted on their own. Particularly at the end of the congressional session, it is not uncommon for bills to move through

the appropriations process quickly, often with little scrutiny.

The President proposes that the Congress correct this imbalance that favors special interest spending by providing him with a constitutional line item veto. From the Nation’s founding, Presidents have exercised the authority to not spend appropriated sums. However, this authority was curtailed in 1974 when Congress passed the Impoundment Control Act, which restricted the President’s authority to decline to spend appropriated sums. The Line Item Veto Act of 1996 attempted to give the President the authority to cancel spending authority and special interest tax breaks, but the U.S. Supreme Court found that law unconstitutional. The President’s proposal would correct the constitutional flaw in the 1996 Act.

Specifically, the President proposes a line-item veto linked to deficit reduction. This proposal would give the President the authority to reject new appropriations, new mandatory spending, or limited grants of tax benefits (to 100 or fewer beneficiaries) whenever the President determines the spending or tax benefits are not essential Government priorities. All savings from the line-item veto would be used for deficit reduction.

*Government Shutdown Prevention.*—For 21 out of the past 22 years, Congress has not finished its work by the October 1st deadline, the beginning of the new fiscal year. This past year, none of the 13 appropriations bills was enacted by the beginning of the new fiscal year. When Congress fails to enact appropriations bills, it funds the Government through “continuing resolutions” (CRs), which provide temporary funding authority for Government activities at current levels until the final appropriations bills are signed into law.

If Congress does not pass a CR or the President does not sign it, the Federal Government must shut down. Important Government functions should not be held hostage simply because Washington cannot cut through partisan strife to pass temporary funding bills. In the responsible process the President envisions, there should be a back-up plan to avoid the threat of a Government shutdown, although appropriations bills still should pass on time as the law requires. Under the President’s proposal, if an appropriations bill is not signed by October 1 of the new fiscal year, funding would be automatically provided at the lower of the President’s Budget or the prior year’s level.

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## CURRENT SERVICES ESTIMATES

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## 15. 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 was the basis for determining the amount that would be sequestered from each mandatory account (sequestration has effectively expired). The following table shows current services estimates of receipts, outlays, and surpluses for 2002 through 2008. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified

budget totals. The table also shows the current services estimates by major component.

### Conceptual Basis for Estimates

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

*Direct spending and receipts.*—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally obligated to make payments under certain conditions. Receipts and direct spending are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the tax rates or benefit levels that must be collected or paid, and who must pay or who is eligible to receive benefits. The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. In most cases, that is what will occur without enactment of new legislation.

Provisions of law providing spending authority and the authority to collect taxes or other receipts that ex-

**Table 15-1. BASELINE CATEGORY TOTALS**

(In billions of dollars)

|                               | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Receipts .....                | 1,853.2 | 1,867.0 | 2,031.1 | 2,235.4 | 2,352.4 | 2,469.1 | 2,592.6 |
| Outlays:                      |         |         |         |         |         |         |         |
| Discretionary:                |         |         |         |         |         |         |         |
| Defense .....                 | 348.9   | 375.2   | 383.1   | 393.3   | 400.5   | 410.6   | 420.6   |
| Nondefense .....              | 385.4   | 409.8   | 412.0   | 419.9   | 424.3   | 432.0   | 441.5   |
| Subtotal, discretionary ..... | 734.4   | 785.0   | 795.1   | 813.3   | 824.8   | 842.5   | 862.0   |
| Mandatory:                    |         |         |         |         |         |         |         |
| Social Security .....         | 452.5   | 474.5   | 493.0   | 511.6   | 533.3   | 559.0   | 587.4   |
| Medicare .....                | 227.7   | 240.9   | 249.1   | 262.0   | 268.0   | 285.4   | 302.3   |
| Medicaid and SCHIP .....      | 151.2   | 167.1   | 181.8   | 197.7   | 214.8   | 232.7   | 252.2   |
| Other mandatory .....         | 274.3   | 302.7   | 297.1   | 297.8   | 301.9   | 309.4   | 323.2   |
| Subtotal, mandatory .....     | 1,105.7 | 1,185.2 | 1,221.1 | 1,269.2 | 1,318.0 | 1,386.6 | 1,465.1 |
| Net interest .....            | 171.0   | 161.1   | 173.3   | 193.2   | 204.9   | 210.8   | 214.3   |
| Total outlays .....           | 2,011.0 | 2,131.4 | 2,189.4 | 2,275.7 | 2,347.7 | 2,439.9 | 2,541.5 |
| Unified surplus .....         | -157.8  | -264.3  | -158.3  | -40.3   | 4.7     | 29.2    | 51.1    |
| On-budget .....               | -317.5  | -424.6  | -330.4  | -237.3  | -206.7  | -199.0  | -192.3  |
| Off-budget .....              | 159.7   | 160.2   | 172.1   | 197.0   | 211.4   | 228.2   | 243.4   |

pire 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 the 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 2003 through 2008, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, taxes deposited in the Highway and Aquatic Resources trust funds, which expire on September 30, 2005, and taxes deposited in the Airport and Airway trust fund, which expire on September 30, 2007, 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 2003 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 the \$50 million threshold. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

*Discretionary spending.*—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, the definition of current services for discretionary programs is somewhat arbitrary. The definition used here is consistent with the definition of the baseline in the BEA. For 2003, the current services estimates for discretionary programs are based on the

enacted appropriations for the Department of Defense and extension of the current continuing resolution to cover the entire year for other appropriations. For 2004 through 2008, funding is equal to this 2003 level adjusted for inflation. Because the continuing resolution did not fund nonrecurring emergencies, none are included in the baseline.

### Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's Budget, which are based on enactment of the President's Budget proposals. The economy and the budget interact. Changes in economic conditions significantly alter the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment. Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's Budget. However, this would diminish the value of current services estimates as a benchmark for measuring proposed policy changes, because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic assumptions. By using the same economic assumptions for current services and the President's Budget, this potential source of confusion is eliminated. The economic assumptions underlying both the budget and the current service estimates are summarized in Table 15–2. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 2 of this volume.

**Table 15–2. Summary of Economic Assumptions**

(Fiscal years; dollar amounts in billions)

|  | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |
|--|--------|--------|--------|--------|--------|--------|--------|
| Gross Domestic Product (GDP):                        |        |        |        |        |        |        |        |
| Levels, dollar amounts in billions:                  |        |        |        |        |        |        |        |
| Current dollars .....                                | 10,337 | 10,757 | 11,303 | 11,884 | 12,483 | 13,104 | 13,752 |
| Real, chained (1996 dollars) .....                   | 9,372  | 9,629  | 9,972  | 10,327 | 10,673 | 11,017 | 11,359 |
| Percent change, year over year:                      |        |        |        |        |        |        |        |
| Current dollars .....                                | 3.0    | 4.1    | 5.1    | 5.1    | 5.0    | 5.0    | 4.9    |
| Real, chained (1996 dollars) .....                   | 1.7    | 2.7    | 3.6    | 3.6    | 3.4    | 3.2    | 3.1    |
| Inflation measures (percent change, year over year): |        |        |        |        |        |        |        |
| GDP chained price index .....                        | 1.3    | 1.3    | 1.5    | 1.5    | 1.6    | 1.7    | 1.8    |
| Consumer price index (all urban) .....               | 1.5    | 2.2    | 2.0    | 2.1    | 2.1    | 2.2    | 2.2    |
| Unemployment rate, civilian (percent) .....          | 5.7    | 5.8    | 5.5    | 5.3    | 5.1    | 5.1    | 5.1    |
| Interest rates (percent):                            |        |        |        |        |        |        |        |
| 91-day Treasury bills .....                          | 1.8    | 1.4    | 2.8    | 4.0    | 4.1    | 4.2    | 4.3    |
| 10-year Treasury notes .....                         | 4.8    | 4.1    | 4.8    | 5.2    | 5.4    | 5.5    | 5.6    |
| <b>MEMORANDUM</b>                                    |        |        |        |        |        |        |        |
| Related program assumptions:                         |        |        |        |        |        |        |        |
| Automatic benefit increases (percent):               |        |        |        |        |        |        |        |
| Social security and veterans pensions .....          | 2.6    | 1.4    | 2.0    | 2.1    | 2.1    | 2.2    | 2.2    |
| Federal employee retirement .....                    | 2.6    | 1.4    | 2.0    | 2.1    | 2.1    | 2.2    | 2.2    |
| Food stamps .....                                    | 4.2    | 2.9    | 0.1    | 2.1    | 2.1    | 2.1    | 2.2    |
| Insured unemployment rate .....                      | 2.8    | 2.7    | 2.4    | 2.3    | 2.2    | 2.2    | 2.2    |

### 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 15–3. Assumptions about various automatic cost-of-living-adjustments are shown in Table 15–2.

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, medicaid transition assistance will expire mid-way through 2003. The baseline does not assume additional spending under this authority beyond that point. Table 15–4 provides a listing of mandatory programs and taxes assumed to continue in the baseline after their expiration. Temporary Assistance for Needy Families and child care entitlement to States expired at the end of 2002, were extended temporarily in the continuing resolution, and are now scheduled to expire in March, 2003. Other mandatory programs expire at different times throughout the projection period. In total, the assumed extensions add \$7.5 billion to 2003 current services outlays. Over the period 2004 through 2008, they add \$145.1 billion to current services outlays and \$105.9 billion to current services receipts.

**Table 15–3. Beneficiary Projections for Major Benefit Programs**

(Annual average, in thousands)

|  | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Farmer direct payments .....                             | 1,837          | 1,819    | 1,800  | 1,782  | 1,765  | 1,747  | 1,729  |
| Federal family education loans .....                     | 4,882          | 5,095    | 5,244  | 5,373  | 5,599  | 5,837  | 6,087  |
| Federal direct student loans .....                       | 2,141          | 2,224    | 2,268  | 2,328  | 2,424  | 2,525  | 2,630  |
| Medicaid/State Children's Health Insurance Program ..... | 44,100         | 46,200   | 47,200 | 47,400 | 47,700 | 48,100 | 48,500 |
| Medicare-eligible military retiree health benefits ..... | 1,546          | 1,586    | 1,627  | 1,658  | 1,684  | 1,710  | 1,737  |
| Medicare:  |                |          |        |        |        |        |        |
| Hospital insurance .....                                 | 40,070         | 40,479   | 40,991 | 41,599 | 42,142 | 42,840 | 43,700 |
| Supplementary medical insurance .....                    | 37,932         | 38,358   | 38,773 | 39,267 | 39,710 | 40,266 | 41,002 |
| Railroad retirement .....                                | 641            | 629      | 614    | 599    | 585    | 573    | 562    |
| Federal civil service retirement .....                   | 2,383          | 2,400    | 2,446  | 2,486  | 2,526  | 2,559  | 2,595  |
| Military retirement .....                                | 1,974          | 1,983    | 1,997  | 2,011  | 2,023  | 2,035  | 2,045  |
| Unemployment compensation .....                          | 10,520         | 10,470   | 10,000 | 9,540  | 9,470  | 9,670  | 9,810  |
| Food stamps .....  | 19,110         | 20,719   | 21,590 | 21,350 | 20,931 | 20,644 | 20,715 |
| Child nutrition .....                                    | 30,646         | 31,425   | 31,690 | 32,504 | 33,016 | 33,523 | 34,024 |
| Foster care and adoption assistance .....                | 540            | 562      | 589    | 620    | 654    | 689    | 726    |
| Supplemental security income (SSI):                      |                |          |        |        |        |        |        |
| Aged .....   | 1,164          | 1,148    | 1,132  | 1,121  | 1,111  | 1,103  | 1,098  |
| Blind/disabled .....                                     | 5,291          | 5,433    | 5,577  | 5,706  | 5,807  | 5,892  | 5,968  |
| Subtotal, SSI .....                                      | 6,455          | 6,581    | 6,709  | 6,827  | 6,918  | 6,995  | 7,066  |
| Child care and development fund <sup>1</sup> .....       | 2,500          | 2,500    | 2,500  | 2,400  | 2,400  | 2,300  | 2,300  |
| Social security (OASDI):                                 |                |          |        |        |        |        |        |
| Old age and survivor insurance .....                     | 39,035         | 39,295   | 39,594 | 39,973 | 40,423 | 40,932 | 41,544 |
| Disability insurance .....                               | 6,983          | 7,363    | 7,784  | 8,095  | 8,347  | 8,617  | 8,891  |
| Veterans compensation:                                   |                |          |        |        |        |        |        |
| Veterans .....   | 2,357          | 2,466    | 2,544  | 2,567  | 2,572  | 2,576  | 2,583  |
| Survivors (non-veterans) .....                           | 308            | 312      | 317    | 320    | 323    | 326    | 330    |
| Subtotal, veterans compensation .....                    | 2,665          | 2,778    | 2,861  | 2,887  | 2,895  | 2,902  | 2,913  |
| Veterans pensions:                                       |                |          |        |        |        |        |        |
| Veterans .....   | 346            | 343      | 340    | 337    | 336    | 335    | 335    |
| Survivors (non-veterans) .....                           | 235            | 224      | 214    | 205    | 197    | 190    | 184    |
| Subtotal, veterans pensions .....                        | 581            | 567      | 554    | 542    | 533    | 525    | 519    |

<sup>1</sup> Includes mandatory child care entitlement to States, discretionary Child Care and Development Block Grant, and TANF transfers.

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

way programs operate. Table 15–4 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 15–4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline**  
(In millions of dollars)

| Category  | Estimate |        |        |        |        |        |
|---|----------|--------|--------|--------|--------|--------|
|   | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>REGULATIONS <sup>1</sup></b>   |          |        |        |        |        |        |
| Foster care program:  |          |        |        |        |        |        |
| Administrative claims for children in unlicensed relative homes .....                 |          |        | -75    | -77    | -80    | -85    |
| Old age and survivors insurance (OASI) and disability insurance (DI):                 |          |        |        |        |        |        |
| Ticket to Work and Self-Sufficiency .....   | 6        | 18     | 26     | 27     | 18     | 5      |
| Reduction of Title II benefits under family maximum in cases of dual enrollment ..... | 14       | 15     | 16     | 17     | 18     | 19     |
| Trial work period .....   | 5        | 5      | 4      | 3      | 3      | 2      |
| Musculoskeletal system and related criteria .....                                     | -60      | -85    | -110   | -135   | -165   | -195   |
| Medicare, HI: <sup>2</sup>  |          |        |        |        |        |        |
| Disproportionate share hospital (DSH) regulation <sup>3</sup> .....                   | NA       | NA     | NA     | NA     | NA     | NA     |
| SNF Resource Utilization Group refinement .....                                       |          | 1,010  | 280    | -20    | 50     |        |
| Hospital outlier adjustments <sup>3</sup> .....                                       | NA       | NA     | NA     | NA     | NA     | NA     |
| Medicare, SMI: <sup>2</sup>   |          |        |        |        |        |        |
| Outpatient pass-through payments .....  | 501      | 473    | 484    | 530    | 579    | 634    |
| Medicare, HI and SMI: <sup>2</sup>  |          |        |        |        |        |        |
| Consistent reimbursement for bad debt .....   |          | -10    | -50    | -70    | -80    | -90    |
| Third party liability .....   |          |        |        | -10    | -10    | -10    |
| SCHIP:  |          |        |        |        |        |        |
| SCHIP prenatal care <sup>4</sup> .....  | 98       | 44     | 81     | 93     | 14     | 103    |
| Supplemental security income (SSI):   |          |        |        |        |        |        |
| Ticket to Work and Self-Sufficiency .....   | -5       | -12    | -12    | -6     | -3     | -7     |
| Title XVI cross-program recovery .....  | -15      | -40    | -30    | -15    | -15    | -15    |
| Student earned income exclusion .....   | 3        | 3      | 4      | 4      | 4      | 4      |
| Musculoskeletal system and related criteria .....                                     | -10      | -15    | -20    | -25    | -25    | -30    |
| Environmental Protection Agency:  |          |        |        |        |        |        |
| Pesticide registration fees .....   | -26      | -26    | -27    | -27    | -28    | -28    |
| <b>EXPIRING AUTHORIZATIONS</b>  |          |        |        |        |        |        |
| Provisions extended in the baseline (effect of extension):                            |          |        |        |        |        |        |
| Spending:   |          |        |        |        |        |        |
| Child care entitlement to States .....  | 797      | 2,717  | 2,717  | 2,717  | 2,717  | 2,717  |
| Child nutrition:  |          |        |        |        |        |        |
| Summer food service program .....   |          | 308    | 329    | 352    | 374    | 398    |
| State administrative expenses .....   |          | 149    | 156    | 162    | 167    | 175    |
| CCC market access, bioenergy and commodity programs .....                             |          |        |        |        |        | 12,235 |
| Compact of free association .....   |          | 146    | 148    | 149    | 151    | 152    |
| Farm Security and Rural Investment conservation programs .....                        |          |        |        |        |        | 1,882  |
| Food stamps:  |          |        |        |        |        |        |
| Benefit costs .....   |          |        |        |        |        | 23,231 |
| State administrative expenses .....   |          |        |        |        |        | 2,482  |
| Employment and training .....   |          |        |        |        |        | 281    |
| Other program costs .....   |          |        |        |        |        | 59     |
| Nutrition assistance for Puerto Rico .....  |          |        |        |        |        | 1,518  |
| Food donations on Indian reservations .....   |          |        |        |        |        | 89     |
| The emergency food assistance program commodities .....                               |          |        |        |        |        | 140    |
| Initiative for Future Agriculture Food Systems .....                                  |          |        |        |        |        | 171    |
| Promoting safe and stable families .....  |          |        |        |        | 305    | 305    |
| Temporary assistance for needy families (TANF):                                       |          |        |        |        |        |        |
| State family assistance grants (SFAG) .....   | 6,595    | 16,489 | 16,489 | 16,489 | 16,489 | 16,489 |
| SFAG to territories .....   | 31       | 78     | 78     | 78     | 78     | 78     |
| Matching grants to territories .....  | 6        | 15     | 15     | 15     | 15     | 15     |
| Bonus to reward high performing States .....  |          | 200    | 200    | 200    | 200    | 200    |
| Bonus to reward decrease in illegitimacy .....  | 100      | 100    | 100    | 100    | 100    | 100    |
| Tribal work program .....   | 8        | 8      | 8      | 8      | 8      | 8      |
| Trade adjustment assistance .....   |          |        |        |        |        | 1,068  |



Table 15-4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline—Continued

(In millions of dollars)

| Category  | Estimate |         |         |         |         |         |
|---|----------|---------|---------|---------|---------|---------|
|   | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Revenues:</b>  |          |         |         |         |         |         |
| Airport and Airway trust fund taxes .....   |          |         |         |         |         | 12,138  |
| Aquatic resources trust fund taxes .....  |          |         |         | 327     | 336     | 345     |
| Highway trust fund taxes .....  |          |         |         | 29,798  | 30,718  | 31,560  |
| Leaking Underground Storage Tank taxes .....  |          |         | 97      | 198     | 204     | 207     |
| Provisions not extended in the baseline (effect of extension):  |          |         |         |         |         |         |
| <b>Spending:</b>  |          |         |         |         |         |         |
| Customs user fees .....   |          | -1,398  | -1,490  | -1,588  | -1,692  | -1,804  |
| Medicare, HI: <sup>5</sup>  |          |         |         |         |         |         |
| Reduction in inpatient hospital update (BIPA 301) .....   |          | -440    | -980    | -1,640  | -2,350  | -3,120  |
| Reduction in skilled nursing facility update (BIPA 311) .....   |          | -60     | -140    | -240    | -350    | -470    |
| Medicare, SMI: <sup>5</sup>   |          |         |         |         |         |         |
| Medicare low income premium assistance .....  | 50       | 55      | 60      | 63      | 65      | 68      |
| Medicaid:   |          |         |         |         |         |         |
| Transition benefits .....   | 350      | 400     | 450     | 500     | 500     | 470     |
| OASI, DI, and SSI:  |          |         |         |         |         |         |
| Benefits planning, assistance and outreach services .....   |          |         | 23      | 23      | 23      | 23      |
| Protection and advocacy services .....  |          |         | 7       | 7       | 7       | 7       |
| Recreation fee demonstrations (Dol only) .....  |          |         | -13     | 11      | 49      | 88      |
| TANF:   |          |         |         |         |         |         |
| Supplemental grants .....   | 127      | 319     | 319     | 319     | 319     | 319     |
| <b>OTHER IMPORTANT PROGRAM ASSUMPTIONS</b>  |          |         |         |         |         |         |
| <b>Agriculture working capital:</b>   |          |         |         |         |         |         |
| Use of mandatory unobligated balances for plant and equipment .....                                     |          |         |         |         |         |         |
| <b>Child support enforcement (CSE):</b>   |          |         |         |         |         |         |
| Effect of hold harmless payments to States .....  | 10       |         |         |         |         |         |
| Effect of enhanced automated system matching rates .....  | 3        |         |         |         |         |         |
| Alternative penalties for Family Support Act systems and Statewide Disbursement Unit requirements ..... | -168     | -175    | -188    | -172    | 161     |         |
| Effect of enhanced rate of paternity testing .....  | 7        | 7       | 8       | 8       | 8       | 8       |
| <b>Food stamps:</b>   |          |         |         |         |         |         |
| Tax offset, recoupment, and general claims collection .....   | -171     | -175    | -179    | -183    | -187    | -192    |
| Quality control liabilities .....   | -100     |         | -18     | -18     | -16     | -12     |
| Allocation of administrative costs between public assistance programs .....                             | -197     | -197    | -197    | -197    | -197    | -197    |
| <b>Funds for strengthening markets, income and supply (section 32):</b>                                 |          |         |         |         |         |         |
| Emergency surplus removal .....   |          | 415     | 415     | 415     | 415     | 415     |
| <b>Medicare:</b>  |          |         |         |         |         |         |
| Managed Care .....  | 36,942   | 37,867  | 40,238  | 32,925  | 36,414  | 38,067  |
| Inpatient Hospital .....  | 109,376  | 115,220 | 121,464 | 128,383 | 135,703 | 143,660 |
| Physicians .....  | 45,411   | 45,460  | 45,993  | 46,537  | 46,892  | 48,204  |
| Home Health (BBA 4603) .....  | -490     | -700    | -750    | -860    | -960    | -1,050  |
| Extending TRICARE coverage to Medicare-eligible military retirees .....                                 | 330      | 380     | 410     | 440     | 460     | 490     |
| Use of multifactor productivity in MEI .....  | 110      | 340     | 550     | 880     | 1,200   | 1,510   |
| Medicare Integrity Program .....  | -11,290  | n/a     | n/a     | n/a     | n/a     | n/a     |
| Use single pricer for Medicare covered drugs .....  |          | -50     | -80     | -80     | -90     | -100    |
| <b>Medicaid:<sup>6</sup></b>  |          |         |         |         |         |         |
| Financial management recoveries .....   | -307     | -336    | -367    | -399    | -433    | -470    |
| Vaccines for Children, total program costs .....  | 1,056    | 980     | 1,075   | 1,078   | 895     | 919     |
| Allocation of administrative costs between public assistance programs .....                             | 393      | 432     | 471     | 509     | 549     | 593     |
| Remaining upper payment limit-related costs .....   | 3,300    | 2,800   | 2,400   | 2,000   | 1,800   | 1,600   |
| Institutional long term care .....  | 34,175   | 36,231  | 38,383  | 40,633  | 43,089  | 45,757  |
| Home and community based institutional alternatives .....   | 16,643   | 19,248  | 22,194  | 25,477  | 29,268  | 33,609  |
| Pharmaceuticals (FFS, net of rebates) .....   | 15,269   | 17,115  | 19,143  | 21,248  | 23,512  | 25,925  |
| <b>HHS Inspector General: Audit and Investigative Recoveries</b> .....                                  | -1,050   | n/a     | n/a     | n/a     | n/a     | n/a     |
| <b>State Children's Health Insurance Program (Title XXI)</b> .....                                      | 4,751    | 5,090   | 4,933   | 4,956   | 5,188   | 5,349   |
| <b>Approved Demonstrations:<sup>7</sup></b>   |          |         |         |         |         |         |
| <b>Medicare, HI:</b>  |          |         |         |         |         |         |
| <b>Mersey Medical SNF</b>   |          |         |         |         |         |         |
| Costs .....   | 5        | 1       |         |         |         |         |
| Replacement Benefits .....  | 6        | 1       |         |         |         |         |
| <b>Medicare, SMI:</b>   |          |         |         |         |         |         |
| <b>Competitive Bidding for DME</b>  |          |         |         |         |         |         |
| Costs .....   | 2        |         |         |         |         |         |
| Replacement Benefits .....  | 2        |         |         |         |         |         |
| <b>Municipal Health</b>   |          |         |         |         |         |         |
| Costs .....   | 11       | 10      |         |         |         |         |
| Replacement Benefits .....  | 5        | 4       |         |         |         |         |

Table 15-4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline—Continued

(In millions of dollars)

| Category  | Estimate |       |       |       |       |      |
|---|----------|-------|-------|-------|-------|------|
|   | 2003     | 2004  | 2005  | 2006  | 2007  | 2008 |
| Diabetes (Telemedicine)   |          |       |       |       |       |      |
| Costs .....   | 5        |       |       |       |       |      |
| Replacement Benefits .....                                      | 5        |       |       |       |       |      |
| United Mine Workers Prescription Drug Program                   |          |       |       |       |       |      |
| Costs .....   | 493      | 366   |       |       |       |      |
| Replacement Benefits .....                                      | 453      | 343   |       |       |       |      |
| Smoking Cessation   |          |       |       |       |       |      |
| Costs .....   | 6        |       |       |       |       |      |
| Replacement Benefits .....                                      | 6        |       |       |       |       |      |
| Medicare: HI and SMI:   |          |       |       |       |       |      |
| Case Management/Lovelace  |          |       |       |       |       |      |
| Costs .....   | 10       | 10    | 2     |       |       |      |
| Replacement Benefits .....                                      | 12       | 12    | 2     |       |       |      |
| Evercare  |          |       |       |       |       |      |
| Costs .....   | 156      | 39    |       |       |       |      |
| Replacement Benefits .....                                      | 156      | 39    |       |       |       |      |
| New York Graduate Medical Education                             |          |       |       |       |       |      |
| Costs .....   | 58       | 45    | 37    | 26    | 13    |      |
| Replacement Benefits .....                                      | 61       | 53    | 53    | 53    | 53    |      |
| Medicare Lifestyle Modification Program                         |          |       |       |       |       |      |
| Costs .....   | 1        | 4     | 6     | 4     |       |      |
| Replacement Benefits .....                                      | 1        | 4     | 6     | 4     |       |      |
| Medicare+Choice Phase I   |          |       |       |       |       |      |
| Costs .....   | 332      | 105   |       |       |       |      |
| Replacement Benefits .....                                      | 320      | 79    |       |       |       |      |
| Medicare+Choice Phase II  |          |       |       |       |       |      |
| Costs .....   | 650      | 1,365 | 1,936 | 516   |       |      |
| Replacement Benefits .....                                      | 594      | 1,261 | 1,821 | 488   |       |      |
| UTAH GME  |          |       |       |       |       |      |
| Costs .....   | 5        | 5     | 5     | 6     | 6     |      |
| Replacement Benefits .....                                      | 5        | 5     | 5     | 6     | 6     |      |
| Coordinated Care  |          |       |       |       |       |      |
| Costs .....   | 151      | 163   | 172   | 87    |       |      |
| Replacement Benefits .....                                      | 161      | 177   | 188   | 95    |       |      |
| Medicaid: <sup>8</sup>  |          |       |       |       |       |      |
| Alabama Family Planning .....                                   | 198      | 239   | 202   |       |       |      |
| Arizona AHCCS .....   | 1,962    | 2,298 | 2,577 | 2,888 |       |      |
| Arkansas (ARKids B) .....                                       | 66       | 75    | 85    |       |       |      |
| Arkansas Family Planning Services .....                         | 170      | 190   | 211   |       |       |      |
| Arkansas Cash & Counseling .....                                | 18       | 32    | 60    | 110   | 125   |      |
| Arkansas TEFRA .....  | 24       | 37    | 46    | 56    | 69    |      |
| California Family Planning .....                                | 156      | 159   | 27    |       |       |      |
| California - LA County <sup>9</sup> .....                       | 173      | 123   | 65    |       |       |      |
| Colorado Alternatives in Medicaid Home Care <sup>10</sup> ..... |          |       |       |       |       |      |
| Colorado Consumer Directed Attendent Support .....              | 3        | 4     | 5     | 5     | 4     |      |
| Delaware Statewide .....  | 188      | 48    |       |       |       |      |
| District of Columbia HIV .....                                  | 6        | 7     | 10    | 12    | 15    |      |
| District of Columbia Childless Adults 50-64 .....               | 4        | 5     | 5     | 5     | 2     |      |
| Florida Family Planning .....                                   | 22       |       |       |       |       |      |
| Florida Cash & Counseling .....                                 | 11       |       |       |       |       |      |
| Florida Pharmacy Plus .....                                     | 1,965    | 1,965 | 1,965 | 1,965 | 1,965 |      |
| Hawaii Health QUEST .....                                       | 226      | 240   | 257   | 133   |       |      |
| Illinois HIFA .....   | 45       | 54    | 85    | 113   | 148   |      |
| Illinois Pharmacy Demo .....                                    | 1,405    | 1,405 | 1,405 | 1,405 | 1,000 |      |
| Kentucky (amended version) .....                                | 342      | 347   | 370   | 31    |       |      |
| Maine HIFA (Maine Care for Childless Adults) .....              | 27       | 30    | 33    | 37    | 41    |      |
| Maine HIV .....   | 6        | 7     | 8     | 9     | 7     |      |
| Maryland (Health Choice) .....                                  | 1,228    | 1,353 | 930   |       |       |      |
| Massachusetts MassHealth .....                                  | 2,036    | 2,228 | 1,820 |       |       |      |
| Minnesota (Prepaid Med. Assist. Project Plus) .....             | 171      | 205   | 246   |       |       |      |
| Missouri Managed Care Plus .....                                | 344      | 148   |       |       |       |      |
| New Jersey Cash & Counseling .....                              | 5        |       |       |       |       |      |
| New Mexico - Family Planning Expansion .....                    | 41       |       |       |       |       |      |
| New York (Partnership Plan) .....                               | 8,333    | 9,022 | 9,753 | 5,252 |       |      |
| Oklahoma Sooner Care .....                                      | 728      | 182   |       |       |       |      |
| Oregon Family Planning .....                                    | 79       | 79    |       |       |       |      |
| Oregon Health Plan 2 .....                                      | 1,260    | 1,402 | 1,546 | 1,705 | 1,878 | 157  |

Table 15-4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline—Continued

(In millions of dollars)

| Category   | Estimate |        |        |        |        |        |
|--|----------|--------|--------|--------|--------|--------|
|  | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Oregon Independent Choices .....   | 2        | 2      | 2      | 2      | *      |        |
| Rhode Island Rite Care (Medicaid) .....  | 114      | 120    | 103    |        |        |        |
| South Carolina Family Planning .....   | 22       | 24     | 6      |        |        |        |
| South Carolina Pharmacy Plus .....   | 346      | 693    | 693    | 693    | 693    | 346    |
| TennCare II .....  | 3,089    | 3,388  | 3,717  | 4,079  | 3,279  |        |
| Utah (Primary Care Network) .....  | 55       | 62     | 69     | 76     | 63     |        |
| Vermont Health Access Plan .....   | 186      | 53     |        |        |        |        |
| Virginia - Family Planning .....   | 154      | 159    | 165    | 171    | 176    |        |
| Washington (Take Charge/Family Planning) .....   | 152      | 173    | 195    | 214    |        |        |
| Wisconsin Badger Care (Medicaid) .....   | 30       | 15     |        |        |        |        |
| Wisconsin Family Planning .....  | 14       | 23     | 28     | 34     | 40     | 10     |
| Wisconsin Pharmacy Plus (Senior Care) .....  | 979      | 979    | 979    | 979    | 979    |        |
| State Children's Health Insurance Program (Title XXI) (costs):   |          |        |        |        |        |        |
| Arizona HIFA (amendment to HCCCS) .....  | 94       | 39     | 41     | 43     |        |        |
| California HIFA .....  | 351      | 466    | 487    | 337    |        |        |
| Colorado HIFA (Adult Prenatal Coverage) .....  | 12       | 13     | 14     |        |        |        |
| Illinois HIFA (KidCare Parent Coverage) .....  | 22       | 33     | 72     | 106    | 150    |        |
| Maryland Health Choice <sup>11</sup> .....   | 131      | 140    | 113    |        |        |        |
| Minnesota .....  | 45       | 50     | 58     |        |        |        |
| Missouri MC+ <sup>11</sup> .....   | 69       |        |        |        |        |        |
| New Jersey FamilyCare .....  | 53       | 11     | 38     |        |        |        |
| New Mexico HIFA .....  | 10       | 13     | 15     | 19     | 22     |        |
| New Mexico SCHIP <sup>11</sup> .....   | 17       | 20     | 23     |        |        |        |
| Oregon HIFA (Oregon Health Plan 2) .....   | 16       | 30     | 33     | 36     | 6      |        |
| Rhode Island (SCHIP RiteCare) .....  | 10       | 10     | 10     |        |        |        |
| Wisconsin (BadgerCare) .....   | 45       | 33     |        |        |        |        |
| Joint Medicare and Medicaid:   |          |        |        |        |        |        |
| S/HMOs - Medicare  |          |        |        |        |        |        |
| Costs .....  | 975      | 1,000  |        |        |        |        |
| Replacement Benefits .....   | 829      | 850    |        |        |        |        |
| S/HMOs - Medicaid  |          |        |        |        |        |        |
| Costs .....  | 88       | 90     |        |        |        |        |
| Replacement Benefits .....   | 88       | 90     |        |        |        |        |
| S/HMO II - Medicare  |          |        |        |        |        |        |
| Costs .....  | 1,000    | 1,000  |        |        |        |        |
| Replacement Benefits .....   | 950      | 950    |        |        |        |        |
| S/HMO II - Medicaid  |          |        |        |        |        |        |
| Costs .....  | 100      | 100    |        |        |        |        |
| Replacement Benefits .....   | 100      | 100    |        |        |        |        |
| Minnesota-Dual Eligibles   |          |        |        |        |        |        |
| Costs .....  | 71       | 82     |        |        |        |        |
| Replacement Benefits .....   | 74       | 86     |        |        |        |        |
| Wisconsin-Dual Eligibles   |          |        |        |        |        |        |
| Costs .....  | 69       |        |        |        |        |        |
| Replacement Benefits .....   | 72       |        |        |        |        |        |
| OASI, DI, SSI:   |          |        |        |        |        |        |
| Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI) .....                           | -56      | -322   | -765   | -1,161 | -1,501 | -1,960 |
| Collection of overpayments:  |          |        |        |        |        |        |
| OASI .....   | -686     | -689   | -689   | -689   | -689   | -689   |
| DI .....   | -418     | -457   | -457   | -457   | -457   | -457   |
| SSI (federal) .....  | -834     | -877   | -877   | -877   | -877   | -877   |
| Debts written off as uncollectable (no effect on outlays):   |          |        |        |        |        |        |
| OASI .....   | 94       | 94     | 94     | 94     | 94     | 94     |
| DI .....   | 326      | 356    | 356    | 356    | 356    | 356    |
| SSI (federal) .....  | 596      | 627    | 627    | 627    | 627    | 627    |
| DI:  |          |        |        |        |        |        |
| Payments to states for vocational rehabilitation .....   | 85       | 73     | 56     | 58     | 65     | 71     |
| Research and demonstration projects .....  | 14       | 29     | 34     | 17     |        |        |
| SSI:   |          |        |        |        |        |        |
| Payments from states for state supplemental benefits .....   | -3,949   | -4,056 | -4,136 | -4,265 | -4,398 | -4,454 |
| Payments for state supplemental benefits .....   | 3,940    | 4,045  | 4,475  | 4,265  | 4,030  | 4,450  |
| Fees for administration of State supplement:   |          |        |        |        |        |        |
| Treasury share .....   | -156     | -159   | -162   | -154   | -166   | -168   |
| SSA share .....  | -112     | -120   | -127   | -135   | -143   | -152   |
| Research and demonstration projects .....  | 44       | 30     | 30     | 30     | 30     | 30     |
| Payments to states for vocational rehabilitation .....   | 74       | 75     | 72     | 69     | 66     | 64     |
| Performance of non-disability redeterminations (excludes related overpayment collections reported above) ..... | -1,115   | -2,050 | -2,265 | -2,445 | -2,605 | -2,770 |

**Table 15-4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline**

(In millions of dollars)

| Category  | Estimate |      |      |      |      |      |
|---|----------|------|------|------|------|------|
|   | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Ticket to work grant programs:                              |          |      |      |      |      |      |
| Infrastructure grant program .....                          | 22       | 34   | 37   | 40   | 41   | 42   |
| Demonstration to maintain independence and employment ..... | 8        | 16   | 20   | 24   | 22   | 20   |

\* = \$500,000 or less.

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> Medicare regulations reflect gross outlays.<sup>3</sup> Regulation is under development. Costs estimates not available.<sup>4</sup> Includes Medicaid and SCHIP costs.<sup>5</sup> Additional provisions expired in FY2002, affecting payments for PPS-capital, PPS-exempt capital, hospice, outpatient hospital, ambulance, ambulatory surgical center, and clinical laboratories.<sup>6</sup> Not shown on table are anticipated collections from various state liabilities under current law.<sup>7</sup> Estimates for Medicare 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 project on the baseline.<sup>8</sup> Estimates for Medicaid demonstrations reflect the program costs in the absence of the demonstration. Estimates for the actual cost of the demonstration are not available.<sup>9</sup> Budget modified from original agreement for phase-out of waiver funding.<sup>10</sup> Budget neutrality controlled through experimental design.<sup>11</sup> Estimates reflect costs for SCHIP children covered under the State's Medicaid 1115.

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

*Receipts.*—Table 15-5 shows baseline receipts by major source. Total receipts are projected to increase by \$164.1 billion from 2003 to 2004 and by \$561.5 billion from 2004 to 2008, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$76.4 billion from 2003 to 2004 under current law. This growth of 8.7 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 6.7 percent between 2004 and 2008.

Corporation income taxes under current law are estimated to increase by \$27.9 billion or 19.1 percent from 2003 to 2004, in large part due to higher corporate profits and the expiration of temporary business tax relief provided in the Job Creation and Worker Assistance Act of 2002. Corporation income taxes are pro-

jected to increase at an annual rate of 9.8 percent from 2004 to 2008.

Social insurance and retirement receipts are estimated to increase by \$38.0 billion between 2003 and 2004, and by an additional \$160.2 billion between 2004 and 2008. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$87,000 in 2003 to \$103,500 in 2008.

Excise taxes are estimated to increase by \$11.0 billion from 2003 to 2008, 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 \$26.9 billion from 2003 to 2008.

The current services revenue estimates reflect a downward adjustment for revenue uncertainty of \$25 billion in 2003 and \$15 billion in 2004. These amounts reflect an additional adjustment to receipts beyond what the economic and tax models forecast that has been made in the interest of cautious and prudent forecasting.

**Table 15-5. BASELINE RECEIPTS BY SOURCE**

(In billions of dollars)

|  | 2002<br>Actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| Individual income taxes .....                  | 858.3          | 877.2    | 953.6   | 1,028.7 | 1,094.7 | 1,162.6 | 1,235.6 |
| Corporation income taxes .....                 | 148.0          | 145.8    | 173.7   | 233.2   | 240.1   | 244.6   | 252.0   |
| Social insurance and retirement receipts ..... | 700.8          | 726.6    | 764.5   | 812.2   | 847.6   | 887.8   | 924.8   |
| On-budget .....                                | 185.4          | 195.0    | 208.4   | 222.7   | 232.8   | 243.3   | 251.6   |
| Off-budget .....                               | 515.3          | 531.6    | 556.2   | 589.5   | 614.8   | 644.4   | 673.2   |
| Excise taxes .....                             | 67.0           | 68.4     | 71.2    | 73.5    | 75.1    | 77.2    | 79.4    |
| Other .....                                    | 79.0           | 74.0     | 83.1    | 87.7    | 95.0    | 96.9    | 100.8   |
| Adjustment for revenue uncertainty .....       | 0.0            | -25.0    | -15.0   | 0.0     | 0.0     | 0.0     | 0.0     |
| Total .....                                    | 1,853.2        | 1,867.0  | 2,031.1 | 2,235.4 | 2,352.4 | 2,469.1 | 2,592.6 |
| On-budget .....                                | 1,337.9        | 1,335.4  | 1,475.0 | 1,645.9 | 1,737.6 | 1,824.6 | 1,919.4 |
| Off-budget .....                               | 515.3          | 531.6    | 556.2   | 589.5   | 614.8   | 644.4   | 673.2   |

*Outlays.*—Current services outlays are estimated to grow from \$2,131.4 billion in 2003 to \$2,189.4 billion in 2004, a 2.7 percent increase. Between 2003 and 2008, they are projected to increase at an average annual rate of 3.6 percent. Outlays for discretionary programs increase from \$785.0 billion in 2003 to \$795.1 billion in 2004, 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 \$862.0 billion in 2008. Entitlement and other mandatory programs are estimated to grow from \$1,185.2 billion in 2003 to \$1,221.1 billion in 2004, and to \$1,465.1 billion in 2008, 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 \$474.5 billion in 2003 to \$587.4 billion in 2008, an average annual rate of 4.4 percent. Medicare and medicaid are projected to grow at annual average rates of 4.6 and 8.7 percent, respectively, outpacing inflation. Offsetting growth in other areas, unemployment compensation declines from \$53.5 billion in 2003 to \$40.5 billion in 2004, reflecting lower unemployment rates as economic growth increases. Outlays for unemployment compensation decline again in 2005

as the assumed unemployment rate continues to fall before beginning to increase each year through 2008. Other areas of growth are federal employee retirement and other income security programs, including food assistance, the earned income tax credit and the supplemental security income program.

Net interest payments to the public total \$161.1 billion in 2003 and \$173.3 billion in 2004. They rise each year reaching \$214.3 billion in 2008. This pattern reflects increased borrowing requirements as well as changes in the mix of debt issuance and interest rates over the period.

Tables 15–7 and 15–8 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 15–9 and 15–10 show current services estimates of budget authority by function and by agency, respectively.

*Current Services Outlays and Budget Authority by Function and Program.*—Tables 15–11 and 15–12 present current services budget authority and outlays, respectively, in function order, with category and program level detail.

**Table 15–6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY**

(Dollar amounts in billions)

|  | Estimate |         |         | Change 2003 to 2004 |         | Change 2003 to 2008 |                     |
|--|----------|---------|---------|---------------------|---------|---------------------|---------------------|
|  | 2003     | 2004    | 2008    | Amount              | Percent | Amount              | Annual average rate |
| Outlays:   |          |         |         |                     |         |                     |                     |
| Discretionary:                                   |          |         |         |                     |         |                     |                     |
| Defense .....                                    | 375.2    | 383.1   | 420.6   | 7.9                 | 2.1%    | 45.3                | 2.3%                |
| Nondefense .....                                 | 409.8    | 412.0   | 441.5   | 2.2                 | 0.5%    | 31.7                | 1.5%                |
| Subtotal, discretionary .....                    | 785.0    | 795.1   | 862.0   | 10.1                | 1.3%    | 77.0                | 1.9%                |
| Mandatory:                                       |          |         |         |                     |         |                     |                     |
| Medicaid .....                                   | 162.4    | 176.8   | 246.9   | 14.4                | 8.9%    | 84.5                | 8.7%                |
| Medicare .....                                   | 240.9    | 249.1   | 302.3   | 8.2                 | 3.4%    | 61.4                | 4.6%                |
| Federal employee retirement and disability ..... | 86.2     | 88.7    | 102.4   | 2.4                 | 2.8%    | 16.1                | 3.5%                |
| Unemployment compensation .....                  | 53.5     | 40.5    | 46.4    | -13.0               | -24.3%  | -7.0                | -2.8%               |
| Other income security programs .....             | 140.1    | 143.4   | 160.7   | 3.2                 | 2.3%    | 20.5                | 2.8%                |
| Social Security .....                            | 474.5    | 493.0   | 587.4   | 18.5                | 3.9%    | 113.0               | 4.4%                |
| Other mandatory programs .....                   | 81.4     | 86.0    | 92.3    | 4.6                 | 5.6%    | 10.9                | 2.5%                |
| Undistributed offsetting receipts .....          | -53.8    | -56.3   | -73.3   | -2.6                | 4.7%    | -19.5               | 6.4%                |
| Subtotal, mandatory .....                        | 1,185.2  | 1,221.1 | 1,465.1 | 35.8                | 3.0%    | 279.9               | 4.3%                |
| Net interest .....                               | 161.1    | 173.3   | 214.3   | 12.2                | 7.5%    | 53.2                | 5.9%                |
| Total outlays .....                              | 2,131.4  | 2,189.4 | 2,541.5 | 58.1                | 2.7%    | 410.1               | 3.6%                |

Table 15-7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

| Function   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 332.0          | 358.2          | 365.9          | 375.5          | 382.8          | 392.5          | 402.2          |
| Other .....  | 16.6           | 17.7           | 17.9           | 18.2           | 18.1           | 18.4           | 18.7           |
| Total, National defense .....                              | 348.6          | 375.8          | 383.8          | 393.7          | 400.9          | 410.9          | 420.9          |
| International affairs .....                                | 22.4           | 19.9           | 23.4           | 22.9           | 23.1           | 23.9           | 24.6           |
| General science, space, and technology .....               | 20.8           | 21.5           | 21.7           | 22.3           | 22.7           | 23.0           | 23.5           |
| Energy .....   | 0.5            | 0.4            | 0.3            | 0.6            | 0.8            | 0.6            | 1.2            |
| Natural resources and environment .....                    | 29.5           | 31.5           | 32.9           | 33.9           | 35.1           | 35.9           | 36.8           |
| Agriculture .....  | 22.2           | 21.2           | 21.3           | 24.8           | 24.6           | 23.7           | 22.2           |
| Commerce and housing credit .....                          | -0.4           | 4.9            | 1.6            | -0.3           | -0.6           | 0.7            | 0.4            |
| On-Budget .....  | (0.3)          | (5.6)          | (2.0)          | (0.5)          | (0.2)          | (1.6)          | (1.7)          |
| Off-Budget .....   | (-0.7)         | (-0.7)         | (-0.4)         | (-0.8)         | (-0.8)         | (-0.9)         | (-1.2)         |
| Transportation .....                                       | 61.9           | 64.6           | 63.0           | 63.4           | 63.7           | 64.9           | 66.7           |
| Community and regional development .....                   | 13.0           | 16.8           | 14.2           | 13.6           | 11.6           | 11.6           | 11.8           |
| Education, training, employment, and social services ..... | 70.5           | 84.2           | 82.9           | 81.4           | 81.9           | 82.8           | 84.1           |
| Health .....   | 196.5          | 221.9          | 239.2          | 256.9          | 275.8          | 295.6          | 317.3          |
| Medicare .....   | 230.9          | 244.6          | 252.9          | 265.9          | 272.1          | 289.7          | 306.7          |
| Income security .....                                      | 312.5          | 329.8          | 322.8          | 336.4          | 344.9          | 352.3          | 364.8          |
| Social security .....                                      | 456.4          | 478.2          | 496.6          | 515.3          | 537.1          | 562.9          | 591.5          |
| On-Budget .....  | (14.0)         | (13.1)         | (13.4)         | (14.4)         | (15.4)         | (16.7)         | (18.2)         |
| Off-Budget .....   | (442.4)        | (465.2)        | (483.2)        | (500.9)        | (521.8)        | (546.3)        | (573.3)        |
| Veterans benefits and services .....                       | 51.0           | 56.1           | 58.6           | 63.8           | 63.7           | 63.3           | 68.5           |
| Administration of justice .....                            | 34.3           | 35.1           | 39.8           | 39.8           | 40.0           | 39.0           | 40.0           |
| General government .....                                   | 17.4           | 17.5           | 17.3           | 17.5           | 17.9           | 18.5           | 19.2           |
| Net interest .....   | 171.0          | 161.1          | 173.3          | 193.2          | 204.9          | 210.8          | 214.3          |
| On-Budget .....  | (247.8)        | (244.7)        | (262.0)        | (290.0)        | (311.0)        | (327.8)        | (343.6)        |
| Off-Budget .....   | (-76.8)        | (-83.6)        | (-88.7)        | (-96.8)        | (-106.1)       | (-117.0)       | (-129.3)       |
| Allowances .....   |                |                |                | -1.2           | -1.2           |                |                |
| Undistributed offsetting receipts:                         |                |                |                |                |                |                |                |
| Employer share, employee retirement (on-budget) .....      | -33.5          | -39.9          | -42.1          | -44.2          | -46.4          | -48.5          | -50.7          |
| Employer share, employee retirement (off-budget) .....     | -9.3           | -9.5           | -10.0          | -10.8          | -11.5          | -12.2          | -13.0          |
| Rents and royalties on the Outer Continental Shelf .....   | -5.0           | -4.3           | -4.0           | -4.5           | -5.2           | -5.3           | -5.2           |
| Sale of major assets .....                                 |                |                |                | -0.3           |                |                |                |
| Other undistributed offsetting receipts .....              | *              | -0.1           | -0.2           | -8.2           | -8.1           | -4.3           | -4.3           |
| Total, Undistributed offsetting receipts .....             | -47.8          | -53.8          | -56.3          | -68.0          | -71.2          | -70.3          | -73.3          |
| On-Budget .....  | (-38.5)        | (-44.3)        | (-46.3)        | (-57.2)        | (-59.7)        | (-58.2)        | (-60.2)        |
| Off-Budget .....   | (-9.3)         | (-9.5)         | (-10.0)        | (-10.8)        | (-11.5)        | (-12.2)        | (-13.0)        |
| <b>Total</b> .....   | <b>2,011.0</b> | <b>2,131.4</b> | <b>2,189.4</b> | <b>2,275.7</b> | <b>2,347.7</b> | <b>2,439.9</b> | <b>2,541.5</b> |
| On-Budget .....  | (1,655.3)      | (1,760.0)      | (1,805.3)      | (1,883.1)      | (1,944.3)      | (2,023.6)      | (2,111.7)      |
| Off-Budget .....   | (355.7)        | (371.4)        | (384.1)        | (392.5)        | (403.4)        | (416.2)        | (429.8)        |

\* \$50 million or less.

Table 15-8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

| Agency  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Legislative Branch .....                            | 3.2            | 3.5            | 3.6            | 3.4            | 3.5            | 3.6            | 3.7            |
| Judicial Branch .....                               | 4.8            | 5.0            | 5.2            | 5.2            | 5.4            | 5.5            | 5.7            |
| Agriculture .....                                   | 68.7           | 73.2           | 75.0           | 81.1           | 82.2           | 82.8           | 83.3           |
| Commerce .....                                      | 5.3            | 6.0            | 5.7            | 5.8            | 5.8            | 5.9            | 6.1            |
| Defense—Military .....                              | 332.0          | 358.2          | 365.9          | 375.5          | 382.8          | 392.5          | 402.2          |
| Education .....                                     | 46.3           | 59.3           | 58.1           | 56.7           | 57.1           | 57.8           | 58.6           |
| Energy .....  | 17.7           | 19.1           | 19.2           | 19.4           | 19.2           | 19.8           | 20.5           |
| Health and Human Services .....                     | 465.8          | 500.9          | 525.8          | 555.5          | 580.1          | 617.4          | 655.2          |
| Homeland Security .....                             | 17.5           | 25.7           | 24.0           | 24.4           | 23.6           | 23.9           | 24.4           |
| Housing and Urban Development .....                 | 31.9           | 37.4           | 35.3           | 37.0           | 37.0           | 37.2           | 36.7           |
| Interior .....                                      | 9.7            | 10.3           | 10.7           | 10.8           | 11.1           | 11.3           | 11.6           |
| Justice .....                                       | 21.1           | 21.4           | 24.3           | 23.6           | 23.3           | 21.9           | 22.4           |
| Labor .....   | 64.7           | 69.5           | 55.7           | 54.2           | 55.0           | 57.6           | 60.0           |
| State .....   | 9.5            | 10.6           | 9.6            | 9.7            | 9.7            | 9.9            | 10.1           |
| Transportation .....                                | 56.1           | 53.3           | 53.8           | 54.3           | 54.4           | 55.4           | 57.0           |
| Treasury .....                                      | 370.6          | 367.7          | 388.6          | 421.4          | 450.9          | 474.3          | 497.2          |
| Veterans Affairs .....                              | 50.9           | 56.0           | 58.5           | 63.6           | 63.6           | 63.2           | 68.4           |
| Corps of Engineers—Civil Works .....                | 4.8            | 4.6            | 4.8            | 4.9            | 5.0            | 5.1            | 5.3            |
| Other Defense Civil Programs .....                  | 35.2           | 40.1           | 40.4           | 40.6           | 40.7           | 40.7           | 40.6           |
| Environmental Protection Agency .....               | 7.4            | 7.9            | 8.2            | 8.3            | 8.4            | 8.5            | 8.8            |
| Executive Office of the President .....             | 0.5            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            |
| General Services Administration .....               | -0.7           | 0.2            | -0.2           | -0.1           | -0.1           | -0.1           | -0.1           |
| International Assistance Programs .....             | 13.3           | 12.7           | 13.9           | 13.3           | 13.5           | 14.0           | 14.4           |
| National Aeronautics and Space Administration ..... | 14.4           | 14.4           | 14.5           | 15.1           | 15.4           | 15.6           | 15.9           |
| National Science Foundation .....                   | 4.2            | 4.8            | 4.8            | 4.9            | 4.9            | 5.0            | 5.1            |
| Office of Personnel Management .....                | 52.5           | 55.8           | 57.9           | 61.0           | 64.0           | 67.1           | 70.4           |
| Small Business Administration .....                 | 0.5            | 1.6            | 0.8            | 0.8            | 0.8            | 0.9            | 0.9            |
| Social Security Administration .....                | 488.2          | 509.7          | 529.9          | 554.9          | 575.4          | 599.4          | 632.4          |
| On-Budget .....                                     | (45.8)         | (44.5)         | (46.7)         | (54.0)         | (53.6)         | (53.1)         | (59.1)         |
| Off-Budget .....                                    | (442.4)        | (465.2)        | (483.2)        | (500.9)        | (521.8)        | (546.3)        | (573.3)        |
| Other Independent Agencies .....                    | 16.0           | 13.7           | 15.4           | 14.1           | 14.6           | 16.0           | 16.2           |
| On-Budget .....                                     | (16.6)         | (14.4)         | (15.7)         | (14.9)         | (15.4)         | (16.9)         | (17.4)         |
| Off-Budget .....                                    | (-0.7)         | (-0.7)         | (-0.4)         | (-0.8)         | (-0.8)         | (-0.9)         | (-1.2)         |
| Allowances .....                                    |                |                |                | -1.2           |                |                |                |
| Undistributed Offsetting Receipts .....             | -201.1         | -211.3         | -220.5         | -242.9         | -258.9         | -272.6         | -291.9         |
| On-Budget .....                                     | (-115.0)       | (-118.2)       | (-121.8)       | (-135.4)       | (-141.3)       | (-143.5)       | (-149.6)       |
| Off-Budget .....                                    | (-86.1)        | (-93.1)        | (-98.7)        | (-107.6)       | (-117.6)       | (-129.2)       | (-142.3)       |
| <b>Total</b> .....                                  | <b>2,011.0</b> | <b>2,131.4</b> | <b>2,189.4</b> | <b>2,275.7</b> | <b>2,347.7</b> | <b>2,439.9</b> | <b>2,541.5</b> |
| On-Budget .....                                     | (1,655.3)      | (1,760.0)      | (1,805.3)      | (1,883.1)      | (1,944.3)      | (2,023.6)      | (2,111.7)      |
| Off-Budget .....                                    | (355.7)        | (371.4)        | (384.1)        | (392.5)        | (403.4)        | (416.2)        | (429.8)        |

Table 15-9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

| Function   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 345.0          | 364.0          | 373.4          | 381.6          | 390.1          | 399.1          | 408.7          |
| Other .....  | 17.1           | 17.9           | 17.9           | 18.0           | 18.2           | 18.5           | 18.8           |
| Total, National defense .....                              | 362.1          | 381.9          | 391.2          | 399.6          | 408.3          | 417.6          | 427.5          |
| International affairs .....                                | 25.1           | 19.7           | 20.4           | 23.7           | 25.2           | 25.9           | 26.7           |
| General science, space, and technology .....               | 22.0           | 21.7           | 22.0           | 22.4           | 22.8           | 23.3           | 23.8           |
| Energy .....   | 0.4            | 0.2            | 0.2            | 0.6            | 0.8            | 0.7            | 1.3            |
| Natural resources and environment .....                    | 31.1           | 31.1           | 32.6           | 34.0           | 34.9           | 36.0           | 37.0           |
| Agriculture .....  | 23.8           | 20.8           | 21.8           | 24.8           | 24.5           | 23.6           | 22.2           |
| Commerce and housing credit .....                          | 11.3           | 8.6            | 9.6            | 9.1            | 8.8            | 10.7           | 10.3           |
| On-Budget .....  | (8.2)          | (8.6)          | (8.8)          | (8.3)          | (7.9)          | (9.2)          | (9.6)          |
| Off-Budget .....   | (3.1)          | (0.1)          | (0.9)          | (0.8)          | (0.9)          | (1.5)          | (0.7)          |
| Transportation .....                                       | 68.9           | 64.0           | 63.6           | 65.1           | 66.9           | 68.6           | 70.2           |
| Community and regional development .....                   | 23.1           | 12.0           | 11.6           | 11.8           | 12.0           | 12.2           | 12.4           |
| Education, training, employment, and social services ..... | 79.9           | 84.1           | 82.8           | 82.3           | 83.1           | 84.2           | 85.6           |
| Health .....   | 206.1          | 224.3          | 238.5          | 257.3          | 276.4          | 297.1          | 318.7          |
| Medicare .....   | 234.4          | 245.0          | 252.7          | 266.0          | 272.5          | 289.4          | 306.8          |
| Income security .....                                      | 309.7          | 324.4          | 323.5          | 333.6          | 342.5          | 350.5          | 366.3          |
| Social security .....                                      | 462.4          | 479.6          | 498.2          | 516.9          | 539.1          | 565.3          | 594.0          |
| On-Budget .....  | (14.0)         | (13.1)         | (13.4)         | (14.4)         | (15.4)         | (16.7)         | (18.2)         |
| Off-Budget .....   | (448.4)        | (466.5)        | (484.8)        | (502.4)        | (523.7)        | (548.6)        | (575.9)        |
| Veterans benefits and services .....                       | 52.1           | 56.5           | 58.0           | 61.5           | 64.0           | 66.4           | 68.9           |
| Administration of justice .....                            | 36.2           | 37.2           | 40.6           | 37.7           | 38.6           | 39.6           | 40.7           |
| General government .....                                   | 18.4           | 16.6           | 17.1           | 17.8           | 18.3           | 18.8           | 19.4           |
| Net interest .....   | 170.9          | 161.1          | 173.3          | 193.2          | 204.9          | 210.8          | 214.3          |
| On-Budget .....  | (247.8)        | (244.7)        | (262.0)        | (290.0)        | (311.0)        | (327.8)        | (343.6)        |
| Off-Budget .....   | (-76.8)        | (-83.6)        | (-88.7)        | (-96.8)        | (-106.1)       | (-117.0)       | (-129.3)       |
| Allowances .....   |                |                |                | -1.2           | -1.2           |                |                |
| Undistributed offsetting receipts:                         |                |                |                |                |                |                |                |
| Employer share, employee retirement (on-budget) .....      | -33.5          | -39.9          | -42.1          | -44.2          | -46.4          | -48.5          | -50.7          |
| Employer share, employee retirement (off-budget) .....     | -9.3           | -9.5           | -10.0          | -10.8          | -11.5          | -12.2          | -13.0          |
| Rents and royalties on the Outer Continental Shelf .....   | -5.0           | -4.3           | -4.0           | -4.5           | -5.2           | -5.3           | -5.2           |
| Sale of major assets .....                                 |                |                |                | -0.3           |                |                |                |
| Other undistributed offsetting receipts .....              | -*             | -0.1           | -0.2           | -8.2           | -8.1           | -4.3           | -4.3           |
| Total, Undistributed offsetting receipts .....             | -47.8          | -53.8          | -56.3          | -68.0          | -71.2          | -70.3          | -73.3          |
| On-Budget .....  | (-38.5)        | (-44.3)        | (-46.3)        | (-57.2)        | (-59.7)        | (-58.2)        | (-60.2)        |
| Off-Budget .....   | (-9.3)         | (-9.5)         | (-10.0)        | (-10.8)        | (-11.5)        | (-12.2)        | (-13.0)        |
| <b>Total .....</b>   | <b>2,090.1</b> | <b>2,135.0</b> | <b>2,201.4</b> | <b>2,288.0</b> | <b>2,371.2</b> | <b>2,470.4</b> | <b>2,572.6</b> |
| On-Budget .....  | (1,724.7)      | (1,761.5)      | (1,814.4)      | (1,892.3)      | (1,964.2)      | (2,049.4)      | (2,138.4)      |
| Off-Budget .....   | (365.3)        | (373.5)        | (386.9)        | (395.6)        | (407.1)        | (421.0)        | (434.3)        |
| <b>MEMORANDUM</b>  |                |                |                |                |                |                |                |
| Discretionary budget authority:                            |                |                |                |                |                |                |                |
| National defense .....                                     | 360.8          | 381.4          | 390.7          | 399.2          | 408.0          | 417.3          | 427.2          |
| International .....  | 25.2           | 24.8           | 25.2           | 25.6           | 26.1           | 26.6           | 27.1           |
| Domestic .....   | 348.7          | 331.6          | 341.9          | 348.6          | 356.0          | 365.0          | 373.9          |
| <b>Total, discretionary .....</b>                          | <b>734.7</b>   | <b>737.9</b>   | <b>757.9</b>   | <b>773.4</b>   | <b>790.1</b>   | <b>808.9</b>   | <b>828.3</b>   |

\* \$50 million or less.



Table 15–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

| Agency  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Legislative Branch .....                            | 3.6            | 3.3            | 3.4            | 3.5            | 3.6            | 3.7            | 3.9            |
| Judicial Branch .....                               | 5.0            | 5.0            | 5.2            | 5.3            | 5.4            | 5.6            | 5.8            |
| Agriculture .....                                   | 71.3           | 72.7           | 77.8           | 83.3           | 84.2           | 84.8           | 85.3           |
| Commerce .....                                      | 5.5            | 5.4            | 5.5            | 5.8            | 5.9            | 6.1            | 6.2            |
| Defense—Military .....                              | 345.0          | 364.0          | 373.4          | 381.6          | 390.1          | 399.1          | 408.7          |
| Education .....                                     | 55.7           | 60.1           | 58.6           | 57.8           | 58.2           | 58.9           | 59.9           |
| Energy .....  | 18.5           | 18.8           | 19.1           | 19.2           | 19.3           | 20.0           | 20.7           |
| Health and Human Services .....                     | 478.7          | 503.2          | 523.6          | 554.3          | 579.7          | 617.4          | 657.7          |
| Homeland Security .....                             | 30.5           | 21.0           | 23.4           | 23.7           | 24.2           | 24.7           | 25.3           |
| Housing and Urban Development .....                 | 34.6           | 32.6           | 37.0           | 37.0           | 37.1           | 37.7           | 38.4           |
| Interior .....                                      | 10.8           | 10.2           | 10.6           | 10.7           | 11.0           | 11.4           | 11.8           |
| Justice .....                                       | 21.3           | 22.9           | 24.1           | 21.0           | 21.6           | 22.1           | 22.7           |
| Labor .....   | 65.2           | 68.4           | 55.2           | 54.1           | 55.1           | 57.5           | 59.9           |
| State .....   | 10.0           | 9.1            | 9.3            | 9.5            | 9.8            | 10.0           | 10.2           |
| Transportation .....                                | 60.2           | 54.8           | 54.5           | 55.8           | 57.5           | 58.9           | 60.4           |
| Treasury .....                                      | 370.6          | 367.9          | 389.0          | 422.1          | 451.7          | 475.0          | 497.8          |
| Veterans Affairs .....                              | 51.9           | 56.4           | 57.8           | 61.4           | 63.8           | 66.2           | 68.7           |
| Corps of Engineers—Civil Works .....                | 4.8            | 4.7            | 4.8            | 4.9            | 5.0            | 5.2            | 5.3            |
| Other Defense Civil Programs .....                  | 35.4           | 40.3           | 40.6           | 40.7           | 40.8           | 40.9           | 40.8           |
| Environmental Protection Agency .....               | 7.8            | 7.7            | 7.9            | 8.0            | 8.2            | 8.4            | 8.6            |
| Executive Office of the President .....             | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            |
| General Services Administration .....               | 0.3            | 0.1            | 0.1            | 0.1            | 0.1            | 0.1            | 0.1            |
| International Assistance Programs .....             | 14.5           | 13.7           | 10.6           | 13.6           | 14.9           | 15.2           | 15.6           |
| National Aeronautics and Space Administration ..... | 14.9           | 14.5           | 14.8           | 15.1           | 15.4           | 15.7           | 16.1           |
| National Science Foundation .....                   | 4.9            | 4.9            | 4.9            | 4.9            | 5.0            | 5.1            | 5.2            |
| Office of Personnel Management .....                | 55.3           | 58.0           | 60.4           | 63.4           | 66.5           | 69.6           | 72.8           |
| Small Business Administration .....                 | 0.6            | 1.6            | 0.8            | 0.8            | 0.9            | 0.9            | 0.9            |
| Social Security Administration .....                | 492.3          | 510.4          | 531.5          | 556.1          | 577.3          | 602.1          | 635.0          |
| On-Budget .....                                     | (43.9)         | (43.9)         | (46.7)         | (53.7)         | (53.6)         | (53.5)         | (59.1)         |
| Off-Budget .....                                    | (448.4)        | (466.5)        | (484.8)        | (502.4)        | (523.7)        | (548.6)        | (575.9)        |
| Other Independent Agencies .....                    | 21.7           | 14.1           | 17.6           | 17.9           | 18.7           | 20.4           | 20.4           |
| On-Budget .....                                     | (18.6)         | (14.1)         | (16.7)         | (17.2)         | (17.8)         | (18.8)         | (19.8)         |
| Off-Budget .....                                    | (3.1)          | (0.1)          | (0.9)          | (0.8)          | (0.9)          | (1.5)          | (0.7)          |
| Allowances .....                                    | .....          | .....          | .....          | -1.2           | -1.2           | .....          | .....          |
| Undistributed Offsetting Receipts .....             | -201.1         | -211.3         | -220.5         | -242.9         | -258.9         | -272.6         | -291.9         |
| On-Budget .....                                     | (-115.0)       | (-118.2)       | (-121.8)       | (-135.4)       | (-141.3)       | (-143.5)       | (-149.6)       |
| Off-Budget .....                                    | (-86.1)        | (-93.1)        | (-98.7)        | (-107.6)       | (-117.6)       | (-129.2)       | (-142.3)       |
| <b>Total .....</b>                                  | <b>2,090.1</b> | <b>2,135.0</b> | <b>2,201.4</b> | <b>2,288.0</b> | <b>2,371.2</b> | <b>2,470.4</b> | <b>2,572.6</b> |
| On-Budget .....                                     | (1,724.7)      | (1,761.5)      | (1,814.4)      | (1,892.3)      | (1,964.2)      | (2,049.4)      | (2,138.4)      |
| Off-Budget .....                                    | (365.3)        | (373.5)        | (386.9)        | (395.6)        | (407.1)        | (421.0)        | (434.3)        |

Table 15-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>050 National defense:</b>   |                |          |         |         |         |         |         |
| <b>Discretionary:</b>  |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>                                 |                |          |         |         |         |         |         |
| Military personnel .....   | 86,929         | 93,436   | 96,735  | 99,380  | 102,135 | 105,008 | 107,991 |
| Operation and maintenance .....  | 132,702        | 129,373  | 132,737 | 135,864 | 139,160 | 142,640 | 146,318 |
| Procurement .....  | 62,739         | 71,403   | 72,472  | 73,587  | 74,761  | 76,038  | 77,405  |
| Research, development, test and evaluation .....                       | 48,713         | 56,798   | 57,777  | 58,745  | 59,787  | 60,902  | 62,099  |
| Military construction .....  | 6,631          | 6,288    | 6,402   | 6,511   | 6,632   | 6,760   | 6,891   |
| Family housing .....   | 4,048          | 4,204    | 4,268   | 4,329   | 4,402   | 4,476   | 4,557   |
| Revolving, management, and trust funds and other .....                 | 2,645          | 3,132    | 3,259   | 3,407   | 3,452   | 3,510   | 3,572   |
| Total, Department of Defense—Military .....                            | 344,407        | 364,634  | 373,650 | 381,823 | 390,329 | 399,334 | 408,833 |
| <b>Atomic energy defense activities:</b>                               |                |          |         |         |         |         |         |
| Department of Energy .....   | 14,910         | 14,835   | 15,076  | 15,318  | 15,578  | 15,857  | 16,158  |
| Department of Homeland Security .....                                  | 109            | 96       | 97      | 100     | 101     | 103     | 104     |
| Formerly utilized sites remedial action .....                          | 140            | 140      | 142     | 145     | 147     | 150     | 153     |
| Defense nuclear facilities safety board .....                          | 18             | 18       | 19      | 19      | 20      | 20      | 21      |
| Total, Atomic energy defense activities .....                          | 15,177         | 15,089   | 15,334  | 15,582  | 15,846  | 16,130  | 16,436  |
| <b>Defense-related activities:</b>                                     |                |          |         |         |         |         |         |
| Discretionary programs .....   | 1,232          | 1,723    | 1,760   | 1,798   | 1,835   | 1,872   | 1,917   |
| Total, Discretionary .....   | 360,816        | 381,446  | 390,744 | 399,203 | 408,010 | 417,336 | 427,186 |
| <b>Mandatory:</b>  |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>                                 |                |          |         |         |         |         |         |
| Military personnel .....   | 27             | 53       | 379     | 379     | 379     | 379     | 379     |
| Revolving, trust and other DoD mandatory .....                         | 2,402          | 267      | 292     | 303     | 288     | 319     | 332     |
| Offsetting receipts .....  | -1,852         | -986     | -942    | -921    | -922    | -886    | -882    |
| Total, Department of Defense—Military .....                            | 577            | -666     | -271    | -239    | -255    | -188    | -171    |
| <b>Atomic energy defense activities:</b>                               |                |          |         |         |         |         |         |
| Energy employee occupational illness compensation program .....        | 157            | 756      | 440     | 331     | 265     | 214     | 193     |
| <b>Defense-related activities:</b>                                     |                |          |         |         |         |         |         |
| Radiation exposure compensation trust fund .....                       | 172            | 143      | 107     | 65      | 47      | 29      | 29      |
| Mandatory programs .....   | 384            | 223      | 226     | 239     | 247     | 255     | 263     |
| Total, Defense-related activities .....                                | 556            | 366      | 333     | 304     | 294     | 284     | 292     |
| Total, Mandatory .....   | 1,290          | 456      | 502     | 396     | 304     | 310     | 314     |
| <b>Total, National defense</b> .....                                   | 362,106        | 381,902  | 391,246 | 399,599 | 408,314 | 417,646 | 427,500 |
| <b>150 International affairs:</b>                                      |                |          |         |         |         |         |         |
| <b>Discretionary:</b>  |                |          |         |         |         |         |         |
| <b>International development, humanitarian assistance:</b>             |                |          |         |         |         |         |         |
| Development assistance, child survival, and disease programs .....     | 2,580          | 2,657    | 2,697   | 2,737   | 2,781   | 2,829   | 2,880   |
| Food aid .....   | 864            | 895      | 908     | 922     | 937     | 953     | 970     |
| Refugee programs .....   | 720            | 677      | 688     | 698     | 710     | 722     | 736     |
| Andean counter-drug initiative .....                                   | 645            | 510      | 518     | 525     | 534     | 543     | 553     |
| Multilateral development banks (MDB's) .....                           | 1,026          | 1,173    | 1,191   | 1,209   | 1,229   | 1,246   | 1,269   |
| Assistance for the independent states of the former Soviet Union ..... | 624            | 867      | 881     | 893     | 908     | 922     | 939     |
| Peace Corps .....  | 275            | 268      | 276     | 283     | 292     | 300     | 310     |
| International narcotics control and law enforcement .....              | 376            | 237      | 241     | 245     | 250     | 254     | 259     |
| Assistance for Central and Eastern Europe .....                        | 461            | 648      | 657     | 668     | 678     | 690     | 703     |
| USAID operations .....   | 567            | 552      | 571     | 587     | 604     | 622     | 642     |
| Voluntary contributions to international organizations .....           | 295            | 208      | 211     | 214     | 218     | 221     | 225     |
| Other development and humanitarian assistance .....                    | 514            | 760      | 772     | 784     | 799     | 816     | 832     |
| Total, International development, humanitarian assistance .....        | 8,947          | 9,452    | 9,611   | 9,765   | 9,940   | 10,118  | 10,318  |
| <b>International security assistance:</b>                              |                |          |         |         |         |         |         |
| Foreign military financing grants and loans .....                      | 4,007          | 3,699    | 3,756   | 3,811   | 3,873   | 3,938   | 4,009   |
| Economic support fund .....  | 2,670          | 2,869    | 2,912   | 2,956   | 3,002   | 3,055   | 3,109   |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Nonproliferation, antiterrorism, demining, and related programs ..... | 398            | 306           | 310           | 316           | 320           | 326           | 331           |
| Other security assistance .....                                       | 234            | 207           | 210           | 213           | 216           | 221           | 224           |
| Total, International security assistance .....                        | 7,309          | 7,081         | 7,188         | 7,296         | 7,411         | 7,540         | 7,673         |
| <b>Conduct of foreign affairs:</b>                                    |                |               |               |               |               |               |               |
| State Department operations .....                                     | 3,876          | 3,891         | 3,990         | 4,083         | 4,181         | 4,283         | 4,392         |
| Embassy security, construction, and maintenance .....                 | 1,474          | 1,262         | 1,283         | 1,300         | 1,323         | 1,345         | 1,370         |
| Assessed contributions to international organizations .....           | 899            | 850           | 863           | 876           | 890           | 905           | 921           |
| Assessed contributions for international peacekeeping .....           | 825            | 726           | 737           | 748           | 760           | 773           | 787           |
| Other conduct of foreign affairs .....                                | 137            | 141           | 145           | 150           | 153           | 159           | 165           |
| Total, Conduct of foreign affairs .....                               | 7,211          | 6,870         | 7,018         | 7,157         | 7,307         | 7,465         | 7,635         |
| <b>Foreign information and exchange activities:</b>                   |                |               |               |               |               |               |               |
| International broadcasting .....                                      | 515            | 473           | 488           | 500           | 515           | 533           | 547           |
| Russian Leadership Development Center trust fund .....                | 9              | 8             | 8             | 8             | 8             | 9             | 9             |
| Other information and exchange activities .....                       | 440            | 274           | 279           | 283           | 289           | 295           | 301           |
| Total, Foreign information and exchange activities .....              | 964            | 755           | 775           | 791           | 812           | 837           | 857           |
| <b>International financial programs:</b>                              |                |               |               |               |               |               |               |
| Export-Import Bank .....  | 738            | 684           | 597           | 606           | 617           | 628           | 640           |
| Special defense acquisition fund .....                                | -2             |               |               |               |               |               |               |
| Total, International financial programs .....                         | 736            | 684           | 597           | 606           | 617           | 628           | 640           |
| Total, Discretionary .....  | 25,167         | 24,842        | 25,189        | 25,615        | 26,087        | 26,588        | 27,123        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>International development, humanitarian assistance:</b>            |                |               |               |               |               |               |               |
| Credit liquidating accounts .....                                     | -1,180         | -1,347        | -1,172        | -970          | -996          | -934          | -866          |
| Receipts and other .....  | -52            | 83            | -7            | -7            | -7            | -7            | -7            |
| Total, International development, humanitarian assistance .....       | -1,232         | -1,264        | -1,179        | -977          | -1,003        | -941          | -873          |
| <b>International security assistance:</b>                             |                |               |               |               |               |               |               |
| Foreign military loan reestimates .....                               | 150            | -522          |               |               |               |               |               |
| Foreign military loan liquidating account .....                       | -532           | -420          | -287          | -267          | -265          | -230          | -196          |
| Total, International security assistance .....                        | -382           | -942          | -287          | -267          | -265          | -230          | -196          |
| <b>Foreign affairs and information:</b>                               |                |               |               |               |               |               |               |
| Conduct of foreign affairs .....                                      | 35             | 7             | 7             | 6             | 6             | 5             | 5             |
| Japan-U.S. Friendship Commission .....                                | 3              | 3             | 3             | 3             | 3             | 3             | 3             |
| Vietnam debt repayment fund, transfers from liquidating fund .....    | 2              | -2            |               |               |               |               |               |
| Total, Foreign affairs and information .....                          | 40             | 8             | 10            | 9             | 9             | 8             | 8             |
| <b>International financial programs:</b>                              |                |               |               |               |               |               |               |
| Foreign military sales trust fund (net) .....                         | 1,989          | 1,073         | -2,897        | -273          | 755           | 769           | 783           |
| Credit liquidating account (Ex-Im) .....                              |                | -487          | -348          | -311          | -290          | -254          | -157          |
| Export-Import Bank—subsidy reestimates .....                          | -367           | -3,467        |               |               |               |               |               |
| Other international financial programs .....                          | -71            | -85           | -88           | -94           | -108          | -25           | -28           |
| Total, International financial programs .....                         | 1,551          | -2,966        | -3,333        | -678          | 357           | 490           | 598           |
| Total, Mandatory .....  | -23            | -5,164        | -4,789        | -1,913        | -902          | -673          | -463          |
| <b>Total, International affairs</b> .....                             | <b>25,144</b>  | <b>19,678</b> | <b>20,400</b> | <b>23,702</b> | <b>25,185</b> | <b>25,915</b> | <b>26,660</b> |
| <b>250 General science, space, and technology:</b>                    |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                            |                |               |               |               |               |               |               |
| National Science Foundation programs .....                            | 4,753          | 4,688         | 4,763         | 4,836         | 4,918         | 5,005         | 5,098         |
| Department of Energy general science programs .....                   | 3,263          | 3,227         | 3,279         | 3,331         | 3,386         | 3,447         | 3,512         |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Department of Homeland Security science and technology programs .....       | 5              | 23            | 23            | 24            | 24            | 24            | 25            |
| Total, General science and basic research .....                             | 8,021          | 7,938         | 8,065         | 8,191         | 8,328         | 8,476         | 8,635         |
| <b>Space flight, research, and supporting activities:</b>                   |                |               |               |               |               |               |               |
| Science, aeronautics, and technology .....                                  | 7,104          | 7,077         | 7,220         | 7,359         | 7,506         | 7,663         | 7,830         |
| Human space flight .....  | 6,773          | 6,571         | 6,691         | 6,811         | 6,937         | 7,073         | 7,219         |
| Other NASA programs .....   | 24             | 24            | 25            | 26            | 27            | 28            | 29            |
| Total, Space flight, research, and supporting activities .....              | 13,901         | 13,672        | 13,936        | 14,196        | 14,470        | 14,764        | 15,078        |
| Total, Discretionary .....  | 21,922         | 21,610        | 22,001        | 22,387        | 22,798        | 23,240        | 23,713        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                                  |                |               |               |               |               |               |               |
| National Science Foundation donations .....                                 | 94             | 107           | 27            | 36            | 37            | 37            | 37            |
| <b>Total, General science, space, and technology .....</b>                  | <b>22,016</b>  | <b>21,717</b> | <b>22,028</b> | <b>22,423</b> | <b>22,835</b> | <b>23,277</b> | <b>23,750</b> |
| <b>270 Energy:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Research and development .....  | 1,286          | 1,107         | 1,126         | 1,145         | 1,167         | 1,190         | 1,213         |
| Naval petroleum reserves operations .....                                   | 17             | 22            | 22            | 23            | 23            | 24            | 25            |
| Uranium enrichment decontamination .....                                    | -420           | -442          | -452          | -463          | -474          | -485          | .....         |
| Nuclear waste program .....   | 95             | 94            | 96            | 98            | 100           | 103           | 105           |
| Federal power marketing .....   | 208            | 185           | 191           | 196           | 203           | 211           | 217           |
| Elk Hills school lands fund .....   | 36             | 36            | 37            | 37            | 38            | 38            | 39            |
| Rural electric and telephone discretionary loans .....                      | 16             | 27            | 32            | 25            | 27            | 24            | 28            |
| Non-defense environmental management and other .....                        | 652            | 654           | 664           | 674           | 684           | 696           | 709           |
| Total, Energy supply .....  | 1,890          | 1,683         | 1,716         | 1,735         | 1,768         | 1,801         | 2,336         |
| <b>Energy conservation and preparedness:</b>                                |                |               |               |               |               |               |               |
| Energy conservation .....   | 896            | 907           | 922           | 937           | 953           | 970           | 989           |
| Emergency energy preparedness .....   | 179            | 195           | 199           | 201           | 205           | 209           | 214           |
| Total, Energy conservation and preparedness .....                           | 1,075          | 1,102         | 1,121         | 1,138         | 1,158         | 1,179         | 1,203         |
| <b>Energy information, policy, and regulation:</b>                          |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....                                   | 83             | 50            | 21            | 27            | 402           | 413           | 429           |
| Federal Energy Regulatory Commission fees and recoveries, and other .....   | .....          | -18           | -18           | -18           | -18           | -19           | -19           |
| Department of Energy departmental management, OIG, EIA administration ..... | 200            | 211           | 218           | 224           | 231           | 240           | 248           |
| Total, Energy information, policy, and regulation .....                     | 283            | 243           | 221           | 233           | 615           | 634           | 658           |
| Total, Discretionary .....  | 3,248          | 3,028         | 3,058         | 3,106         | 3,541         | 3,614         | 4,197         |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Naval petroleum reserves oil and gas sales .....                            | -7             | -7            | -7            | -7            | -6            | -6            | -4            |
| Federal power marketing .....   | -392           | -610          | -582          | -703          | -863          | -761          | -656          |
| Tennessee Valley Authority .....  | 126            | -112          | -271          | -130          | -151          | -498          | -612          |
| Nuclear waste fund program .....  | -712           | -736          | -743          | -749          | -754          | -756          | -767          |
| Rural electric and telephone liquidating accounts .....                     | -1,814         | -1,348        | -1,219        | -932          | -957          | -921          | -818          |
| Rural electric and telephone loan subsidy reestimates .....                 | -49            | .....         | .....         | .....         | .....         | .....         | .....         |
| Total, Mandatory .....  | -2,848         | -2,813        | -2,822        | -2,521        | -2,731        | -2,942        | -2,857        |
| <b>Total, Energy .....</b>  | <b>400</b>     | <b>215</b>    | <b>236</b>    | <b>585</b>    | <b>810</b>    | <b>672</b>    | <b>1,340</b>  |
| <b>300 Natural resources and environment:</b>                               |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Water resources:</b>   |                |               |               |               |               |               |               |
| Corps of Engineers .....  | 4,509          | 4,511         | 4,635         | 4,747         | 4,869         | 4,995         | 5,130         |
| Bureau of Reclamation .....   | 1,069          | 885           | 915           | 923           | 951           | 984           | 995           |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Watershed, flood prevention, and other .....                          | 301            | 267           | 272           | 280           | 285           | 292           | 299           |
| Total, Water resources .....  | 5,879          | 5,663         | 5,822         | 5,950         | 6,105         | 6,271         | 6,424         |
| <b>Conservation and land management:</b>                              |                |               |               |               |               |               |               |
| Forest Service .....  | 4,393          | 4,399         | 4,534         | 4,658         | 4,788         | 4,924         | 5,070         |
| Management of public lands (BLM) .....                                | 1,669          | 1,680         | 1,740         | 1,794         | 1,850         | 1,906         | 1,971         |
| Conservation of agricultural lands .....                              | 833            | 1,160         | 1,205         | 1,245         | 1,288         | 1,331         | 1,377         |
| Fish and Wildlife Service .....                                       | 1,135          | 1,137         | 1,170         | 1,201         | 1,230         | 1,267         | 1,303         |
| Other conservation and land management programs .....                 | 716            | 635           | 650           | 665           | 682           | 699           | 717           |
| Total, Conservation and land management .....                         | 8,746          | 9,011         | 9,299         | 9,563         | 9,838         | 10,127        | 10,438        |
| <b>Recreational resources:</b>  |                |               |               |               |               |               |               |
| Operation of recreational resources .....                             | 2,382          | 2,417         | 2,488         | 2,554         | 2,622         | 2,700         | 2,775         |
| Other recreational resources activities .....                         | 23             | 32            | 33            | 34            | 35            | 36            | 37            |
| Total, Recreational resources .....                                   | 2,405          | 2,449         | 2,521         | 2,588         | 2,657         | 2,736         | 2,812         |
| <b>Pollution control and abatement:</b>                               |                |               |               |               |               |               |               |
| Regulatory, enforcement, and research programs .....                  | 2,986          | 2,910         | 2,996         | 3,076         | 3,159         | 3,247         | 3,340         |
| State and tribal assistance grants .....                              | 3,738          | 3,672         | 3,727         | 3,783         | 3,843         | 3,908         | 3,979         |
| Hazardous substance superfund .....                                   | 1,310          | 1,254         | 1,285         | 1,314         | 1,344         | 1,377         | 1,414         |
| Other control and abatement activities .....                          | 146            | 148           | 150           | 152           | 156           | 158           | 162           |
| Total, Pollution control and abatement .....                          | 8,180          | 7,984         | 8,158         | 8,325         | 8,502         | 8,690         | 8,895         |
| <b>Other natural resources:</b>                                       |                |               |               |               |               |               |               |
| NOAA .....  | 3,337          | 3,184         | 3,263         | 3,338         | 3,416         | 3,498         | 3,585         |
| Other natural resource program activities .....                       | 1,067          | 1,072         | 1,107         | 1,138         | 1,172         | 1,209         | 1,246         |
| Total, Other natural resources .....                                  | 4,404          | 4,256         | 4,370         | 4,476         | 4,588         | 4,707         | 4,831         |
| Total, Discretionary .....  | 29,614         | 29,363        | 30,170        | 30,902        | 31,690        | 32,531        | 33,400        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Water resources:</b>   |                |               |               |               |               |               |               |
| Offsetting receipts and other mandatory water resource programs ..... | 4              | -75           | -56           | -51           | -60           | -59           | -59           |
| <b>Conservation and land management:</b>                              |                |               |               |               |               |               |               |
| Conservation Programs .....   | 3,179          | 4,029         | 4,417         | 5,035         | 5,188         | 5,299         | 5,402         |
| Offsetting receipts .....   | -2,128         | -2,688        | -2,471        | -2,539        | -2,520        | -2,484        | -2,467        |
| Total, Conservation and land management .....                         | 1,051          | 1,341         | 1,946         | 2,496         | 2,668         | 2,815         | 2,935         |
| <b>Recreational resources:</b>  |                |               |               |               |               |               |               |
| Operation of recreational resources .....                             | 925            | 939           | 959           | 885           | 910           | 941           | 977           |
| Offsetting receipts .....   | -293           | -306          | -317          | -140          | -142          | -143          | -146          |
| Total, Recreational resources .....                                   | 632            | 633           | 642           | 745           | 768           | 798           | 831           |
| <b>Pollution control and abatement:</b>                               |                |               |               |               |               |               |               |
| Superfund resources and other mandatory .....                         | -172           | -124          | -133          | -133          | -133          | -133          | -133          |
| <b>Other natural resources:</b>                                       |                |               |               |               |               |               |               |
| Fees and mandatory programs .....                                     | -3             | 11            | 8             | 8             | 9             | 10            | 10            |
| Total, Mandatory .....  | 1,512          | 1,786         | 2,407         | 3,065         | 3,252         | 3,431         | 3,584         |
| <b>Total, Natural resources and environment .....</b>                 | <b>31,126</b>  | <b>31,149</b> | <b>32,577</b> | <b>33,967</b> | <b>34,942</b> | <b>35,962</b> | <b>36,984</b> |
| <b>350 Agriculture:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                                     |                |               |               |               |               |               |               |
| Agriculture credit loan program .....                                 | 458            | 504           | 519           | 535           | 551           | 568           | 585           |
| P.L.480 market development activities .....                           | 148            | 191           | 193           | 197           | 200           | 203           | 206           |
| Administrative expenses .....   | 1,019          | 1,022         | 1,048         | 1,070         | 1,095         | 1,120         | 1,147         |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Outreach for socially disadvantaged farmers .....            | 3              |               |               |               |               |               |               |
| Total, Farm income stabilization .....                       | 1,628          | 1,717         | 1,760         | 1,802         | 1,846         | 1,891         | 1,938         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Research and education programs .....                        | 1,800          | 1,614         | 1,657         | 1,697         | 1,738         | 1,781         | 1,828         |
| Discretionary changes to mandatory research programs .....   | -120           |               |               |               |               |               |               |
| Integrated research, education, and extension programs ..... | 43             | 43            | 44            | 44            | 45            | 46            | 47            |
| Extension programs .....                                     | 439            | 439           | 446           | 453           | 460           | 469           | 477           |
| Marketing programs .....                                     | 72             | 67            | 70            | 71            | 73            | 75            | 77            |
| Animal and plant inspection programs .....                   | 947            | 1,164         | 1,201         | 1,235         | 1,270         | 1,309         | 1,348         |
| Economic intelligence .....                                  | 182            | 208           | 216           | 223           | 230           | 237           | 246           |
| Grain inspection and packers program .....                   | 33             | 33            | 34            | 35            | 37            | 38            | 39            |
| Foreign agricultural service .....                           | 134            | 122           | 127           | 130           | 134           | 139           | 143           |
| Other programs and unallocated overhead .....                | 530            | 444           | 455           | 466           | 481           | 493           | 514           |
| Total, Agricultural research and services .....              | 4,060          | 4,134         | 4,250         | 4,354         | 4,468         | 4,587         | 4,719         |
| Total, Discretionary .....                                   | 5,688          | 5,851         | 6,010         | 6,156         | 6,314         | 6,478         | 6,657         |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                           | 14,672         | 13,702        | 12,750        | 15,669        | 14,975        | 13,643        | 11,848        |
| Agricultural credit insurance subsidy reestimate .....       | 1,233          | -105          |               |               |               |               |               |
| Crop insurance and other farm credit activities .....        | 2,764          | 1,643         | 3,372         | 3,099         | 3,237         | 3,389         | 3,518         |
| Credit liquidating accounts (ACIF and FAC) .....             | -800           | -800          | -767          | -536          | -472          | -429          | -390          |
| Total, Farm income stabilization .....                       | 17,869         | 14,440        | 15,355        | 18,232        | 17,740        | 16,603        | 14,976        |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                       | 435            | 622           | 579           | 607           | 634           | 682           | 689           |
| Offsetting receipts .....                                    | -171           | -163          | -167          | -165          | -166          | -167          | -167          |
| Total, Agricultural research and services .....              | 264            | 459           | 412           | 442           | 468           | 515           | 522           |
| Total, Mandatory .....                                       | 18,133         | 14,899        | 15,767        | 18,674        | 18,208        | 17,118        | 15,498        |
| <b>Total, Agriculture</b> .....                              | <b>23,821</b>  | <b>20,750</b> | <b>21,777</b> | <b>24,830</b> | <b>24,522</b> | <b>23,596</b> | <b>22,155</b> |
| <b>370 Commerce and housing credit:</b>                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                      |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs .....     | -2,349         | -2,721        | -2,678        | -2,713        | -2,751        | -2,792        | -2,836        |
| Government National Mortgage Association (GNMA) .....        | -345           | -388          | -395          | -394          | -394          | -393          | -393          |
| Other housing and urban development .....                    | 7              | 1             | 1             | 1             | 1             | 1             | 1             |
| Rural housing insurance fund .....                           | 664            | 672           | 694           | 712           | 734           | 756           | 778           |
| Total, Mortgage credit .....                                 | -2,023         | -2,436        | -2,378        | -2,394        | -2,410        | -2,428        | -2,450        |
| <b>Postal service:</b>                                       |                |               |               |               |               |               |               |
| Payments to the Postal Service fund (On-budget) .....        | 683            | 77            | 78            | 79            | 80            | 82            | 83            |
| <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 .....                 | 658            | 613           | 634           | 654           | 673           | 694           | 716           |
| Science and technology .....                                 | 707            | 709           | 727           | 746           | 763           | 782           | 803           |
| Economic and demographic statistics .....                    | 541            | 576           | 597           | 616           | 635           | 656           | 677           |
| Regulatory agencies .....                                    | -371           | -678          | -875          | -1,156        | -1,478        | -435          | -451          |
| International Trade Administration .....                     | 355            | 349           | 360           | 371           | 382           | 392           | 404           |
| Patent and trademark salaries and expenses .....             | -22            | -72           | -100          |               |               |               |               |
| Other discretionary .....                                    | 96             | 69            | 147           | 152           | 156           | 163           | 168           |
| Total, Other advancement of commerce .....                   | 1,964          | 1,566         | 1,490         | 1,383         | 1,131         | 2,252         | 2,317         |
| Total, Discretionary .....                                   | 625            | -792          | -809          | -931          | -1,198        | -93           | -49           |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate     |              |              |              |               |               |
|--|----------------|--------------|--------------|--------------|--------------|---------------|---------------|
|  |                | 2003         | 2004         | 2005         | 2006         | 2007          | 2008          |
| <b>Mandatory:</b>  |                |              |              |              |              |               |               |
| <b>Mortgage credit:</b>                                  |                |              |              |              |              |               |               |
| Federal Housing Administration (FHA) loan programs ..... | 3,588          | 3,962        | 4,055        | 3,499        | 3,178        | 2,995         | 3,127         |
| Government National Mortgage Association .....           |                | 91           | 40           | 40           | 40           | 40            | 40            |
| Other HUD mortgage credit .....                          | -463           | -519         | -558         | -521         | -521         | -351          | -351          |
| Other mortgage credit activities .....                   | -1,477         | -1,995       | -1,290       | -1,201       | -1,194       | -1,124        | -1,042        |
| Total, Mortgage credit .....                             | 1,648          | 1,539        | 2,247        | 1,817        | 1,503        | 1,560         | 1,774         |
| <b>Postal service:</b>                                   |                |              |              |              |              |               |               |
| Postal Service (Off-budget) .....                        | 3,071          | 51           | 877          | 751          | 927          | 1,545         | 695           |
| <b>Deposit insurance:</b>                                |                |              |              |              |              |               |               |
| Bank Insurance Fund .....                                | -27            | -25          | -24          | -25          | -25          | -26           | -26           |
| FSLIC Resolution Fund .....                              | -2             | -3           | -3           | -3           | -3           | -3            | -3            |
| Savings Association Insurance Fund .....                 | -3             | -3           | -3           | -3           | -3           | -3            | -3            |
| Other deposit insurance activities .....                 | 32             | 31           | 30           | 30           | 31           | 31            | 32            |
| Total, Deposit insurance .....                           |                |              |              | -1           |              | -1            |               |
| <b>Other advancement of commerce:</b>                    |                |              |              |              |              |               |               |
| Universal service fund .....                             | 5,472          | 6,329        | 6,651        | 6,733        | 6,856        | 6,987         | 7,125         |
| Payments to copyright owners .....                       | 220            | 219          | 234          | 240          | 254          | 265           | 276           |
| Spectrum auction subsidy .....                           | 142            | 511          | 13           | 13           | 13           | 13            | 13            |
| Regulatory fees .....                                    | -20            | -44          | -78          | -99          | -102         | -106          | -110          |
| Credit liquidating accounts .....                        | 3              | 3            | 3            | 1            | 1            | 1             |               |
| SBA business loan program and subsidy reestimate .....   | -297           | 435          |              |              |              |               |               |
| Continued dumping and subsidy offset .....               | 312            | 321          | 331          | 341          | 351          | 362           | 373           |
| Other mandatory .....                                    | 122            | 68           | 163          | 186          | 184          | 187           | 192           |
| Total, Other advancement of commerce .....               | 5,954          | 7,842        | 7,317        | 7,415        | 7,557        | 7,709         | 7,869         |
| Total, Mandatory .....                                   | 10,673         | 9,432        | 10,441       | 9,982        | 9,987        | 10,813        | 10,338        |
| <b>Total, Commerce and housing credit .....</b>          | <b>11,298</b>  | <b>8,640</b> | <b>9,632</b> | <b>9,051</b> | <b>8,789</b> | <b>10,720</b> | <b>10,289</b> |
| <b>400 Transportation:</b>                               |                |              |              |              |              |               |               |
| <b>Discretionary:</b>                                    |                |              |              |              |              |               |               |
| <b>Ground transportation:</b>                            |                |              |              |              |              |               |               |
| Highways .....   | 316            | 529          | 537          | 545          | 554          | 563           | 573           |
| Highway safety .....                                     | 165            | 167          | 171          | 175          | 180          | 183           | 189           |
| Mass transit .....                                       | 3,272          | 1,367        | 1,386        | 1,407        | 1,430        | 1,453         | 1,481         |
| Railroads .....  | 1,046          | 1,229        | 1,249        | 1,270        | 1,292        | 1,316         | 1,342         |
| Regulation .....   | 17             | 17           | 18           | 18           | 19           | 20            | 20            |
| State infrastructure banks .....                         | -6             |              |              |              |              |               |               |
| Total, Ground transportation .....                       | 4,810          | 3,309        | 3,361        | 3,415        | 3,475        | 3,535         | 3,605         |
| <b>Air transportation:</b>                               |                |              |              |              |              |               |               |
| Airports and airways (FAA) .....                         | 10,503         | 10,444       | 10,776       | 11,088       | 11,414       | 11,755        | 12,116        |
| Transportation security administration .....             | 2,557          | 2,513        | 2,603        | 2,683        | 2,767        | 2,856         | 2,949         |
| Aeronautical research and technology .....               | 991            | 873          | 893          | 911          | 932          | 953           | 975           |
| Payments to air carriers .....                           | 63             | 52           | 53           | 54           | 54           | 55            | 56            |
| Total, Air transportation .....                          | 14,114         | 13,882       | 14,325       | 14,736       | 15,167       | 15,619        | 16,096        |
| <b>Water transportation:</b>                             |                |              |              |              |              |               |               |
| Marine safety and transportation .....                   | 4,107          | 4,448        | 4,520        | 4,591        | 4,666        | 4,748         | 4,835         |
| Ocean shipping .....                                     | 146            | 133          | 137          | 140          | 145          | 148           | 152           |
| Total, Water transportation .....                        | 4,253          | 4,581        | 4,657        | 4,731        | 4,811        | 4,896         | 4,987         |
| <b>Other transportation:</b>                             |                |              |              |              |              |               |               |
| Departmental administration and other .....              | 260            | 240          | 247          | 256          | 267          | 275           | 285           |
| Total, Discretionary .....                               | 23,437         | 22,012       | 22,590       | 23,138       | 23,720       | 24,325        | 24,973        |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Ground transportation:</b>                            |                |               |               |               |               |               |               |
| Highways .....   | 34,034         | 31,120        | 30,332        | 30,911        | 32,007        | 32,927        | 33,855        |
| Highway safety .....                                     | 610            | 580           | 580           | 580           | 580           | 580           | 580           |
| Mass transit .....                                       | 6,573          | 5,781         | 5,869         | 5,959         | 6,056         | 6,215         | 6,272         |
| Offsetting receipts and credit subsidy reestimates ..... | -143           | -105          | -295          | -33           | -33           | -33           | -33           |
| Credit liquidating accounts .....                        | -21            | -23           | -20           | -20           | -14           | -14           | -14           |
| Total, Ground transportation .....                       | 41,053         | 37,353        | 36,466        | 37,397        | 38,596        | 39,675        | 40,660        |
| <b>Air transportation:</b>                               |                |               |               |               |               |               |               |
| Airports and airways (FAA) .....                         | 3,026          | 3,400         | 3,400         | 3,400         | 3,400         | 3,400         | 3,400         |
| Payments to air carriers .....                           |                | 30            | 33            | 30            | 40            | 40            | 40            |
| Air transportation stabilization loan subsidies .....    | 172            | 500           |               |               |               |               |               |
| Total, Air transportation .....                          | 3,198          | 3,930         | 3,433         | 3,430         | 3,440         | 3,440         | 3,440         |
| <b>Water transportation:</b>                             |                |               |               |               |               |               |               |
| Coast Guard retired pay .....                            | 876            | 889           | 1,020         | 1,020         | 1,040         | 1,060         | 1,081         |
| MARAD ocean freight differential .....                   | 157            | -119          | 83            | 94            | 96            | 98            | 98            |
| Other water transportation programs .....                | 177            | -14           | -28           | -29           | -30           | -31           | -32           |
| Total, Water transportation .....                        | 1,210          | 756           | 1,075         | 1,085         | 1,106         | 1,127         | 1,147         |
| <b>Other transportation:</b>                             |                |               |               |               |               |               |               |
| Sale of transportation assets .....                      |                | -10           |               |               |               |               |               |
| Other mandatory transportation programs .....            | -11            | 7             | 7             | 7             | 7             | -1            | -1            |
| Total, Other transportation .....                        | -11            | -3            | 7             | 7             | 7             | -1            | -1            |
| Total, Mandatory .....                                   | 45,450         | 42,036        | 40,981        | 41,919        | 43,149        | 44,241        | 45,246        |
| <b>Total, Transportation .....</b>                       | <b>68,887</b>  | <b>64,048</b> | <b>63,571</b> | <b>65,057</b> | <b>66,869</b> | <b>68,566</b> | <b>70,219</b> |
| <b>450 Community and regional development:</b>           |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                    |                |               |               |               |               |               |               |
| <b>Community development:</b>                            |                |               |               |               |               |               |               |
| Community development block grant .....                  | 7,783          | 5,062         | 5,138         | 5,215         | 5,298         | 5,389         | 5,486         |
| Community development loan guarantees .....              | 15             | 8             | 8             | 8             | 8             | 8             | 9             |
| Community development financial institutions .....       | 80             | 73            | 74            | 76            | 77            | 78            | 80            |
| Brownfields redevelopment .....                          | 25             | 22            | 22            | 23            | 23            | 23            | 24            |
| Other community development programs .....               | 163            | 432           | 442           | 451           | 461           | 472           | 485           |
| Total, Community development .....                       | 8,066          | 5,597         | 5,684         | 5,773         | 5,867         | 5,970         | 6,084         |
| <b>Area and regional development:</b>                    |                |               |               |               |               |               |               |
| Rural development .....                                  | 1,049          | 1,034         | 1,051         | 1,070         | 1,090         | 1,112         | 1,134         |
| Economic Development Administration .....                | 366            | 365           | 371           | 377           | 384           | 392           | 399           |
| Indian programs .....                                    | 1,484          | 1,477         | 1,508         | 1,539         | 1,568         | 1,603         | 1,637         |
| Appalachian Regional Commission .....                    | 71             | 77            | 78            | 79            | 81            | 82            | 83            |
| Denali Commission .....                                  | 49             | 48            | 49            | 49            | 51            | 51            | 52            |
| Delta Regional Authority .....                           | 10             | 29            | 29            | 30            | 30            | 31            | 31            |
| Total, Area and regional development .....               | 3,029          | 3,030         | 3,086         | 3,144         | 3,204         | 3,271         | 3,336         |
| <b>Disaster relief and insurance:</b>                    |                |               |               |               |               |               |               |
| Disaster relief .....                                    | 10,131         | 1,659         | 1,686         | 1,713         | 1,741         | 1,772         | 1,805         |
| Small Business Administration disaster loans .....       | 282            | 199           | 202           | 205           | 208           | 212           | 216           |
| National flood insurance fund .....                      | 78             | 89            | 90            | 92            | 93            | 95            | 97            |
| State and local preparedness assistance (DHS) .....      | 262            | 233           | 236           | 240           | 244           | 248           | 252           |
| Other disaster assistance programs .....                 | 913            | 892           | 910           | 931           | 949           | 970           | 994           |
| Total, Disaster relief and insurance .....               | 11,666         | 3,072         | 3,124         | 3,181         | 3,235         | 3,297         | 3,364         |
| Total, Discretionary .....                               | 22,761         | 11,699        | 11,894        | 12,098        | 12,306        | 12,538        | 12,784        |



Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Community development:</b>                                    |                |               |               |               |               |               |               |
| Mandatory programs .....   |                | 23            | 23            | 23            | 23            | 23            |               |
| <b>Area and regional development:</b>                            |                |               |               |               |               |               |               |
| Indian programs .....  | 411            | 429           | 447           | 461           | 482           | 503           | 525           |
| Rural development programs .....                                 | 687            | 177           | 75            | 76            | 66            | 66            | 6             |
| Credit liquidating accounts .....                                | -201           | -204          | -274          | -315          | -286          | -270          | -254          |
| Offsetting receipts .....  | -468           | -428          | -437          | -455          | -473          | -493          | -516          |
| Total, Area and regional development .....                       | 429            | -26           | -189          | -233          | -211          | -194          | -239          |
| <b>Disaster relief and insurance:</b>                            |                |               |               |               |               |               |               |
| National flood insurance fund .....                              | -105           | -109          | -110          | -112          | -115          | -118          | -121          |
| SBA disaster loans program account .....                         |                | 468           |               |               |               |               |               |
| SBA disaster loan subsidy reestimates .....                      | -14            | -42           |               |               |               |               |               |
| Disaster loan program negative subsidies .....                   |                | -1            | -1            | -1            | -1            | -1            | -1            |
| Disaster assistance, downward reestimates .....                  | -10            | -9            |               |               |               |               |               |
| Total, Disaster relief and insurance .....                       | -129           | 307           | -111          | -113          | -116          | -119          | -122          |
| Total, Mandatory .....   | 300            | 304           | -277          | -323          | -304          | -290          | -361          |
| <b>Total, Community and regional development .....</b>           | <b>23,061</b>  | <b>12,003</b> | <b>11,617</b> | <b>11,775</b> | <b>12,002</b> | <b>12,248</b> | <b>12,423</b> |
| <b>500 Education, training, employment, and social services:</b> |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>          |                |               |               |               |               |               |               |
| Education for the disadvantaged .....                            | 11,722         | 12,020        | 12,090        | 12,271        | 12,468        | 12,679        | 12,907        |
| Impact aid .....   | 1,144          | 1,120         | 1,137         | 1,154         | 1,172         | 1,192         | 1,214         |
| School improvement .....   | 7,846          | 8,002         | 8,096         | 8,217         | 8,348         | 8,490         | 8,643         |
| English language acquisition .....                               | 664            | 652           | 662           | 672           | 682           | 694           | 707           |
| Special education .....  | 8,673          | 8,690         | 8,744         | 8,799         | 8,859         | 8,923         | 8,993         |
| Vocational and adult education .....                             | 1,934          | 1,942         | 1,971         | 2,001         | 2,032         | 2,067         | 2,104         |
| Indian education .....   | 735            | 775           | 791           | 807           | 825           | 841           | 859           |
| Reading excellence .....   | 195            |               |               |               |               |               |               |
| Other .....  | 14             | 14            | 14            | 14            | 15            | 15            | 15            |
| Total, Elementary, secondary, and vocational education .....     | 32,927         | 33,215        | 33,505        | 33,935        | 34,401        | 34,901        | 35,442        |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Student financial assistance .....                               | 13,286         | 13,547        | 13,751        | 13,957        | 14,179        | 14,420        | 14,681        |
| Higher education .....   | 2,028          | 2,030         | 2,060         | 2,091         | 2,124         | 2,160         | 2,200         |
| Federal family education loan program .....                      | 49             | 49            | 50            | 53            | 54            | 55            | 58            |
| Other higher education programs .....                            | 413            | 413           | 419           | 426           | 432           | 438           | 446           |
| Total, Higher education .....                                    | 15,776         | 16,039        | 16,280        | 16,527        | 16,789        | 17,073        | 17,385        |
| <b>Research and general education aids:</b>                      |                |               |               |               |               |               |               |
| Library of Congress .....  | 388            | 361           | 374           | 384           | 396           | 408           | 422           |
| Public broadcasting .....  | 427            | 428           | 444           | 451           | 458           | 466           | 474           |
| Smithsonian institution and related agencies .....               | 650            | 640           | 660           | 678           | 702           | 721           | 743           |
| Education research, statistics, and assessment .....             | 435            | 445           | 452           | 459           | 466           | 474           | 482           |
| Other .....  | 911            | 821           | 841           | 861           | 883           | 904           | 928           |
| Total, Research and general education aids .....                 | 2,811          | 2,695         | 2,771         | 2,833         | 2,905         | 2,973         | 3,049         |
| <b>Training and employment:</b>                                  |                |               |               |               |               |               |               |
| Training and employment services .....                           | 5,484          | 5,467         | 5,513         | 5,561         | 5,611         | 5,666         | 5,724         |
| Older Americans employment .....                                 | 445            | 445           | 452           | 458           | 466           | 474           | 482           |
| State employment services and national activities .....          | 1,292          | 1,284         | 1,304         | 1,325         | 1,345         | 1,367         | 1,395         |
| Other employment and training .....                              | 112            | 113           | 117           | 121           | 126           | 129           | 133           |
| Total, Training and employment .....                             | 7,333          | 7,309         | 7,386         | 7,465         | 7,548         | 7,636         | 7,734         |
| <b>Other labor services:</b>                                     |                |               |               |               |               |               |               |
| Labor law, statistics, and other administration .....            | 1,528          | 1,521         | 1,569         | 1,615         | 1,664         | 1,715         | 1,769         |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Rehabilitation services .....  | 464            | 408           | 414           | 420           | 427           | 434           | 442           |
| Corporation for National and Community Service—AmeriCorps .....          | 407            | 420           | 426           | 435           | 442           | 450           | 459           |
| Corporation for National and Community Service—Senior Corps .....        | 329            | 254           | 215           | 220           | 225           | 231           | 235           |
| Children and families services programs .....                            | 8,427          | 8,424         | 8,555         | 8,686         | 8,830         | 8,984         | 9,150         |
| Aging services program .....   | 1,200          | 1,200         | 1,219         | 1,237         | 1,257         | 1,279         | 1,301         |
| Other .....  | 73             | 73            | 74            | 75            | 76            | 78            | 79            |
| Total, Social services .....   | 10,900         | 10,779        | 10,903        | 11,073        | 11,257        | 11,456        | 11,666        |
| Total, Discretionary .....   | 71,275         | 71,558        | 72,414        | 73,448        | 74,564        | 75,754        | 77,045        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Federal family education loan program .....                              | 4,312          | 3,422         | 6,131         | 4,958         | 4,822         | 4,860         | 4,993         |
| Federal direct loan program .....  | 58             | 4,898         | -124          | -633          | -992          | -1,262        | -1,443        |
| Other higher education programs .....                                    | -75            | -74           | -67           | -66           | -65           | -63           | -60           |
| Credit liquidating account (Family education loan program) .....         | -528           | -673          | -549          | -414          | -290          | -191          | -120          |
| Total, Higher education .....  | 3,767          | 7,573         | 5,391         | 3,845         | 3,475         | 3,344         | 3,370         |
| <b>Research and general education aids:</b>                              |                |               |               |               |               |               |               |
| Mandatory programs .....   | 20             | 19            | 18            | 17            | 16            | 16            | 16            |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Trade adjustment assistance .....  | 132            | 259           | 259           | 259           | 259           | 260           | 260           |
| Advance appropriations and other mandatory .....                         | 151            | 98            |               |               |               |               |               |
| Total, Training and employment .....                                     | 283            | 357           | 259           | 259           | 259           | 260           | 260           |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Other labor services .....   | 10             | 10            |               |               |               |               |               |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Social services block grant .....  | 1,700          | 1,700         | 1,700         | 1,700         | 1,700         | 1,700         | 1,700         |
| Rehabilitation services .....  | 2,482          | 2,616         | 2,669         | 2,720         | 2,776         | 2,832         | 2,894         |
| Promoting safe and stable families .....                                 | 305            | 305           | 305           | 305           | 305           | 305           | 305           |
| Other social services .....  | 19             | 10            | 14            | 11            | 8             | 7             | 7             |
| Total, Social services .....   | 4,506          | 4,631         | 4,688         | 4,736         | 4,789         | 4,844         | 4,906         |
| Total, Mandatory .....   | 8,586          | 12,590        | 10,356        | 8,857         | 8,539         | 8,464         | 8,552         |
| <b>Total, Education, training, employment, and social services</b> ..... | <b>79,861</b>  | <b>84,148</b> | <b>82,770</b> | <b>82,305</b> | <b>83,103</b> | <b>84,218</b> | <b>85,597</b> |
| <b>550 Health:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Health care services:</b>   |                |               |               |               |               |               |               |
| Substance abuse and mental health services .....                         | 3,136          | 3,136         | 3,184         | 3,233         | 3,287         | 3,344         | 3,405         |
| Indian health .....  | 2,758          | 2,748         | 2,807         | 2,866         | 2,929         | 2,997         | 3,067         |
| Health Resources and Services Administration .....                       | 5,446          | 5,248         | 5,332         | 5,416         | 5,505         | 5,606         | 5,708         |
| Disease control, research, and training .....                            | 3,935          | 3,890         | 3,965         | 4,037         | 4,114         | 4,197         | 4,284         |
| Public health preparedness (DHS) .....                                   | 1,232          | 468           | 476           | 483           | 492           | 499           | 510           |
| Departmental management and other .....                                  | 2,165          | 1,865         | 1,903         | 1,937         | 1,978         | 2,022         | 2,063         |
| Total, Health care services .....  | 18,672         | 17,355        | 17,667        | 17,972        | 18,305        | 18,665        | 19,037        |
| <b>Health research and training:</b>                                     |                |               |               |               |               |               |               |
| National Institutes of Health .....                                      | 23,182         | 23,099        | 23,490        | 23,879        | 24,297        | 24,747        | 25,228        |
| Clinical training .....  | 676            | 676           | 686           | 696           | 708           | 720           | 733           |
| Other health research and training .....                                 | 394            | 383           | 394           | 404           | 414           | 426           | 438           |
| Total, Health research and training .....                                | 24,252         | 24,158        | 24,570        | 24,979        | 25,419        | 25,893        | 26,399        |
| <b>Consumer and occupational health and safety:</b>                      |                |               |               |               |               |               |               |
| Food safety and inspection .....   | 730            | 712           | 741           | 767           | 794           | 822           | 852           |
| Occupational safety and health .....                                     | 713            | 712           | 735           | 757           | 779           | 800           | 824           |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| FDA and Consumer Product Safety Commission salaries and expenses .....   | 1,423          | 1,407          | 1,455          | 1,498          | 1,547          | 1,593          | 1,644          |
| Total, Consumer and occupational health and safety .....                 | 2,866          | 2,831          | 2,931          | 3,022          | 3,120          | 3,215          | 3,320          |
| Total, Discretionary .....   | 45,790         | 44,344         | 45,168         | 45,973         | 46,844         | 47,773         | 48,756         |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Health care services:</b>   |                |                |                |                |                |                |                |
| Medicaid grants .....  | 147,341        | 162,359        | 176,753        | 192,773        | 209,840        | 227,529        | 246,896        |
| State children's health insurance fund .....                             | 5,934          | 5,382          | 3,175          | 4,082          | 4,082          | 5,040          | 5,040          |
| Health care tax credit .....   |                | 4              | 212            | 420            | 518            | 584            | 644            |
| Federal employees' and retired employees' health benefits .....          | 6,047          | 6,732          | 7,430          | 8,092          | 8,788          | 9,520          | 10,323         |
| DoD Medicare-eligible retiree health care fund .....                     |                | 4,445          | 4,765          | 5,006          | 5,324          | 5,661          | 6,016          |
| UMWA Funds (coal miner retiree health) .....                             | 238            | 208            | 175            | 164            | 155            | 146            | 137            |
| Other mandatory health services activities .....                         | 605            | 655            | 684            | 668            | 689            | 669            | 691            |
| Total, Health care services .....  | 160,165        | 179,785        | 193,194        | 211,205        | 229,396        | 249,149        | 269,747        |
| <b>Health research and safety:</b>                                       |                |                |                |                |                |                |                |
| Health research and training .....                                       | 125            | 127            | 172            | 152            | 151            | 151            | 151            |
| Consumer and occupational health and safety .....                        |                |                | -1             | -1             | -1             | -1             | -1             |
| Total, Health research and safety .....                                  | 125            | 127            | 171            | 151            | 150            | 150            | 150            |
| Total, Mandatory .....   | 160,290        | 179,912        | 193,365        | 211,356        | 229,546        | 249,299        | 269,897        |
| <b>Total, Health</b> .....   | <b>206,080</b> | <b>224,256</b> | <b>238,533</b> | <b>257,329</b> | <b>276,390</b> | <b>297,072</b> | <b>318,653</b> |
| <b>570 Medicare:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) administrative expenses .....                    | 1,607          | 1,562          | 1,635          | 1,709          | 1,782          | 1,866          | 1,963          |
| Supplementary medical insurance (SMI) administrative expenses .....      | 2,198          | 2,117          | 2,191          | 2,267          | 2,346          | 2,437          | 2,542          |
| Total, Discretionary .....   | 3,805          | 3,679          | 3,826          | 3,976          | 4,128          | 4,303          | 4,505          |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) .....  | 146,602        | 151,688        | 160,613        | 168,660        | 173,235        | 183,393        | 193,862        |
| Supplementary medical insurance (SMI) .....                              | 106,987        | 117,902        | 119,239        | 126,188        | 129,664        | 138,069        | 147,152        |
| HI premiums and collections .....  | -1,525         | -1,568         | -1,681         | -1,772         | -1,870         | -1,977         | -2,085         |
| SMI premiums and collections .....                                       | -24,428        | -26,701        | -29,317        | -31,089        | -32,664        | -34,362        | -36,670        |
| Medicare interfunds .....  | 2,987          | -8             |                |                |                |                |                |
| Total, Mandatory .....   | 230,623        | 241,313        | 248,854        | 261,987        | 268,365        | 285,123        | 302,259        |
| <b>Total, Medicare</b> .....   | <b>234,428</b> | <b>244,992</b> | <b>252,680</b> | <b>265,963</b> | <b>272,493</b> | <b>289,426</b> | <b>306,764</b> |
| <b>600 Income security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>General retirement and disability insurance:</b>                      |                |                |                |                |                |                |                |
| Railroad retirement .....  | 250            | 250            | 254            | 258            | 262            | 266            | 272            |
| Pension Benefit Guaranty Corporation .....                               | 12             | 12             | 12             | 12             | 13             | 13             | 13             |
| Pension and Welfare Benefits Administration and other .....              | 112            | 110            | 114            | 117            | 121            | 125            | 128            |
| Total, General retirement and disability insurance .....                 | 374            | 372            | 380            | 387            | 396            | 404            | 413            |
| <b>Federal employee retirement and disability:</b>                       |                |                |                |                |                |                |                |
| Civilian retirement and disability program administrative expenses ..... | 105            | 110            | 114            | 117            | 121            | 126            | 130            |
| Armed forces retirement home .....                                       | 71             | 63             | 65             | 68             | 70             | 72             | 74             |
| Tax Court judges survivors annuity fund .....                            | 1              | 1              | 1              | 1              | 1              | 1              | 1              |
| Total, Federal employee retirement and disability .....                  | 177            | 174            | 180            | 186            | 192            | 199            | 205            |
| <b>Unemployment compensation:</b>  |                |                |                |                |                |                |                |
| Unemployment programs administrative expenses .....                      | 2,734          | 2,955          | 2,865          | 2,775          | 2,798          | 2,905          | 3,000          |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |         |         |
|---|----------------|----------|--------|--------|--------|---------|---------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007    | 2008    |
| <b>Housing assistance:</b>  |                |          |        |        |        |         |         |
| Public housing operating fund .....   | 3,495          | 3,610    | 3,664  | 3,719  | 3,779  | 3,843   | 3,912   |
| Public housing capital fund .....   | 2,843          | 2,788    | 2,830  | 2,873  | 2,920  | 2,968   | 3,022   |
| Subsidized, public, homeless and other HUD housing .....                      | 19,801         | 20,195   | 24,397 | 24,708 | 25,045 | 25,406  | 25,794  |
| Rural housing assistance .....  | 806            | 805      | 816    | 830    | 842    | 857     | 873     |
| Total, Housing assistance .....   | 26,945         | 27,398   | 31,707 | 32,130 | 32,586 | 33,074  | 33,601  |
| <b>Food and nutrition assistance:</b>   |                |          |        |        |        |         |         |
| Special supplemental food program for women, infants, and children (WIC) .... | 4,462          | 4,406    | 4,472  | 4,539  | 4,612  | 4,690   | 4,775   |
| Other nutrition programs .....  | 595            | 609      | 621    | 635    | 647    | 662     | 677     |
| Total, Food and nutrition assistance .....                                    | 5,057          | 5,015    | 5,093  | 5,174  | 5,259  | 5,352   | 5,452   |
| <b>Other income assistance:</b>   |                |          |        |        |        |         |         |
| Refugee assistance .....  | 460            | 458      | 465    | 472    | 479    | 488     | 496     |
| Low income home energy assistance .....                                       | 2,000          | 2,000    | 2,031  | 2,060  | 2,093  | 2,129   | 2,167   |
| Child care and development block grant .....                                  | 2,100          | 2,100    | 2,132  | 2,163  | 2,198  | 2,235   | 2,276   |
| Supplemental security income (SSI) administrative expenses .....              | 2,857          | 2,830    | 2,921  | 3,002  | 3,089  | 3,180   | 3,274   |
| Total, Other income assistance .....  | 7,417          | 7,388    | 7,549  | 7,697  | 7,859  | 8,032   | 8,213   |
| Total, Discretionary .....  | 42,704         | 43,302   | 47,774 | 48,349 | 49,090 | 49,966  | 50,884  |
| <b>Mandatory:</b>   |                |          |        |        |        |         |         |
| <b>General retirement and disability insurance:</b>                           |                |          |        |        |        |         |         |
| Railroad retirement .....   | 4,884          | 4,954    | 4,869  | 5,248  | 5,571  | 5,558   | 5,765   |
| Special benefits for disabled coal miners .....                               | 886            | 857      | 803    | 753    | 707    | 661     | 618     |
| Pension Benefit Guaranty Corporation .....                                    | -12            | -12      | -12    | -12    | -13    | -13     | -13     |
| District of Columbia pension funds .....                                      | 459            | 488      | 496    | 500    | 511    | 522     | 982     |
| Special workers' compensation program .....                                   | 147            | 149      | 150    | 148    | 148    | 149     | 149     |
| Total, General retirement and disability insurance .....                      | 6,364          | 6,436    | 6,306  | 6,637  | 6,924  | 6,877   | 7,501   |
| <b>Federal employee retirement and disability:</b>                            |                |          |        |        |        |         |         |
| Federal civilian employee retirement and disability .....                     | 49,659         | 51,766   | 53,422 | 55,802 | 58,179 | 60,596  | 63,026  |
| Military retirement .....   | 35,188         | 36,056   | 36,870 | 37,818 | 38,787 | 39,797  | 40,833  |
| Federal employees workers' compensation (FECA) .....                          | 124            | 167      | 166    | 249    | 277    | 277     | 274     |
| Federal employees life insurance fund .....                                   | 32             | 32       | 33     | 33     | 33     | 34      | 34      |
| Total, Federal employee retirement and disability .....                       | 85,003         | 88,021   | 90,491 | 93,902 | 97,276 | 100,704 | 104,167 |
| <b>Unemployment compensation:</b>   |                |          |        |        |        |         |         |
| Unemployment insurance programs .....   | 50,533         | 52,697   | 39,392 | 38,376 | 39,300 | 41,565  | 43,723  |
| Trade adjustment assistance .....   | 284            | 612      | 1,079  | 1,036  | 974    | 940     | 972     |
| Total, Unemployment compensation .....  | 50,817         | 53,309   | 40,471 | 39,412 | 40,274 | 42,505  | 44,695  |
| <b>Housing assistance:</b>  |                |          |        |        |        |         |         |
| Mandatory housing assistance programs .....                                   | 25             | 40       | 30     | 30     | 40     | 40      | 40      |
| <b>Food and nutrition assistance:</b>   |                |          |        |        |        |         |         |
| Food stamps (including Puerto Rico) .....                                     | 22,832         | 26,233   | 27,729 | 28,219 | 28,461 | 28,859  | 29,713  |
| State child nutrition programs .....  | 10,083         | 10,572   | 11,408 | 11,843 | 12,281 | 12,822  | 13,327  |
| Funds for strengthening markets, income, and supply (Sec.32) .....            | 908            | 992      | 1,162  | 1,162  | 1,162  | 1,162   | 1,162   |
| Total, Food and nutrition assistance .....                                    | 33,823         | 37,797   | 40,299 | 41,224 | 41,904 | 42,843  | 44,202  |
| <b>Other income support:</b>  |                |          |        |        |        |         |         |
| Supplemental security income (SSI) .....                                      | 29,090         | 32,428   | 34,305 | 38,385 | 37,195 | 35,739  | 39,872  |
| Child support and family support programs .....                               | 3,846          | 4,037    | 4,393  | 4,711  | 5,033  | 5,686   | 5,627   |
| Federal share of child support collections .....                              | -1,235         | -1,117   | -1,137 | -1,163 | -1,198 | -1,233  | -1,270  |
| Temporary assistance for needy families and related programs .....            | 18,967         | 18,840   | 17,690 | 16,690 | 16,690 | 16,690  | 18,690  |
| Child care entitlement to states .....  | 2,758          | 2,717    | 2,717  | 2,717  | 2,717  | 2,717   | 2,717   |
| Foster care and adoption assistance .....                                     | 6,622          | 6,496    | 6,779  | 7,071  | 7,487  | 7,909   | 8,408   |
| Earned income tax credit (EITC) .....   | 27,826         | 30,606   | 31,375 | 32,092 | 33,450 | 34,484  | 35,383  |
| Child tax credit .....  | 5,060          | 5,870    | 5,863  | 5,699  | 7,627  | 7,626   | 7,497   |
| Other assistance .....  | 37             | 50       | 50     | 50     | 51     | 52      | 53      |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| SSI recoveries and receipts .....  | -2,040         | -4,450         | -3,893         | -2,182         | -2,064         | -2,137         | -2,209         |
| Total, Other income support .....  | 90,931         | 95,477         | 98,142         | 104,070        | 106,988        | 107,533        | 114,768        |
| Total, Mandatory .....   | 266,963        | 281,080        | 275,739        | 285,275        | 293,406        | 300,502        | 315,373        |
| <b>Total, Income security .....</b>  | <b>309,667</b> | <b>324,382</b> | <b>323,513</b> | <b>333,624</b> | <b>342,496</b> | <b>350,468</b> | <b>366,257</b> |
| <b>650 Social security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .. | 1,902          | 1,890          | 1,954          | 2,013          | 2,073          | 2,136          | 2,203          |
| Disability insurance (DI) administrative expenses (Off-budget) .....           | 1,602          | 1,596          | 1,650          | 1,699          | 1,750          | 1,804          | 1,860          |
| Office of the Inspector General—Social Security Adm. (On-budget) .....         | 19             | 19             | 20             | 20             | 21             | 22             | 22             |
| Total, Discretionary .....   | 3,523          | 3,505          | 3,624          | 3,732          | 3,844          | 3,962          | 4,085          |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                       | 389,894        | 401,664        | 415,980        | 432,058        | 449,476        | 469,435        | 491,621        |
| Disability insurance (DI)(Off-budget) .....                                    | 68,521         | 74,391         | 78,582         | 81,090         | 85,780         | 91,881         | 98,326         |
| Intragovernmental transactions (On-budget) .....                               | 13,978         | 13,046         | 13,379         | 14,415         | 15,344         | 16,645         | 18,156         |
| Intragovernmental transactions (Off-budget) .....                              | -13,553        | -13,046        | -13,379        | -14,415        | -15,344        | -16,645        | -18,156        |
| Total, Mandatory .....   | 458,840        | 476,055        | 494,562        | 513,148        | 535,256        | 561,316        | 589,947        |
| <b>Total, Social security .....</b>  | <b>462,363</b> | <b>479,560</b> | <b>498,186</b> | <b>516,880</b> | <b>539,100</b> | <b>565,278</b> | <b>594,032</b> |
| <b>700 Veterans benefits and services:</b>                                     |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 603            | 593            | 615            | 636            | 657            | 680            | 703            |
| Veterans pensions .....  | 156            | 155            | 161            | 166            | 171            | 177            | 183            |
| Veterans insurance .....   | 4              | 4              | 4              | 4              | 5              | 5              | 5              |
| Special benefits for certain World War II veterans .....                       | 2              | 2              | 2              | 2              | 2              | 2              | 2              |
| Total, Income security for veterans .....                                      | 765            | 754            | 782            | 808            | 835            | 864            | 893            |
| <b>Veterans education, training, and rehabilitation:</b>                       |                |                |                |                |                |                |                |
| Discretionary change to readjustment benefits account .....                    | 75             | 74             | 76             | 79             | 81             | 84             | 86             |
| Veterans employment and training .....   | 146            | 145            | 150            | 154            | 158            | 162            | 169            |
| Total, Veterans education, training, and rehabilitation .....                  | 221            | 219            | 226            | 233            | 239            | 246            | 255            |
| <b>Hospital and medical care for veterans:</b>                                 |                |                |                |                |                |                |                |
| Medical care and hospital services .....                                       | 22,485         | 23,334         | 24,073         | 24,739         | 25,440         | 26,178         | 26,955         |
| Medical and prosthetic research .....  | 756            | 771            | 800            | 826            | 852            | 880            | 909            |
| Collections for medical care .....   | -985           | -1,616         | -2,221         | -2,331         | -2,445         | -2,568         | -2,695         |
| Total, Hospital and medical care for veterans .....                            | 22,256         | 22,489         | 22,652         | 23,234         | 23,847         | 24,490         | 25,169         |
| <b>Veterans housing:</b>   |                |                |                |                |                |                |                |
| Housing program loan administrative expenses .....                             | 168            | 166            | 172            | 179            | 184            | 192            | 198            |
| <b>Other veterans benefits and services:</b>                                   |                |                |                |                |                |                |                |
| General administration .....   | 252            | 243            | 253            | 262            | 272            | 281            | 291            |
| Other operating expenses .....   | 381            | 350            | 358            | 368            | 375            | 385            | 397            |
| Total, Other veterans benefits and services .....                              | 633            | 593            | 611            | 630            | 647            | 666            | 688            |
| Total, Discretionary .....   | 24,043         | 24,221         | 24,443         | 25,084         | 25,752         | 26,458         | 27,203         |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 22,772         | 25,530         | 26,335         | 28,800         | 30,365         | 31,865         | 33,366         |
| Veterans pensions .....  | 3,177          | 3,300          | 3,391          | 3,479          | 3,575          | 3,683          | 3,797          |
| Veterans burial benefits .....   | 134            | 157            | 157            | 154            | 156            | 158            | 161            |
| Special benefits for certain World War II veterans .....                       | 7              | 10             | 10             | 10             | 9              | 8              | 8              |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| National service life insurance trust fund .....                                 | 1,219          | 1,236         | 1,235         | 1,230         | 1,231         | 1,226         | 1,217         |
| All other insurance programs .....   | 28             | 46            | 57            | 64            | 76            | 90            | 104           |
| Insurance program receipts .....   | -186           | -184          | -172          | -156          | -142          | -129          | -116          |
| Total, Income security for veterans .....  | 27,151         | 30,095        | 31,013        | 33,581        | 35,270        | 36,901        | 38,537        |
| <b>Veterans education, training, and rehabilitation:</b>                         |                |               |               |               |               |               |               |
| Education benefits (Montgomery GI Bill and related programs) .....               | 1,584          | 1,672         | 1,905         | 2,248         | 2,332         | 2,402         | 2,480         |
| Vocational rehabilitation and employment .....                                   | 487            | 525           | 561           | 588           | 616           | 646           | 678           |
| All-volunteer force educational assistance trust fund .....                      | -184           | -267          | -347          | -355          | -375          | -392          | -409          |
| Total, Veterans education, training, and rehabilitation .....                    | 1,887          | 1,930         | 2,119         | 2,481         | 2,573         | 2,656         | 2,749         |
| <b>Hospital and medical care for veterans:</b>                                   |                |               |               |               |               |               |               |
| Fees, charges and other mandatory medical care .....                             | -28            |               |               |               |               |               |               |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan subsidies .....   | 779            | 1,077         | 331           | 324           | 328           | 333           | 338           |
| Housing program loan reestimates .....   | -1,798         | -878          |               |               |               |               |               |
| Total, Veterans housing .....  | -1,019         | 199           | 331           | 324           | 328           | 333           | 338           |
| <b>Other veterans programs:</b>  |                |               |               |               |               |               |               |
| National homes, Battle Monument contributions and other .....                    | 61             | 43            | 47            | 39            | 40            | 41            | 42            |
| Total, Mandatory .....   | 28,052         | 32,267        | 33,510        | 36,425        | 38,211        | 39,931        | 41,666        |
| <b>Total, Veterans benefits and services .....</b>                               | <b>52,095</b>  | <b>56,488</b> | <b>57,953</b> | <b>61,509</b> | <b>63,963</b> | <b>66,389</b> | <b>68,869</b> |
| <b>750 Administration of justice:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                                       |                |               |               |               |               |               |               |
| Criminal investigations (DEA, FBI, DHS, FinCEN, ICDE) .....                      | 5,712          | 5,217         | 5,385         | 5,541         | 5,702         | 5,872         | 6,047         |
| Alcohol, tobacco, firearms, and explosives investigations (ATF) .....            | 781            | 762           | 788           | 812           | 838           | 863           | 892           |
| Border and transportation security directorate activities .....                  | 7,131          | 6,883         | 7,099         | 7,281         | 7,490         | 7,708         | 7,937         |
| Equal Employment Opportunity Commission .....                                    | 311            | 310           | 322           | 333           | 345           | 356           | 369           |
| Tax law, criminal investigations (IRS) .....                                     | 429            | 436           | 457           | 475           | 493           | 514           | 534           |
| United States Secret Service .....   | 1,022          | 945           | 979           | 1,010         | 1,043         | 1,077         | 1,112         |
| Other law enforcement activities .....   | 1,221          | 1,079         | 1,108         | 1,137         | 1,166         | 1,201         | 1,233         |
| Total, Federal law enforcement activities .....                                  | 16,607         | 15,632        | 16,138        | 16,589        | 17,077        | 17,591        | 18,124        |
| <b>Federal litigative and judicial activities:</b>                               |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....                          | 3,540          | 3,478         | 3,584         | 3,683         | 3,786         | 3,892         | 4,019         |
| Representation of indigents in civil cases .....                                 | 329            | 329           | 334           | 339           | 344           | 350           | 357           |
| Federal judicial and other litigative activities .....                           | 4,435          | 4,471         | 4,611         | 4,745         | 4,887         | 5,036         | 5,194         |
| Total, Federal litigative and judicial activities .....                          | 8,304          | 8,278         | 8,529         | 8,767         | 9,017         | 9,278         | 9,570         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                        | 4,618          | 4,468         | 4,618         | 4,753         | 4,896         | 5,043         | 5,198         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 68             |               |               |               |               |               |               |
| High-intensity drug trafficking areas program .....                              | 187            | 226           | 229           | 233           | 237           | 241           | 245           |
| Law enforcement assistance, community policing, and other justice programs ..... | 4,259          | 4,243         | 4,308         | 4,373         | 4,446         | 4,522         | 4,605         |
| Terrorism prevention initiative (DHS) .....                                      | 633            | 763           | 774           | 786           | 799           | 813           | 828           |
| Total, Criminal justice assistance .....   | 5,147          | 5,232         | 5,311         | 5,392         | 5,482         | 5,576         | 5,678         |
| Total, Discretionary .....   | 34,676         | 33,610        | 34,596        | 35,501        | 36,472        | 37,488        | 38,570        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                                       |                |               |               |               |               |               |               |
| Border and transportation security directorate activities .....                  | 2,419          | 2,606         | 2,692         | 2,570         | 2,587         | 2,604         | 2,622         |
| Immigration fees .....   | -1,852         | -2,583        | -2,261        | -2,321        | -2,384        | -2,449        | -2,514        |
| Customs fees .....   | -1,229         | -1,314        | -5            | -5            | -6            | -6            | -7            |
| Treasury forfeiture fund .....   | 178            | 221           | 221           | 221           | 221           | 221           | 221           |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other mandatory law enforcement programs .....                                     | 217            | 210           | 205           | 185           | 188           | 188           | 188           |
| Total, Federal law enforcement activities .....                                    | -267           | -860          | 852           | 650           | 606           | 558           | 510           |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Treasury forfeiture fund .....   | 345            | 422           | 377           | 380           | 387           | 395           | 402           |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 630            | 628           | 664           | 604           | 631           | 646           | 663           |
| Total, Federal litigative and judicial activities .....                            | 975            | 1,050         | 1,041         | 984           | 1,018         | 1,041         | 1,065         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | -3             | -3            | -3            | -3            | -3            | -3            | -3            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 606            | 605           | 1,706         | 500           | 500           | 500           | 500           |
| September 11 victim compensation .....   | 60             | 2,700         | 2,361         |               |               |               |               |
| Public safety officers' benefits .....   | 198            | 49            | 49            | 50            | 51            | 52            | 53            |
| Mandatory programs .....   | -68            |               |               |               |               |               |               |
| Total, Criminal justice assistance .....   | 796            | 3,354         | 4,116         | 550           | 551           | 552           | 553           |
| Total, Mandatory .....   | 1,501          | 3,541         | 6,006         | 2,181         | 2,172         | 2,148         | 2,125         |
| <b>Total, Administration of justice .....</b>                                      | <b>36,177</b>  | <b>37,151</b> | <b>40,602</b> | <b>37,682</b> | <b>38,644</b> | <b>39,636</b> | <b>40,695</b> |
| <b>800 General government:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Legislative branch discretionary programs .....                                    | 2,816          | 2,474         | 2,559         | 2,642         | 2,728         | 2,817         | 2,907         |
| <b>Executive direction and management:</b>   |                |               |               |               |               |               |               |
| Drug control programs .....  | 232            | 232           | 235           | 239           | 243           | 247           | 251           |
| Executive Office of the President .....  | 330            | 279           | 288           | 294           | 304           | 311           | 320           |
| Other programs .....   | 3              | 4             | 4             | 4             | 4             | 4             | 4             |
| Total, Executive direction and management .....                                    | 565            | 515           | 527           | 537           | 551           | 562           | 575           |
| <b>Central fiscal operations:</b>  |                |               |               |               |               |               |               |
| Tax administration .....   | 9,056          | 8,971         | 9,333         | 9,651         | 9,987         | 10,337        | 10,699        |
| Other fiscal operations .....  | 898            | 937           | 965           | 996           | 1,021         | 1,056         | 1,085         |
| Total, Central fiscal operations .....   | 9,954          | 9,908         | 10,298        | 10,647        | 11,008        | 11,393        | 11,784        |
| <b>General property and records management:</b>                                    |                |               |               |               |               |               |               |
| Records management .....   | 285            | 278           | 286           | 292           | 300           | 310           | 319           |
| Other government-wide information technology and property management .....         | 668            | 521           | 530           | 542           | 552           | 562           | 579           |
| Total, General property and records management .....                               | 953            | 799           | 816           | 834           | 852           | 872           | 898           |
| <b>Central personnel management:</b>   |                |               |               |               |               |               |               |
| Discretionary central personnel management programs .....                          | 180            | 180           | 185           | 193           | 198           | 207           | 213           |
| <b>General purpose fiscal assistance:</b>  |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                               | 444            | 231           | 236           | 243           | 248           | 254           | 261           |
| Payments to States and counties from Federal land management activities .....      | 14             | 14            | 14            | 14            | 15            | 15            | 15            |
| Other .....  | 385            | 210           | 213           | 217           | 219           | 223           | 227           |
| Total, General purpose fiscal assistance .....                                     | 843            | 455           | 463           | 474           | 482           | 492           | 503           |
| <b>Other general government:</b>   |                |               |               |               |               |               |               |
| Discretionary programs .....   | 291            | 308           | 314           | 321           | 328           | 337           | 345           |
| Total, Discretionary .....   | 15,602         | 14,639        | 15,162        | 15,648        | 16,147        | 16,680        | 17,225        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Congressional members compensation and other .....                                 | 110            | 114           | 120           | 118           | 118           | 118           | 118           |

Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Central fiscal operations:</b>                           |                |               |               |               |               |               |               |
| Federal financing bank .....                                | 51             | 50            | 58            | 67            | 69            | 71            | 73            |
| Other mandatory programs .....                              | -104           | -57           | -46           | -32           | -30           | -27           | -24           |
| Total, Central fiscal operations .....                      | -53            | -7            | 12            | 35            | 39            | 44            | 49            |
| <b>General property and records management:</b>             |                |               |               |               |               |               |               |
| Mandatory programs .....                                    | 23             | 30            | 28            | 25            | 24            | 22            | 23            |
| Offsetting receipts .....                                   | -22            | -39           | -30           | -31           | -31           | -32           | -32           |
| Total, General property and records management .....        | 1              | -9            | -2            | -6            | -7            | -10           | -9            |
| <b>General purpose fiscal assistance:</b>                   |                |               |               |               |               |               |               |
| Payments to States and counties .....                       | 1,137          | 1,293         | 1,285         | 1,303         | 1,309         | 1,284         | 1,301         |
| Tax revenues for Puerto Rico (Treasury, BATF) .....         | 426            | 442           | 396           | 392           | 401           | 409           | 417           |
| Other general purpose fiscal assistance .....               | 144            | 141           | 141           | 142           | 142           | 142           | 142           |
| Total, General purpose fiscal assistance .....              | 1,707          | 1,876         | 1,822         | 1,837         | 1,852         | 1,835         | 1,860         |
| <b>Other general government:</b>                            |                |               |               |               |               |               |               |
| Territories .....   | 188            | 186           | 188           | 188           | 190           | 192           | 193           |
| Treasury claims .....                                       | 1,850          | 921           | 935           | 1,038         | 1,038         | 1,038         | 1,038         |
| Presidential election campaign fund .....                   | 67             | 67            | 67            | 67            | 67            | 67            | 67            |
| Other mandatory programs .....                              | -196           |               |               | 35            | 35            | 40            | 36            |
| Total, Other general government .....                       | 1,909          | 1,174         | 1,190         | 1,328         | 1,330         | 1,337         | 1,334         |
| <b>Deductions for offsetting receipts:</b>                  |                |               |               |               |               |               |               |
| Offsetting receipts .....                                   | -892           | -1,194        | -1,192        | -1,192        | -1,192        | -1,192        | -1,192        |
| Total, Mandatory .....                                      | 2,782          | 1,954         | 1,950         | 2,120         | 2,140         | 2,132         | 2,160         |
| <b>Total, General government</b> .....                      | <b>18,384</b>  | <b>16,593</b> | <b>17,112</b> | <b>17,768</b> | <b>18,287</b> | <b>18,812</b> | <b>19,385</b> |
| <b>900 Net interest:</b>                                    |                |               |               |               |               |               |               |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Interest on Treasury debt securities (gross):</b>        |                |               |               |               |               |               |               |
| Interest on Treasury debt securities (gross) .....          | 332,537        | 327,976       | 349,231       | 382,157       | 408,028       | 430,073       | 451,797       |
| <b>Interest received by on-budget trust funds:</b>          |                |               |               |               |               |               |               |
| Civil service retirement and disability fund .....          | -35,902        | -37,266       | -38,768       | -40,020       | -41,423       | -42,719       | -44,126       |
| Military retirement .....                                   | -13,229        | -13,480       | -13,695       | -13,958       | -14,228       | -14,515       | -14,820       |
| Foreign service retirement and disability trust fund .....  | -767           | -798          | -825          | -852          | -880          | -908          | -937          |
| Medicare trust funds .....                                  | -16,690        | -16,411       | -17,325       | -18,561       | -20,175       | -21,998       | -24,034       |
| Unemployment trust fund .....                               | -5,445         | -3,460        | -2,711        | -2,689        | -2,974        | -3,373        | -3,673        |
| Railroad retirement .....                                   | -1,935         | -222          | -77           | -61           | -61           | -63           | -67           |
| Airport and airway trust fund .....                         | -860           | -706          | -605          | -515          | -429          | -351          | -276          |
| Other on-budget trust funds .....                           | -1,666         | -1,558        | -1,489        | -1,461        | -1,422        | -1,406        | -1,428        |
| Total, Interest received by on-budget trust funds .....     | -76,494        | -73,901       | -75,495       | -78,117       | -81,592       | -85,333       | -89,361       |
| <b>Interest received by off-budget trust funds:</b>         |                |               |               |               |               |               |               |
| Interest received by social security trust funds .....      | -76,820        | -83,576       | -88,698       | -96,769       | -106,122      | -116,995      | -129,253      |
| <b>Other interest:</b>                                      |                |               |               |               |               |               |               |
| Interest on loans to Federal Financing Bank .....           | -2,040         | -2,268        | -2,482        | -2,316        | -2,137        | -2,001        | -1,941        |
| Interest on refunds of tax collections .....                | 4,208          | 3,219         | 2,689         | 2,681         | 2,805         | 2,961         | 3,171         |
| Payment to the Resolution Funding Corporation .....         | 675            | 1,191         | 1,707         | 2,117         | 2,188         | 2,231         | 2,231         |
| Interest paid to loan guarantee financing accounts .....    | 4,276          | 3,787         | 3,812         | 3,852         | 3,903         | 3,983         | 4,076         |
| Interest received from direct loan financing accounts ..... | -11,050        | -11,147       | -11,747       | -12,701       | -13,295       | -13,944       | -14,698       |
| Interest on deposits in tax and loan accounts .....         | -341           | -225          | -450          | -700          | -700          | -700          | -700          |
| Interest, DoD retiree health care fund .....                |                | -371          | -1,214        | -2,250        | -3,444        | -4,774        | -6,250        |
| Interest, other special and revolving funds .....           | -1,736         | -926          | -1,049        | -1,175        | -1,257        | -1,345        | -1,422        |
| All other interest .....                                    | -2,266         | -2,091        | -2,151        | -2,572        | -2,458        | -2,369        | -2,311        |
| Total, Other interest .....                                 | -8,274         | -8,831        | -10,885       | -13,064       | -14,395       | -15,958       | -17,844       |



Table 15–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate    |             |             |             |             |             |
|--|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  |                | 2003        | 2004        | 2005        | 2006        | 2007        | 2008        |
| <b>Other investment income:</b>  |                |             |             |             |             |             |             |
| Private sector holdings, National Railroad Retirement Investment Trust .....       |                | -566        | -896        | -996        | -1,015      | -1,015      | -1,012      |
| <b>Total, Net interest</b> .....   | 170,949        | 161,102     | 173,257     | 193,211     | 204,904     | 210,772     | 214,327     |
| <b>920 Allowances:</b>   |                |             |             |             |             |             |             |
| <b>Mandatory:</b>  |                |             |             |             |             |             |             |
| Spectrum relocation fund .....   |                |             |             | -1,250      | -1,250      |             |             |
| <b>950 Undistributed offsetting receipts:</b>                                      |                |             |             |             |             |             |             |
| <b>Mandatory:</b>  |                |             |             |             |             |             |             |
| <b>Employer share, employee retirement (on-budget):</b>                            |                |             |             |             |             |             |             |
| Employing agency contributions, military retirement fund .....                     | -12,935        | -12,084     | -12,546     | -12,915     | -13,318     | -13,765     | -14,155     |
| Employing agency contributions, DoD Retiree Health Care Fund .....                 |                | -7,656      | -8,374      | -8,880      | -9,437      | -10,029     | -10,656     |
| Employing agency contributions, Civil Service Retirement and Disability Fund ..... | -10,731        | -9,975      | -10,739     | -11,565     | -12,555     | -13,235     | -13,856     |
| Contributions to HI trust fund .....   | -2,913         | -3,017      | -3,085      | -3,239      | -3,367      | -3,498      | -3,678      |
| Other contributions to employee retirement and disability funds .....              | -6,910         | -7,171      | -7,370      | -7,632      | -7,741      | -7,983      | -8,398      |
| <b>Total, Employer share, employee retirement (on-budget)</b> .....                | -33,489        | -39,903     | -42,114     | -44,231     | -46,418     | -48,510     | -50,743     |
| <b>Employer share, employee retirement (off-budget):</b>                           |                |             |             |             |             |             |             |
| Contributions to social security trust funds .....                                 | -9,292         | -9,493      | -10,023     | -10,794     | -11,482     | -12,159     | -13,043     |
| <b>Rents and royalties on the Outer Continental Shelf:</b>                         |                |             |             |             |             |             |             |
| OCS Receipts .....   | -5,024         | -4,300      | -3,989      | -4,495      | -5,155      | -5,344      | -5,196      |
| <b>Sale of major assets:</b>   |                |             |             |             |             |             |             |
| Privatization of Elk Hills .....   |                |             |             | -323        |             |             |             |
| <b>Other undistributed offsetting receipts:</b>                                    |                |             |             |             |             |             |             |
| Spectrum auction .....   | -1             | -80         | -200        | -8,200      | -8,100      | -4,300      | -4,300      |
| <b>Total, Undistributed offsetting receipts</b> .....                              | -47,806        | -53,776     | -56,326     | -68,043     | -71,155     | -70,313     | -73,282     |
| <b>Total</b> .....   | 2,090,057      | 2,134,998   | 2,201,364   | 2,287,967   | 2,371,243   | 2,470,360   | 2,572,617   |
| On-budget .....  | (1,724,732)    | (1,761,521) | (1,814,421) | (1,892,334) | (1,964,185) | (2,049,358) | (2,138,364) |
| Off-budget .....   | (365,325)      | (373,477)   | (386,943)   | (395,633)   | (407,058)   | (421,002)   | (434,253)   |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>050 National defense:</b>  |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>                                    |                |          |         |         |         |         |         |
| Military personnel .....  | 86,773         | 92,636   | 96,276  | 98,827  | 101,542 | 104,387 | 107,358 |
| Operation and maintenance .....   | 129,472        | 136,068  | 132,419 | 134,797 | 137,158 | 140,685 | 144,357 |
| Procurement .....   | 62,515         | 63,220   | 67,140  | 70,187  | 71,526  | 73,428  | 74,896  |
| Research, development, test and evaluation .....                          | 44,389         | 52,838   | 55,972  | 57,646  | 58,695  | 59,850  | 61,026  |
| Military construction .....   | 5,052          | 6,001    | 6,334   | 6,356   | 6,124   | 6,362   | 6,573   |
| Family housing .....  | 3,736          | 4,149    | 4,215   | 4,212   | 4,200   | 4,341   | 4,448   |
| Revolving, management, and trust funds and other .....                    | 1,298          | 3,859    | 3,744   | 3,813   | 3,696   | 3,676   | 3,713   |
| Total, Department of Defense—Military .....                               | 333,235        | 358,771  | 366,100 | 375,838 | 382,941 | 392,729 | 402,371 |
| <b>Atomic energy defense activities:</b>                                  |                |          |         |         |         |         |         |
| Department of Energy .....  | 14,253         | 14,860   | 15,116  | 15,487  | 15,464  | 15,725  | 16,005  |
| Department of Homeland Security .....                                     | 82             | 95       | 99      | 99      | 101     | 102     | 104     |
| Formerly utilized sites remedial action .....                             | 141            | 123      | 141     | 144     | 146     | 149     | 152     |
| Defense nuclear facilities safety board .....                             | 20             | 19       | 18      | 19      | 20      | 20      | 21      |
| Total, Atomic energy defense activities .....                             | 14,496         | 15,097   | 15,374  | 15,749  | 15,731  | 15,996  | 16,282  |
| <b>Defense-related activities:</b>  |                |          |         |         |         |         |         |
| Radiation exposure compensation trust fund transferred to mandatory ..... | 65             | 17       |         |         |         |         |         |
| Discretionary programs .....  | 1,149          | 1,365    | 1,644   | 1,760   | 1,810   | 1,853   | 1,897   |
| Total, Defense-related activities .....                                   | 1,214          | 1,382    | 1,644   | 1,760   | 1,810   | 1,853   | 1,897   |
| Total, Discretionary .....  | 348,945        | 375,250  | 383,118 | 393,347 | 400,482 | 410,578 | 420,550 |
| <b>Mandatory:</b>   |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>                                    |                |          |         |         |         |         |         |
| Military personnel .....  | 26             | 51       | 361     | 373     | 376     | 377     | 377     |
| Revolving, trust and other DoD mandatory .....                            | 542            | 319      | 376     | 247     | 363     | 274     | 375     |
| Offsetting receipts .....   | -1,852         | -986     | -942    | -921    | -922    | -886    | -882    |
| Total, Department of Defense—Military .....                               | -1,284         | -616     | -205    | -301    | -183    | -235    | -130    |
| <b>Atomic energy defense activities:</b>                                  |                |          |         |         |         |         |         |
| Energy employee occupational illness compensation program .....           | 381            | 810      | 531     | 335     | 266     | 217     | 194     |
| <b>Defense-related activities:</b>  |                |          |         |         |         |         |         |
| Radiation exposure compensation trust fund .....                          | 129            | 155      | 121     | 82      | 54      | 36      | 29      |
| Mandatory programs .....  | 384            | 223      | 226     | 239     | 247     | 255     | 263     |
| Total, Defense-related activities .....                                   | 513            | 378      | 347     | 321     | 301     | 291     | 292     |
| Total, Mandatory .....  | -390           | 572      | 673     | 355     | 384     | 273     | 356     |
| <b>Total, National defense</b> .....                                      | 348,555        | 375,822  | 383,791 | 393,702 | 400,866 | 410,851 | 420,906 |
| <b>150 International affairs:</b>   |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>International development, humanitarian assistance:</b>                |                |          |         |         |         |         |         |
| Development assistance, child survival, and disease programs .....        | 2,380          | 2,521    | 2,685   | 2,690   | 2,700   | 2,746   | 2,790   |
| Food aid .....  | 922            | 928      | 911     | 917     | 929     | 941     | 957     |
| Refugee programs .....  | 829            | 761      | 702     | 739     | 705     | 718     | 731     |
| Andean counter-drug initiative .....                                      | 188            | 610      | 654     | 565     | 525     | 534     | 542     |
| Multilateral development banks (MDB's) .....                              | 1,511          | 1,651    | 1,837   | 1,055   | 1,072   | 1,160   | 1,207   |
| Assistance for the independent states of the former Soviet Union .....    | 600            | 555      | 672     | 763     | 829     | 881     | 905     |
| Peace Corps .....   | 272            | 266      | 307     | 292     | 289     | 298     | 308     |
| International narcotics control and law enforcement .....                 | 384            | 456      | 363     | 323     | 245     | 249     | 253     |
| Assistance for Central and Eastern Europe .....                           | 514            | 376      | 478     | 557     | 610     | 657     | 674     |
| USAID operations .....  | 600            | 534      | 557     | 576     | 593     | 612     | 631     |
| Voluntary contributions to international organizations .....              | 301            | 221      | 211     | 214     | 217     | 221     | 225     |
| Central America and Caribbean emergency disaster recovery fund .....      | 75             | 45       | 27      |         |         |         |         |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Other development and humanitarian assistance .....                      | 605            | 701      | 877    | 868    | 811    | 796    | 807    |
| Total, International development, humanitarian assistance .....          | 9,181          | 9,625    | 10,281 | 9,559  | 9,525  | 9,813  | 10,030 |
| <b>International security assistance:</b>                                |                |          |        |        |        |        |        |
| Foreign military financing grants and loans .....                        | 4,448          | 4,463    | 3,977  | 3,804  | 3,848  | 3,915  | 3,983  |
| Economic support fund .....  | 3,071          | 2,383    | 2,573  | 2,722  | 2,815  | 2,900  | 2,947  |
| Nonproliferation, antiterrorism, demining, and related programs .....    | 383            | 396      | 377    | 363    | 318    | 324    | 328    |
| Other security assistance .....  | 387            | 250      | 220    | 214    | 219    | 218    | 223    |
| Total, International security assistance .....                           | 8,289          | 7,492    | 7,147  | 7,103  | 7,200  | 7,357  | 7,481  |
| <b>Conduct of foreign affairs:</b>                                       |                |          |        |        |        |        |        |
| State Department operations .....  | 3,688          | 4,203    | 4,038  | 4,055  | 4,152  | 4,253  | 4,361  |
| Embassy security, construction, and maintenance .....                    | 856            | 1,088    | 1,150  | 1,317  | 1,336  | 1,311  | 1,323  |
| Assessed contributions to international organizations .....              | 832            | 937      | 862    | 875    | 890    | 905    | 921    |
| Assessed contributions for international peacekeeping .....              | 913            | 1,328    | 757    | 748    | 760    | 772    | 786    |
| Arrearage payment for international organizations and peacekeeping ..... | 582            | 244      |        |        |        |        |        |
| Other conduct of foreign affairs .....                                   | 144            | 177      | 155    | 155    | 153    | 159    | 164    |
| Total, Conduct of foreign affairs .....                                  | 7,015          | 7,977    | 6,962  | 7,150  | 7,291  | 7,400  | 7,555  |
| <b>Foreign information and exchange activities:</b>                      |                |          |        |        |        |        |        |
| International broadcasting .....   | 484            | 502      | 511    | 527    | 517    | 529    | 545    |
| Russian Leadership Development Center trust fund .....                   | -3             | 9        | 9      | 9      | 8      | 9      | 9      |
| Other information and exchange activities .....                          | 424            | 324      | 307    | 304    | 285    | 289    | 297    |
| Total, Foreign information and exchange activities .....                 | 905            | 835      | 827    | 840    | 810    | 827    | 851    |
| <b>International financial programs:</b>                                 |                |          |        |        |        |        |        |
| Export-Import Bank .....   | 801            | 860      | 662    | 513    | 547    | 596    | 642    |
| Special defense acquisition fund .....                                   | -4             | 5        | 3      |        |        |        |        |
| Total, International financial programs .....                            | 797            | 865      | 665    | 513    | 547    | 596    | 642    |
| Total, Discretionary .....   | 26,187         | 26,794   | 25,882 | 25,165 | 25,373 | 25,993 | 26,559 |
| <b>Mandatory:</b>  |                |          |        |        |        |        |        |
| <b>International development, humanitarian assistance:</b>               |                |          |        |        |        |        |        |
| Credit liquidating accounts .....  | -1,309         | -1,364   | -1,172 | -974   | -1,000 | -938   | -870   |
| Receipts and other .....   | -51            | 83       | -6     | -6     | -6     | -6     | -6     |
| Total, International development, humanitarian assistance .....          | -1,360         | -1,281   | -1,178 | -980   | -1,006 | -944   | -876   |
| <b>International security assistance:</b>                                |                |          |        |        |        |        |        |
| Foreign military loan reestimates .....                                  | 150            | -522     |        |        |        |        |        |
| Foreign military loan liquidating account .....                          | -532           | -420     | -287   | -267   | -265   | -230   | -196   |
| Total, International security assistance .....                           | -382           | -942     | -287   | -267   | -265   | -230   | -196   |
| <b>Foreign affairs and information:</b>                                  |                |          |        |        |        |        |        |
| Conduct of foreign affairs .....   | 53             | -69      | -2     | 8      | 7      | 6      | 6      |
| Japan-U.S. Friendship Commission .....                                   | 3              | 3        | 3      | 3      | 3      | 3      | 3      |
| Vietnam debt repayment fund, transfers from liquidating fund .....       | -2             | -5       |        |        |        |        |        |
| Total, Foreign affairs and information .....                             | 54             | -71      | 1      | 11     | 10     | 9      | 9      |
| <b>International financial programs:</b>                                 |                |          |        |        |        |        |        |
| Foreign military sales trust fund (net) .....                            | -163           |          |        |        |        |        |        |
| International monetary fund .....  | -446           |          |        |        |        |        |        |
| Exchange stabilization fund .....  | -520           | -521     | -547   | -575   | -603   | -633   | -665   |
| Credit liquidating account (Ex-Im) .....                                 | -575           | -487     | -348   | -336   | -314   | -277   | -179   |
| Export-Import Bank—subsidy reestimates .....                             | -367           | -3,467   |        |        |        |        |        |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other international financial programs .....                                | -71            | -85           | -88           | -94           | -108          | -25           | -28           |
| Total, International financial programs .....                               | -2,142         | -4,560        | -983          | -1,005        | -1,025        | -935          | -872          |
| Total, Mandatory .....  | -3,830         | -6,854        | -2,447        | -2,241        | -2,286        | -2,100        | -1,935        |
| <b>Total, International affairs .....</b>                                   | <b>22,357</b>  | <b>19,940</b> | <b>23,435</b> | <b>22,924</b> | <b>23,087</b> | <b>23,893</b> | <b>24,624</b> |
| <b>250 General science, space, and technology:</b>                          |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                                  |                |               |               |               |               |               |               |
| National Science Foundation programs .....                                  | 4,057          | 4,590         | 4,647         | 4,729         | 4,793         | 4,927         | 4,982         |
| Department of Energy general science programs .....                         | 3,180          | 3,237         | 3,260         | 3,304         | 3,359         | 3,417         | 3,478         |
| Department of Homeland Security science and technology programs .....       | 5              | 15            | 21            | 23            | 23            | 23            | 24            |
| Total, General science and basic research .....                             | 7,242          | 7,842         | 7,928         | 8,056         | 8,175         | 8,367         | 8,484         |
| <b>Space flight, research, and supporting activities:</b>                   |                |               |               |               |               |               |               |
| Science, aeronautics, and technology .....                                  | 6,576          | 6,883         | 7,029         | 7,344         | 7,419         | 7,571         | 7,731         |
| Human space flight .....  | 6,871          | 6,594         | 6,587         | 6,769         | 7,017         | 7,026         | 7,169         |
| Other NASA programs .....   | 26             | 24            | 25            | 26            | 27            | 28            | 29            |
| Total, Space flight, research, and supporting activities .....              | 13,473         | 13,501        | 13,641        | 14,139        | 14,463        | 14,625        | 14,929        |
| Total, Discretionary .....  | 20,715         | 21,343        | 21,569        | 22,195        | 22,638        | 22,992        | 23,413        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                                  |                |               |               |               |               |               |               |
| National Science Foundation donations .....                                 | 57             | 142           | 105           | 76            | 57            | 48            | 40            |
| <b>Space flight, research, and supporting activities:</b>                   |                |               |               |               |               |               |               |
| National Space Grant Program .....  |                | 3             |               |               |               |               |               |
| Total, Mandatory .....  | 57             | 145           | 105           | 76            | 57            | 48            | 40            |
| <b>Total, General science, space, and technology .....</b>                  | <b>20,772</b>  | <b>21,488</b> | <b>21,674</b> | <b>22,271</b> | <b>22,695</b> | <b>23,040</b> | <b>23,453</b> |
| <b>270 Energy:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Research and development .....  | 1,098          | 1,339         | 1,278         | 1,232         | 1,237         | 1,239         | 1,210         |
| Naval petroleum reserves operations .....                                   | 23             | 19            | 22            | 22            | 23            | 24            | 24            |
| Uranium enrichment decontamination .....                                    | -417           | -442          | -452          | -463          | -474          | -485          |               |
| Nuclear waste program .....   | 106            | 94            | 95            | 97            | 99            | 101           | 104           |
| Federal power marketing .....   | 158            | 187           | 188           | 194           | 199           | 207           | 214           |
| Elk Hills school lands fund .....   | 36             | 36            | 37            | 37            | 38            | 38            | 39            |
| Rural electric and telephone discretionary loans .....                      | 38             | 47            | 45            | 30            | 29            | 25            | 29            |
| Non-defense environmental management and other .....                        | 655            | 725           | 657           | 667           | 677           | 688           | 700           |
| Total, Energy supply .....  | 1,697          | 2,005         | 1,870         | 1,816         | 1,828         | 1,837         | 2,320         |
| <b>Energy conservation and preparedness:</b>                                |                |               |               |               |               |               |               |
| Energy conservation .....   | 878            | 845           | 910           | 924           | 939           | 956           | 973           |
| Emergency energy preparedness .....   | 169            | 188           | 196           | 200           | 203           | 207           | 213           |
| Total, Energy conservation and preparedness .....                           | 1,047          | 1,033         | 1,106         | 1,124         | 1,142         | 1,163         | 1,186         |
| <b>Energy information, policy, and regulation:</b>                          |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....                                   | 40             | 61            | 17            | 22            | 394           | 409           | 424           |
| Federal Energy Regulatory Commission fees and recoveries, and other .....   |                | -18           | -18           | -18           | -18           | -19           | -19           |
| Department of Energy departmental management, OIG, EIA administration ..... | 192            | 205           | 218           | 221           | 228           | 237           | 246           |
| Total, Energy information, policy, and regulation .....                     | 232            | 248           | 217           | 225           | 604           | 627           | 651           |
| Total, Discretionary .....  | 2,976          | 3,286         | 3,193         | 3,165         | 3,574         | 3,627         | 4,157         |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>Energy supply:</b>   |                |          |        |        |        |        |        |
| Naval petroleum reserves oil and gas sales .....                      | -7             | -7       | -7     | -7     | -6     | -6     | -4     |
| Federal power marketing .....   | -183           | -604     | -582   | -703   | -863   | -761   | -656   |
| Tennessee Valley Authority .....                                      | 121            | -112     | -247   | -121   | -142   | -488   | -602   |
| United States Enrichment Corporation .....                            | -19            | -71      | -75    | -79    | -83    | -88    | -92    |
| Nuclear waste fund program .....                                      | -712           | -736     | -743   | -749   | -754   | -756   | -767   |
| Rural electric and telephone liquidating accounts .....               | -1,644         | -1,348   | -1,219 | -932   | -957   | -921   | -818   |
| Rural electric and telephone loan subsidy reestimates .....           | -49            |          |        |        |        |        |        |
| Total, Mandatory .....  | -2,493         | -2,878   | -2,873 | -2,591 | -2,805 | -3,020 | -2,939 |
| <b>Total, Energy</b> .....  | 483            | 408      | 320    | 574    | 769    | 607    | 1,218  |
| <b>300 Natural resources and environment:</b>                         |                |          |        |        |        |        |        |
| <b>Discretionary:</b>   |                |          |        |        |        |        |        |
| <b>Water resources:</b>   |                |          |        |        |        |        |        |
| Corps of Engineers .....  | 4,772          | 4,398    | 4,612  | 4,720  | 4,840  | 4,961  | 5,093  |
| Bureau of Reclamation .....   | 836            | 1,043    | 987    | 991    | 940    | 973    | 979    |
| Watershed, flood prevention, and other .....                          | 276            | 372      | 384    | 329    | 314    | 290    | 297    |
| Total, Water resources .....  | 5,884          | 5,813    | 5,983  | 6,040  | 6,094  | 6,224  | 6,369  |
| <b>Conservation and land management:</b>                              |                |          |        |        |        |        |        |
| Forest Service .....  | 4,382          | 4,548    | 4,506  | 4,664  | 4,768  | 4,902  | 5,045  |
| Management of public lands (BLM) .....                                | 1,858          | 1,716    | 1,729  | 1,783  | 1,839  | 1,896  | 1,957  |
| Conservation of agricultural lands .....                              | 862            | 1,167    | 1,207  | 1,252  | 1,287  | 1,325  | 1,372  |
| Fish and Wildlife Service .....                                       | 1,073          | 1,205    | 1,232  | 1,249  | 1,246  | 1,270  | 1,306  |
| Other conservation and land management programs .....                 | 597            | 687      | 726    | 698    | 675    | 691    | 709    |
| Total, Conservation and land management .....                         | 8,772          | 9,323    | 9,400  | 9,646  | 9,815  | 10,084 | 10,389 |
| <b>Recreational resources:</b>  |                |          |        |        |        |        |        |
| Operation of recreational resources .....                             | 2,165          | 2,391    | 2,497  | 2,570  | 2,635  | 2,687  | 2,763  |
| Other recreational resources activities .....                         | 28             | 40       | 59     | 49     | 33     | 34     | 36     |
| Total, Recreational resources .....                                   | 2,193          | 2,431    | 2,556  | 2,619  | 2,668  | 2,721  | 2,799  |
| <b>Pollution control and abatement:</b>                               |                |          |        |        |        |        |        |
| Regulatory, enforcement, and research programs .....                  | 2,892          | 3,079    | 3,140  | 3,177  | 3,225  | 3,161  | 3,236  |
| State and tribal assistance grants .....                              | 3,353          | 3,700    | 3,812  | 3,905  | 3,961  | 4,052  | 4,150  |
| Hazardous substance superfund .....                                   | 1,397          | 1,289    | 1,373  | 1,365  | 1,381  | 1,441  | 1,495  |
| Other control and abatement activities .....                          | 147            | 156      | 156    | 163    | 159    | 159    | 161    |
| Total, Pollution control and abatement .....                          | 7,789          | 8,224    | 8,481  | 8,610  | 8,726  | 8,813  | 9,042  |
| <b>Other natural resources:</b>                                       |                |          |        |        |        |        |        |
| NOAA .....  | 2,939          | 3,245    | 3,213  | 3,294  | 3,364  | 3,459  | 3,530  |
| Other natural resource program activities .....                       | 1,062          | 1,033    | 1,104  | 1,136  | 1,170  | 1,204  | 1,239  |
| Total, Other natural resources .....                                  | 4,001          | 4,278    | 4,317  | 4,430  | 4,534  | 4,663  | 4,769  |
| Total, Discretionary .....  | 28,639         | 30,069   | 30,737 | 31,345 | 31,837 | 32,505 | 33,368 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>Water resources:</b>   |                |          |        |        |        |        |        |
| Offsetting receipts and other mandatory water resource programs ..... | -314           | 8        | -115   | -321   | -46    | -137   | -142   |
| <b>Conservation and land management:</b>                              |                |          |        |        |        |        |        |
| Conservation Programs .....   | 3,153          | 3,664    | 4,219  | 4,702  | 5,177  | 5,332  | 5,405  |
| Offsetting receipts .....   | -2,128         | -2,688   | -2,471 | -2,539 | -2,520 | -2,484 | -2,467 |
| Total, Conservation and land management .....                         | 1,025          | 976      | 1,748  | 2,163  | 2,657  | 2,848  | 2,938  |
| <b>Recreational resources:</b>  |                |          |        |        |        |        |        |
| Operation of recreational resources .....                             | 850            | 909      | 916    | 942    | 927    | 920    | 929    |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Offsetting receipts .....                                    | -293           | -306          | -317          | -140          | -142          | -143          | -146          |
| Total, Recreational resources .....                          | 557            | 603           | 599           | 802           | 785           | 777           | 783           |
| <b>Pollution control and abatement:</b>                      |                |               |               |               |               |               |               |
| Superfund resources and other mandatory .....                | -174           | -168          | -133          | -133          | -133          | -130          | -130          |
| <b>Other natural resources:</b>                              |                |               |               |               |               |               |               |
| Fees and mandatory programs .....                            | -279           | -6            | 25            | 30            | 20            | 8             | 8             |
| Total, Mandatory .....                                       | 815            | 1,413         | 2,124         | 2,541         | 3,283         | 3,366         | 3,457         |
| <b>Total, Natural resources and environment .....</b>        | <b>29,454</b>  | <b>31,482</b> | <b>32,861</b> | <b>33,886</b> | <b>35,120</b> | <b>35,871</b> | <b>36,825</b> |
| <b>350 Agriculture:</b>                                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Agriculture credit loan program .....                        | 456            | 508           | 521           | 535           | 550           | 566           | 584           |
| P.L.480 market development activities .....                  | 183            | 191           | 228           | 201           | 198           | 202           | 206           |
| Administrative expenses .....                                | 1,000          | 1,056         | 1,099         | 1,066         | 1,092         | 1,117         | 1,143         |
| Total, Farm income stabilization .....                       | 1,639          | 1,755         | 1,848         | 1,802         | 1,840         | 1,885         | 1,933         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Research and education programs .....                        | 1,549          | 1,668         | 1,704         | 1,715         | 1,762         | 1,774         | 1,808         |
| Integrated research, education, and extension programs ..... | 19             | 31            | 33            | 43            | 44            | 44            | 45            |
| Extension programs .....                                     | 429            | 452           | 469           | 449           | 457           | 465           | 474           |
| Marketing programs .....                                     | 76             | 57            | 70            | 71            | 72            | 74            | 77            |
| Animal and plant inspection programs .....                   | 831            | 1,224         | 1,204         | 1,226         | 1,262         | 1,298         | 1,338         |
| Economic intelligence .....                                  | 185            | 198           | 214           | 222           | 230           | 238           | 246           |
| Grain inspection and packers program .....                   | 33             | 33            | 34            | 35            | 36            | 38            | 39            |
| Foreign agricultural service .....                           | 127            | 122           | 126           | 130           | 136           | 139           | 143           |
| Other programs and unallocated overhead .....                | 418            | 494           | 484           | 474           | 478           | 491           | 512           |
| Total, Agricultural research and services .....              | 3,667          | 4,279         | 4,338         | 4,365         | 4,477         | 4,561         | 4,682         |
| Total, Discretionary .....                                   | 5,306          | 6,034         | 6,186         | 6,167         | 6,317         | 6,446         | 6,615         |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                           | 13,597         | 14,001        | 12,930        | 15,832        | 15,212        | 13,882        | 12,100        |
| Agricultural credit insurance subsidy reestimate .....       | 1,233          | -105          |               |               |               |               |               |
| Crop insurance and other farm credit activities .....        | 2,816          | 1,796         | 2,628         | 2,941         | 3,083         | 3,356         | 3,347         |
| Credit liquidating accounts (ACIF and FAC) .....             | -921           | -894          | -810          | -574          | -472          | -429          | -390          |
| Total, Farm income stabilization .....                       | 16,725         | 14,798        | 14,748        | 18,199        | 17,823        | 16,809        | 15,057        |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                       | 328            | 541           | 566           | 635           | 610           | 627           | 660           |
| Offsetting receipts .....                                    | -171           | -163          | -167          | -165          | -166          | -167          | -167          |
| Total, Agricultural research and services .....              | 157            | 378           | 399           | 470           | 444           | 460           | 493           |
| Total, Mandatory .....                                       | 16,882         | 15,176        | 15,147        | 18,669        | 18,267        | 17,269        | 15,550        |
| <b>Total, Agriculture .....</b>                              | <b>22,188</b>  | <b>21,210</b> | <b>21,333</b> | <b>24,836</b> | <b>24,584</b> | <b>23,715</b> | <b>22,165</b> |
| <b>370 Commerce and housing credit:</b>                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                      |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs .....     | -2,341         | -2,673        | -2,679        | -2,714        | -2,752        | -2,793        | -2,838        |
| Government National Mortgage Association (GNMA) .....        | -345           | -388          | -395          | -394          | -394          | -393          | -393          |
| Other housing and urban development .....                    | 1              | 4             | 4             | 4             | 4             | 1             |               |
| Rural housing insurance fund .....                           | 669            | 674           | 692           | 707           | 729           | 752           | 775           |
| Total, Mortgage credit .....                                 | -2,016         | -2,383        | -2,378        | -2,397        | -2,413        | -2,433        | -2,456        |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate     |              |             |             |            |            |
|--|----------------|--------------|--------------|-------------|-------------|------------|------------|
|  |                | 2003         | 2004         | 2005        | 2006        | 2007       | 2008       |
| <b>Postal service:</b>                                   |                |              |              |             |             |            |            |
| Payments to the Postal Service fund (On-budget) .....    | 858            | 77           | 78           | 79          | 81          | 82         | 83         |
| <b>Deposit insurance:</b>                                |                |              |              |             |             |            |            |
| National credit union administration .....               |                |              | -1           |             |             |            |            |
| <b>Other advancement of commerce:</b>                    |                |              |              |             |             |            |            |
| Small and minority business assistance .....             | 627            | 589          | 626          | 645         | 663         | 685        | 706        |
| Science and technology .....                             | 735            | 712          | 750          | 763         | 745         | 770        | 791        |
| Economic and demographic statistics .....                | 676            | 690          | 599          | 611         | 631         | 651        | 671        |
| Regulatory agencies .....                                | -334           | -640         | -803         | -1,159      | -1,481      | -437       | -454       |
| International Trade Administration .....                 | 350            | 337          | 353          | 369         | 377         | 388        | 400        |
| Patent and trademark salaries and expenses .....         | 10             | -120         | -59          | -43         | -52         | -45        | -43        |
| Other discretionary .....                                | 92             | 230          | 168          | 150         | 156         | 160        | 165        |
| Total, Other advancement of commerce .....               | 2,156          | 1,798        | 1,634        | 1,336       | 1,039       | 2,172      | 2,236      |
| Total, Discretionary .....                               | 998            | -508         | -667         | -982        | -1,293      | -179       | -137       |
| <b>Mandatory:</b>  |                |              |              |             |             |            |            |
| <b>Mortgage credit:</b>                                  |                |              |              |             |             |            |            |
| Federal Housing Administration (FHA) loan programs ..... | -2,696         | 778          | -1,205       | -1,753      | -1,945      | -2,330     | -2,587     |
| Government National Mortgage Association .....           | -388           | -219         | -315         | -333        | -345        | -362       | -377       |
| Other HUD mortgage credit .....                          | -529           | -531         | -463         | -521        | -521        | -351       | -351       |
| Other mortgage credit activities .....                   | -1,377         | -1,965       | -1,290       | -1,179      | -1,106      | -1,125     | -1,042     |
| Total, Mortgage credit .....                             | -4,990         | -1,937       | -3,273       | -3,786      | -3,917      | -4,168     | -4,357     |
| <b>Postal service:</b>                                   |                |              |              |             |             |            |            |
| Postal Service (Off-budget) .....                        | -651           | -748         | -387         | -813        | -812        | -906       | -1,247     |
| <b>Deposit insurance:</b>                                |                |              |              |             |             |            |            |
| Bank Insurance Fund .....                                | 110            | 920          | -401         | -1,297      | -1,188      | -847       | -876       |
| FSLIC Resolution Fund .....                              | 8              | 42           | -21          | -72         | -134        | -141       | -136       |
| Savings Association Insurance Fund .....                 | -503           | -151         | -217         | -443        | -510        | -417       | -385       |
| National credit union administration .....               | -622           | -680         | -710         | -231        | -240        | -217       | -233       |
| Other deposit insurance activities .....                 | -14            | 10           | 8            | 6           | 3           | 1          | 14         |
| Total, Deposit insurance .....                           | -1,021         | 141          | -1,341       | -2,037      | -2,069      | -1,621     | -1,616     |
| <b>Other advancement of commerce:</b>                    |                |              |              |             |             |            |            |
| Universal service fund .....                             | 5,108          | 6,357        | 6,588        | 6,704       | 6,827       | 6,958      | 7,125      |
| Payments to copyright owners .....                       | 116            | 228          | 264          | 197         | 207         | 210        | 219        |
| Spectrum auction subsidy .....                           | 140            | 516          | 13           | 13          | 13          | 13         | 13         |
| Regulatory fees .....                                    | -20            | -44          | -78          | -99         | -102        | -106       | -110       |
| Credit liquidating accounts .....                        | -72            | -23          | -17          | -15         | -12         | -10        | -11        |
| SBA business loan program and subsidy reestimate .....   | -297           | 435          |              |             |             |            |            |
| Continued dumping and subsidy offset .....               | 231            | 321          | 331          | 341         | 351         | 362        | 373        |
| Other mandatory .....                                    | 73             | 133          | 166          | 186         | 184         | 187        | 192        |
| Total, Other advancement of commerce .....               | 5,279          | 7,923        | 7,267        | 7,327       | 7,468       | 7,614      | 7,801      |
| Total, Mandatory .....                                   | -1,383         | 5,379        | 2,266        | 691         | 670         | 919        | 581        |
| <b>Total, Commerce and housing credit .....</b>          | <b>-385</b>    | <b>4,871</b> | <b>1,599</b> | <b>-291</b> | <b>-623</b> | <b>740</b> | <b>444</b> |
| <b>400 Transportation:</b>                               |                |              |              |             |             |            |            |
| <b>Discretionary:</b>                                    |                |              |              |             |             |            |            |
| <b>Ground transportation:</b>                            |                |              |              |             |             |            |            |
| Highways .....   | 29,332         | 27,882       | 28,404       | 29,023      | 29,267      | 29,786     | 30,265     |
| Highway safety .....                                     | 689            | 894          | 781          | 778         | 783         | 798        | 817        |
| Mass transit .....                                       | 7,694          | 7,524        | 7,601        | 7,354       | 7,104       | 6,949      | 7,606      |
| Railroads .....  | 1,298          | 1,338        | 1,299        | 1,278       | 1,301       | 1,333      | 1,339      |
| Regulation .....   | 15             | 21           | 18           | 19          | 19          | 20         | 20         |
| State infrastructure banks .....                         | 3              | 6            | 6            | 4           | 1           |            |            |
| Total, Ground transportation .....                       | 39,031         | 37,665       | 38,109       | 38,456      | 38,475      | 38,886     | 40,047     |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Air transportation:</b>                               |                |               |               |               |               |               |               |
| Airports and airways (FAA) .....                         | 13,096         | 13,455        | 14,249        | 14,401        | 14,537        | 15,174        | 15,582        |
| Transportation security administration .....             | 58             | 4,685         | 3,203         | 2,665         | 2,750         | 2,837         | 2,927         |
| Air transportation stabilization program account .....   | 3              | 4             | 1             |               |               |               |               |
| Aeronautical research and technology .....               | 956            | 927           | 880           | 917           | 921           | 941           | 962           |
| Payments to air carriers .....                           | 34             | 61            | 53            | 53            | 54            | 55            | 56            |
| Total, Air transportation .....                          | 14,147         | 19,132        | 18,386        | 18,036        | 18,262        | 19,007        | 19,527        |
| <b>Water transportation:</b>                             |                |               |               |               |               |               |               |
| Marine safety and transportation .....                   | 3,754          | 4,342         | 4,140         | 4,443         | 4,583         | 4,685         | 4,791         |
| Ocean shipping .....                                     | 247            | 178           | 145           | 142           | 146           | 149           | 155           |
| Panama Canal Commission .....                            | 11             | 40            |               |               |               |               |               |
| Total, Water transportation .....                        | 4,012          | 4,560         | 4,285         | 4,585         | 4,729         | 4,834         | 4,946         |
| <b>Other transportation:</b>                             |                |               |               |               |               |               |               |
| Departmental administration and other .....              | 119            | 325           | 251           | 252           | 260           | 268           | 278           |
| Total, Discretionary .....                               | 57,309         | 61,682        | 61,031        | 61,329        | 61,726        | 62,995        | 64,798        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Ground transportation:</b>                            |                |               |               |               |               |               |               |
| Highways .....   | 1,282          | 1,311         | 1,312         | 1,030         | 927           | 874           | 833           |
| Offsetting receipts and credit subsidy reestimates ..... | -143           | -105          | -295          | -33           | -33           | -33           | -33           |
| Credit liquidating accounts .....                        | -12            | -17           | -14           | -15           | -12           | -12           | -12           |
| Total, Ground transportation .....                       | 1,127          | 1,189         | 1,003         | 982           | 882           | 829           | 788           |
| <b>Air transportation:</b>                               |                |               |               |               |               |               |               |
| Airports and airways (FAA) .....                         | -20            | -116          | -35           | -1            | -1            | -1            | -1            |
| Payments to air carriers .....                           | 17             | 18            | 32            | 31            | 36            | 40            | 40            |
| Compensation for air carriers .....                      | 2,222          | 450           |               |               |               |               |               |
| Air transportation stabilization loan subsidies .....    | 172            | 500           |               |               |               |               |               |
| Total, Air transportation .....                          | 2,391          | 852           | -3            | 30            | 35            | 39            | 39            |
| <b>Water transportation:</b>                             |                |               |               |               |               |               |               |
| Coast Guard retired pay .....                            | 808            | 880           | 1,000         | 1,020         | 1,037         | 1,057         | 1,077         |
| MARAD ocean freight differential .....                   | 58             | 45            | 38            | 47            | 48            | 49            | 49            |
| Other water transportation programs .....                | 181            | -12           | -28           | -29           | -30           | -31           | -32           |
| Total, Water transportation .....                        | 1,047          | 913           | 1,010         | 1,038         | 1,055         | 1,075         | 1,094         |
| <b>Other transportation:</b>                             |                |               |               |               |               |               |               |
| Sale of transportation assets .....                      |                | -10           |               |               |               |               |               |
| Other mandatory transportation programs .....            | -12            | 8             | 8             | 7             | 7             | -1            | -1            |
| Total, Other transportation .....                        | -12            | -2            | 8             | 7             | 7             | -1            | -1            |
| Total, Mandatory .....                                   | 4,553          | 2,952         | 2,018         | 2,057         | 1,979         | 1,942         | 1,920         |
| <b>Total, Transportation</b> .....                       | <b>61,862</b>  | <b>64,634</b> | <b>63,049</b> | <b>63,386</b> | <b>63,705</b> | <b>64,937</b> | <b>66,718</b> |
| <b>450 Community and regional development:</b>           |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                    |                |               |               |               |               |               |               |
| <b>Community development:</b>                            |                |               |               |               |               |               |               |
| Community development block grant .....                  | 5,429          | 6,657         | 6,244         | 5,558         | 5,004         | 5,152         | 5,302         |
| Community development loan guarantees .....              | 6              | 7             | 10            | 12            | 13            | 13            | 8             |
| Community development financial institutions .....       | 137            | 109           | 64            | 72            | 75            | 77            | 78            |
| Brownfields redevelopment .....                          | 5              | 9             | 12            | 21            | 24            | 27            | 31            |
| Other community development programs .....               | 495            | 494           | 513           | 511           | 500           | 476           | 487           |
| Total, Community development .....                       | 6,072          | 7,276         | 6,843         | 6,174         | 5,616         | 5,745         | 5,906         |
| <b>Area and regional development:</b>                    |                |               |               |               |               |               |               |
| Rural development .....                                  | 977            | 852           | 788           | 864           | 934           | 1,020         | 1,044         |
| Economic Development Administration .....                | 384            | 460           | 442           | 423           | 394           | 381           | 384           |



Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Indian programs .....  | 1,447          | 1,442         | 1,499         | 1,533         | 1,550         | 1,582         | 1,617         |
| Appalachian Regional Commission .....                            | 107            | 98            | 89            | 93            | 94            | 90            | 84            |
| Tennessee Valley Authority .....                                 | 3              | 1             | 1             |               |               |               |               |
| Denali Commission .....  | -12            | 80            | 105           | 105           | 108           | 108           | 109           |
| Delta Regional Authority .....                                   | 1              | 11            | 15            | 23            | 26            | 28            | 30            |
| Total, Area and regional development .....                       | 2,907          | 2,944         | 2,939         | 3,041         | 3,106         | 3,209         | 3,268         |
| <b>Disaster relief and insurance:</b>                            |                |               |               |               |               |               |               |
| Disaster relief .....  | 3,947          | 5,045         | 3,389         | 3,282         | 1,948         | 1,735         | 1,766         |
| Small Business Administration disaster loans .....               | 372            | 223           | 202           | 204           | 207           | 211           | 215           |
| National flood insurance fund .....                              | 71             | 82            | 89            | 91            | 93            | 94            | 96            |
| State and local preparedness assistance (DHS) .....              | 10             | 105           | 211           | 239           | 241           | 245           | 249           |
| Other disaster assistance programs .....                         | 774            | 1,011         | 966           | 985           | 941           | 963           | 984           |
| Total, Disaster relief and insurance .....                       | 5,174          | 6,466         | 4,857         | 4,801         | 3,430         | 3,248         | 3,310         |
| Total, Discretionary .....                                       | 14,153         | 16,686        | 14,639        | 14,016        | 12,152        | 12,202        | 12,484        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Community development:</b>                                    |                |               |               |               |               |               |               |
| Mandatory programs .....   | -87            | 135           | 19            | 22            | 22            | 23            | 13            |
| Credit liquidating accounts .....                                | 13             | 1             |               | -1            | -1            | -1            | -1            |
| Total, Community development .....                               | -74            | 136           | 19            | 21            | 21            | 22            | 12            |
| <b>Area and regional development:</b>                            |                |               |               |               |               |               |               |
| Indian programs .....  | 363            | 474           | 444           | 462           | 480           | 502           | 524           |
| Rural development programs .....                                 | 98             | 171           | 294           | 233           | 120           | 93            | 54            |
| Credit liquidating accounts .....                                | -267           | -269          | -291          | -361          | -338          | -323          | -287          |
| Offsetting receipts .....  | -468           | -428          | -437          | -455          | -473          | -493          | -516          |
| Total, Area and regional development .....                       | -274           | -52           | 10            | -121          | -211          | -221          | -225          |
| <b>Disaster relief and insurance:</b>                            |                |               |               |               |               |               |               |
| National flood insurance fund .....                              | -691           | -347          | -425          | -360          | -381          | -400          | -421          |
| SBA disaster loans program account .....                         |                | 468           |               |               |               |               |               |
| SBA disaster loan subsidy reestimates .....                      | -14            | -42           |               |               |               |               |               |
| Disaster loan program negative subsidies .....                   |                | -1            | -1            | -1            | -1            | -1            | -1            |
| Disaster assistance, downward reestimates .....                  | -10            | -9            |               |               |               |               |               |
| Credit liquidating accounts .....                                | -99            | -72           | -9            | -1            | -1            | -1            | -1            |
| Total, Disaster relief and insurance .....                       | -814           | -3            | -435          | -362          | -383          | -402          | -423          |
| Total, Mandatory .....   | -1,162         | 81            | -406          | -462          | -573          | -601          | -636          |
| <b>Total, Community and regional development .....</b>           | <b>12,991</b>  | <b>16,767</b> | <b>14,233</b> | <b>13,554</b> | <b>11,579</b> | <b>11,601</b> | <b>11,848</b> |
| <b>500 Education, training, employment, and social services:</b> |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>          |                |               |               |               |               |               |               |
| Education for the disadvantaged .....                            | 9,247          | 11,753        | 12,042        | 12,197        | 12,357        | 12,560        | 12,779        |
| Impact aid .....   | 1,125          | 1,185         | 1,153         | 1,156         | 1,169         | 1,190         | 1,211         |
| School improvement .....   | 3,609          | 7,835         | 8,031         | 8,088         | 8,209         | 8,341         | 8,482         |
| English language acquisition .....                               | 414            | 507           | 795           | 660           | 669           | 680           | 690           |
| Special education .....  | 7,000          | 7,710         | 8,954         | 8,727         | 8,780         | 8,837         | 8,900         |
| Vocational and adult education .....                             | 1,778          | 1,931         | 1,939         | 1,976         | 2,005         | 2,037         | 2,072         |
| Indian education .....   | 724            | 750           | 779           | 800           | 817           | 832           | 850           |
| Education reform .....   | 1,768          | 701           | 80            |               |               |               |               |
| Reading excellence .....   | 200            | 310           | 105           | 31            |               |               |               |
| Other .....  | 14             | 21            | 14            | 15            | 15            | 15            | 15            |
| Total, Elementary, secondary, and vocational education .....     | 25,879         | 32,703        | 33,892        | 33,650        | 34,021        | 34,492        | 34,999        |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Student financial assistance .....                               | 12,369         | 13,365        | 13,519        | 13,810        | 14,023        | 14,252        | 14,498        |
| Higher education .....   | 1,687          | 2,110         | 2,015         | 2,052         | 2,082         | 2,115         | 2,150         |
| Federal family education loan program .....                      | 47             | 49            | 50            | 51            | 54            | 55            | 57            |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Other higher education programs .....                             | 410            | 393      | 415    | 425    | 432    | 439    | 445    |
| Total, Higher education .....                                     | 14,513         | 15,917   | 15,999 | 16,338 | 16,591 | 16,861 | 17,150 |
| <b>Research and general education aids:</b>                       |                |          |        |        |        |        |        |
| Library of Congress .....   | 369            | 330      | 335    | 348    | 357    | 368    | 380    |
| Public broadcasting .....   | 402            | 446      | 454    | 456    | 458    | 465    | 473    |
| Smithsonian institution and related agencies .....                | 619            | 648      | 665    | 676    | 703    | 715    | 736    |
| Education research, statistics, and assessment .....              | 625            | 688      | 459    | 453    | 460    | 468    | 476    |
| Other .....   | 889            | 803      | 834    | 854    | 879    | 902    | 925    |
| Total, Research and general education aids .....                  | 2,904          | 2,915    | 2,747  | 2,787  | 2,857  | 2,918  | 2,990  |
| <b>Training and employment:</b>                                   |                |          |        |        |        |        |        |
| Training and employment services .....                            | 5,815          | 5,922    | 5,730  | 5,619  | 5,586  | 5,610  | 5,664  |
| Older Americans employment .....                                  | 454            | 445      | 448    | 453    | 459    | 467    | 475    |
| State employment services and national activities .....           | 1,264          | 1,294    | 1,305  | 1,302  | 1,319  | 1,341  | 1,364  |
| Other employment and training .....                               | 106            | 117      | 118    | 121    | 126    | 129    | 134    |
| Total, Training and employment .....                              | 7,639          | 7,778    | 7,601  | 7,495  | 7,490  | 7,547  | 7,637  |
| <b>Other labor services:</b>                                      |                |          |        |        |        |        |        |
| Labor law, statistics, and other administration .....             | 1,430          | 1,590    | 1,593  | 1,620  | 1,654  | 1,708  | 1,757  |
| <b>Social services:</b>   |                |          |        |        |        |        |        |
| Rehabilitation services .....                                     | 399            | 784      | 414    | 418    | 425    | 432    | 440    |
| Corporation for National and Community Service—AmeriCorps .....   | 408            | 462      | 529    | 567    | 433    | 441    | 450    |
| Corporation for National and Community Service—Senior Corps ..... | 380            | 318      | 252    | 220    | 223    | 234    | 230    |
| Children and families services programs .....                     | 8,069          | 8,405    | 8,460  | 8,613  | 8,750  | 8,900  | 9,058  |
| Aging services program .....                                      | 1,105          | 1,201    | 1,217  | 1,231  | 1,248  | 1,269  | 1,291  |
| Other .....   | 15             | 61       | 70     | 73     | 74     | 76     | 78     |
| Total, Social services .....                                      | 10,376         | 11,231   | 10,942 | 11,122 | 11,153 | 11,352 | 11,547 |
| Total, Discretionary .....  | 62,741         | 72,134   | 72,774 | 73,012 | 73,766 | 74,878 | 76,080 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>Higher education:</b>  |                |          |        |        |        |        |        |
| Federal family education loan program .....                       | 3,790          | 2,778    | 5,533  | 4,379  | 4,262  | 4,297  | 4,373  |
| Federal direct loan program .....                                 | 97             | 4,844    | -135   | -650   | -991   | -1,261 | -1,442 |
| Other higher education programs .....                             | 142            | 28       | 26     | -27    | -21    | -10    | .....  |
| Credit liquidating account (Family education loan program) .....  | -1,493         | -675     | -549   | -414   | -290   | -191   | -120   |
| Total, Higher education .....                                     | 2,536          | 6,975    | 4,875  | 3,288  | 2,960  | 2,835  | 2,811  |
| <b>Research and general education aids:</b>                       |                |          |        |        |        |        |        |
| Mandatory programs .....  | 24             | 19       | 17     | 16     | 16     | 16     | 16     |
| <b>Training and employment:</b>                                   |                |          |        |        |        |        |        |
| Trade adjustment assistance .....                                 | 142            | 190      | 233    | 246    | 259    | 259    | 260    |
| Welfare to work grants .....                                      | 500            | 187      | 114    | .....  | .....  | .....  | .....  |
| Payments to States for AFDC work programs .....                   | 23             | .....    | .....  | .....  | .....  | .....  | .....  |
| Advance appropriations and other mandatory .....                  | 44             | 207      | 155    | 60     | 12     | .....  | .....  |
| Total, Training and employment .....                              | 709            | 584      | 502    | 306    | 271    | 259    | 260    |
| <b>Other labor services:</b>                                      |                |          |        |        |        |        |        |
| Other labor services .....  | 9              | 18       | .....  | .....  | .....  | .....  | .....  |
| <b>Social services:</b>   |                |          |        |        |        |        |        |
| Social services block grant .....                                 | 1,780          | 1,792    | 1,790  | 1,790  | 1,790  | 1,709  | 1,700  |
| Rehabilitation services .....                                     | 2,452          | 2,373    | 2,649  | 2,702  | 2,758  | 2,813  | 2,874  |
| Promoting safe and stable families .....                          | 289            | 309      | 318    | 305    | 305    | 305    | 305    |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Other social services .....  | 4              | 7              | 10             | 13             | 11             | 10             | 8              |
| Total, Social services .....   | 4,525          | 4,481          | 4,767          | 4,810          | 4,864          | 4,837          | 4,887          |
| Total, Mandatory .....   | 7,803          | 12,077         | 10,161         | 8,420          | 8,111          | 7,947          | 7,974          |
| <b>Total, Education, training, employment, and social services .....</b> | <b>70,544</b>  | <b>84,211</b>  | <b>82,935</b>  | <b>81,432</b>  | <b>81,877</b>  | <b>82,825</b>  | <b>84,054</b>  |
| <b>550 Health:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Health care services:</b>   |                |                |                |                |                |                |                |
| Substance abuse and mental health services .....                         | 2,885          | 3,056          | 3,174          | 3,203          | 3,251          | 3,305          | 3,360          |
| Indian health .....  | 2,711          | 2,704          | 2,849          | 2,946          | 2,957          | 2,991          | 3,059          |
| Health Resources and Services Administration .....                       | 4,972          | 5,334          | 5,450          | 5,389          | 5,474          | 5,563          | 5,635          |
| Disease control, research, and training .....                            | 3,151          | 3,769          | 3,868          | 3,967          | 4,044          | 4,121          | 4,200          |
| Public health preparedness (DHS) .....                                   | 287            | 846            | 493            | 538            | 485            | 493            | 502            |
| Departmental management and other .....                                  | 1,537          | 1,787          | 1,973          | 1,935          | 1,964          | 1,966          | 2,026          |
| Total, Health care services .....  | 15,543         | 17,496         | 17,807         | 17,978         | 18,175         | 18,439         | 18,782         |
| <b>Health research and training:</b>                                     |                |                |                |                |                |                |                |
| National Institutes of Health .....                                      | 20,366         | 22,079         | 22,988         | 23,430         | 23,892         | 24,307         | 24,774         |
| Clinical training .....  | 602            | 637            | 665            | 695            | 692            | 717            | 721            |
| Other health research and training .....                                 | 300            | 373            | 393            | 394            | 405            | 415            | 426            |
| Total, Health research and training .....                                | 21,268         | 23,089         | 24,046         | 24,519         | 24,989         | 25,439         | 25,921         |
| <b>Consumer and occupational health and safety:</b>                      |                |                |                |                |                |                |                |
| Food safety and inspection .....   | 712            | 712            | 741            | 766            | 794            | 821            | 851            |
| Occupational safety and health .....                                     | 702            | 709            | 730            | 751            | 777            | 799            | 822            |
| FDA and Consumer Product Safety Commission salaries and expenses .....   | 1,178          | 1,404          | 1,448          | 1,486          | 1,540          | 1,578          | 1,628          |
| Total, Consumer and occupational health and safety .....                 | 2,592          | 2,825          | 2,919          | 3,003          | 3,111          | 3,198          | 3,301          |
| Total, Discretionary .....   | 39,403         | 43,410         | 44,772         | 45,500         | 46,275         | 47,076         | 48,004         |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Health care services:</b>   |                |                |                |                |                |                |                |
| Medicaid grants .....  | 147,512        | 162,366        | 176,754        | 192,774        | 209,840        | 227,529        | 246,895        |
| State children's health insurance fund .....                             | 3,682          | 4,751          | 5,090          | 4,933          | 4,956          | 5,188          | 5,349          |
| Health care tax credit .....   |                | 4              | 212            | 420            | 518            | 584            | 644            |
| Federal employees' and retired employees' health benefits .....          | 5,088          | 6,044          | 6,645          | 7,274          | 7,846          | 8,536          | 9,403          |
| DoD Medicare-eligible retiree health care fund .....                     |                | 4,445          | 4,765          | 5,006          | 5,324          | 5,661          | 6,016          |
| UMWA Funds (coal miner retiree health) .....                             | 238            | 208            | 175            | 164            | 155            | 146            | 137            |
| Other mandatory health services activities .....                         | 535            | 541            | 605            | 666            | 692            | 705            | 723            |
| Total, Health care services .....  | 157,055        | 178,359        | 194,246        | 211,237        | 229,331        | 248,349        | 269,167        |
| <b>Health research and safety:</b>                                       |                |                |                |                |                |                |                |
| Health research and training .....                                       | 88             | 115            | 137            | 142            | 150            | 151            | 151            |
| Consumer and occupational health and safety .....                        | -1             | 3              | -1             | -1             | -1             | -1             | -1             |
| Total, Health research and safety .....                                  | 87             | 118            | 136            | 141            | 149            | 150            | 150            |
| Total, Mandatory .....   | 157,142        | 178,477        | 194,382        | 211,378        | 229,480        | 248,499        | 269,317        |
| <b>Total, Health .....</b>   | <b>196,545</b> | <b>221,887</b> | <b>239,154</b> | <b>256,878</b> | <b>275,755</b> | <b>295,575</b> | <b>317,321</b> |
| <b>570 Medicare:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) administrative expenses .....                    | 1,444          | 1,551          | 1,626          | 1,682          | 1,756          | 1,839          | 1,935          |
| Supplementary medical insurance (SMI) administrative expenses .....      | 1,712          | 2,096          | 2,167          | 2,244          | 2,321          | 2,411          | 2,516          |
| Total, Discretionary .....   | 3,156          | 3,647          | 3,793          | 3,926          | 4,077          | 4,250          | 4,451          |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Mandatory:</b>   |                |          |         |         |         |         |         |
| <b>Medicare:</b>  |                |          |         |         |         |         |         |
| Hospital insurance (HI) .....   | 146,569        | 151,384  | 160,825 | 168,681 | 172,927 | 183,630 | 193,893 |
| Supplementary medical insurance (SMI) .....                                   | 107,113        | 117,836  | 119,298 | 126,198 | 129,589 | 138,129 | 147,160 |
| HI premiums and collections .....   | -1,525         | -1,568   | -1,681  | -1,772  | -1,870  | -1,977  | -2,085  |
| SMI premiums and collections .....  | -24,428        | -26,701  | -29,317 | -31,089 | -32,664 | -34,362 | -36,670 |
| Medicare interfunds .....   | -30            | -8       |         |         |         |         |         |
| Total, Mandatory .....  | 227,699        | 240,943  | 249,125 | 262,018 | 267,982 | 285,420 | 302,298 |
| <b>Total, Medicare</b> .....  | 230,855        | 244,590  | 252,918 | 265,944 | 272,059 | 289,670 | 306,749 |
| <b>600 Income security:</b>   |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>General retirement and disability insurance:</b>                           |                |          |         |         |         |         |         |
| Railroad retirement .....   | 246            | 250      | 254     | 258     | 263     | 267     | 272     |
| Pension Benefit Guaranty Corporation .....                                    | 12             | 12       | 12      | 12      | 13      | 13      | 13      |
| Pension and Welfare Benefits Administration and other .....                   | 110            | 111      | 113     | 116     | 120     | 124     | 127     |
| Total, General retirement and disability insurance .....                      | 368            | 373      | 379     | 386     | 396     | 404     | 412     |
| <b>Federal employee retirement and disability:</b>                            |                |          |         |         |         |         |         |
| Civilian retirement and disability program administrative expenses .....      | 105            | 110      | 114     | 118     | 121     | 125     | 130     |
| Armed forces retirement home .....  | 63             | 66       | 66      | 71      | 74      | 77      | 80      |
| Total, Federal employee retirement and disability .....                       | 168            | 176      | 180     | 189     | 195     | 202     | 210     |
| <b>Unemployment compensation:</b>   |                |          |         |         |         |         |         |
| Unemployment programs administrative expenses .....                           | 2,622          | 3,073    | 2,877   | 2,787   | 2,794   | 2,891   | 2,987   |
| <b>Housing assistance:</b>  |                |          |         |         |         |         |         |
| Public housing operating fund .....   | 3,635          | 3,493    | 3,654   | 3,692   | 3,749   | 3,811   | 3,877   |
| Public housing capital fund .....   | 3,767          | 3,626    | 3,919   | 3,503   | 3,657   | 3,320   | 3,354   |
| Subsidized, public, homeless and other HUD housing .....                      | 24,917         | 25,923   | 25,985  | 29,392  | 29,943  | 30,605  | 30,174  |
| Rural housing assistance .....  | 727            | 794      | 820     | 862     | 853     | 874     | 885     |
| Total, Housing assistance .....   | 33,046         | 33,836   | 34,378  | 37,449  | 38,202  | 38,610  | 38,290  |
| <b>Food and nutrition assistance:</b>   |                |          |         |         |         |         |         |
| Special supplemental food program for women, infants, and children (WIC) .... | 4,315          | 4,524    | 4,466   | 4,534   | 4,606   | 4,684   | 4,768   |
| Other nutrition programs .....  | 607            | 613      | 621     | 632     | 646     | 658     | 674     |
| Total, Food and nutrition assistance .....                                    | 4,922          | 5,137    | 5,087   | 5,166   | 5,252   | 5,342   | 5,442   |
| <b>Other income assistance:</b>   |                |          |         |         |         |         |         |
| Refugee assistance .....  | 480            | 474      | 463     | 467     | 473     | 479     | 487     |
| Low income home energy assistance .....                                       | 1,773          | 1,850    | 1,867   | 1,901   | 1,928   | 1,960   | 1,995   |
| Child care and development block grant .....                                  | 2,174          | 2,080    | 2,113   | 2,148   | 2,181   | 2,217   | 2,255   |
| Supplemental security income (SSI) administrative expenses .....              | 2,446          | 2,970    | 2,927   | 3,050   | 3,080   | 3,169   | 3,263   |
| Total, Other income assistance .....  | 6,873          | 7,374    | 7,370   | 7,566   | 7,662   | 7,825   | 8,000   |
| Total, Discretionary .....  | 47,999         | 49,969   | 50,271  | 53,543  | 54,501  | 55,274  | 55,341  |
| <b>Mandatory:</b>   |                |          |         |         |         |         |         |
| <b>General retirement and disability insurance:</b>                           |                |          |         |         |         |         |         |
| Railroad retirement .....   | 4,858          | 4,951    | 5,146   | 5,227   | 5,553   | 5,539   | 5,742   |
| Special benefits for disabled coal miners .....                               | 891            | 857      | 805     | 755     | 709     | 663     | 619     |
| Pension Benefit Guaranty Corporation .....                                    | -977           | -219     | -116    | -93     | -1      | 117     | 220     |
| District of Columbia pension funds .....                                      | 459            | 488      | 496     | 500     | 511     | 522     | 532     |
| Special workers' compensation program .....                                   | 142            | 145      | 146     | 144     | 144     | 145     | 145     |
| Total, General retirement and disability insurance .....                      | 5,373          | 6,222    | 6,477   | 6,533   | 6,916   | 6,986   | 7,258   |
| <b>Federal employee retirement and disability:</b>                            |                |          |         |         |         |         |         |
| Federal civilian employee retirement and disability .....                     | 49,464         | 51,515   | 53,125  | 55,555  | 57,934  | 60,345  | 62,771  |
| Military retirement .....   | 35,060         | 35,925   | 36,736  | 37,680  | 38,645  | 39,652  | 40,684  |
| Federal employees workers' compensation (FECA) .....                          | 177            | 178      | 222     | 261     | 229     | 277     | 201     |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Federal employees life insurance fund .....                                    | -1,508         | -1,368         | -1,391         | -1,329         | -1,263         | -1,265         | -1,260         |
| Total, Federal employee retirement and disability .....                        | 83,193         | 86,250         | 88,692         | 92,167         | 95,545         | 99,009         | 102,396        |
| <b>Unemployment compensation:</b>  |                |                |                |                |                |                |                |
| Unemployment insurance programs .....  | 50,396         | 52,838         | 39,392         | 38,376         | 39,300         | 41,565         | 43,723         |
| Trade adjustment assistance .....  | 249            | 612            | 1,079          | 1,036          | 974            | 940            | 972            |
| Total, Unemployment compensation .....   | 50,645         | 53,450         | 40,471         | 39,412         | 40,274         | 42,505         | 44,695         |
| <b>Housing assistance:</b>   |                |                |                |                |                |                |                |
| Mandatory housing assistance programs .....                                    | 15             | 40             | 30             | 30             | 40             | 40             | 40             |
| <b>Food and nutrition assistance:</b>  |                |                |                |                |                |                |                |
| Food stamps (including Puerto Rico) .....                                      | 22,053         | 25,074         | 25,709         | 26,204         | 26,449         | 26,842         | 27,693         |
| State child nutrition programs .....   | 10,247         | 11,407         | 11,341         | 11,794         | 12,227         | 12,758         | 13,269         |
| Funds for strengthening markets, income, and supply (Sec.32) .....             | 928            | 1,177          | 861            | 1,161          | 1,161          | 1,161          | 1,161          |
| Total, Food and nutrition assistance .....                                     | 33,228         | 37,658         | 37,911         | 39,159         | 39,837         | 40,761         | 42,123         |
| <b>Other income support:</b>   |                |                |                |                |                |                |                |
| Supplemental security income (SSI) .....                                       | 31,411         | 32,888         | 34,294         | 38,724         | 37,196         | 35,371         | 39,868         |
| Child support and family support programs .....                                | 3,998          | 4,174          | 4,338          | 4,658          | 4,985          | 5,620          | 5,615          |
| Federal share of child support collections .....                               | -1,235         | -1,117         | -1,137         | -1,163         | -1,198         | -1,233         | -1,270         |
| Temporary assistance for needy families and related programs .....             | 18,749         | 19,214         | 18,568         | 17,915         | 17,562         | 17,387         | 16,978         |
| Child care entitlement to states .....   | 2,365          | 2,690          | 2,813          | 2,746          | 2,752          | 2,717          | 2,717          |
| Foster care and adoption assistance .....                                      | 5,885          | 6,297          | 6,687          | 6,991          | 7,414          | 7,859          | 8,332          |
| Earned income tax credit (EITC) .....  | 27,826         | 30,606         | 31,375         | 32,092         | 33,450         | 34,484         | 35,383         |
| Child tax credit .....   | 5,060          | 5,870          | 5,863          | 5,699          | 7,627          | 7,626          | 7,497          |
| Other assistance .....   | 39             | 38             | 44             | 49             | 51             | 51             | 53             |
| SSI recoveries and receipts .....  | -2,040         | -4,450         | -3,893         | -2,182         | -2,064         | -2,137         | -2,209         |
| Total, Other income support .....  | 92,058         | 96,210         | 98,952         | 105,529        | 107,775        | 107,745        | 112,964        |
| Total, Mandatory .....   | 264,512        | 279,830        | 272,533        | 282,830        | 290,387        | 297,046        | 309,476        |
| <b>Total, Income security</b> .....  | <b>312,511</b> | <b>329,799</b> | <b>322,804</b> | <b>336,373</b> | <b>344,888</b> | <b>352,320</b> | <b>364,817</b> |
| <b>650 Social security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .. | 1,893          | 2,005          | 1,913          | 2,006          | 2,066          | 2,129          | 2,196          |
| Disability insurance (DI) administrative expenses (Off-budget) .....           | 1,966          | 1,732          | 1,640          | 1,693          | 1,744          | 1,797          | 1,853          |
| Limitation on administrative expenses .....                                    | 48             |                |                |                |                |                |                |
| Office of the Inspector General—Social Security Adm. (On-budget) .....         | 19             | 19             | 20             | 19             | 20             | 22             | 22             |
| Total, Discretionary .....   | 3,926          | 3,756          | 3,573          | 3,718          | 3,830          | 3,948          | 4,071          |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                       | 387,672        | 400,767        | 414,743        | 430,672        | 447,960        | 467,639        | 489,662        |
| Disability insurance (DI)(Off-budget) .....                                    | 64,400         | 73,721         | 78,281         | 80,948         | 85,356         | 91,361         | 97,785         |
| Limitation on administrative expenses .....                                    | -1             |                |                |                |                |                |                |
| Intragovernmental transactions (On-budget) .....                               | 13,969         | 13,046         | 13,379         | 14,415         | 15,344         | 16,645         | 18,156         |
| Intragovernmental transactions (Off-budget) .....                              | -13,553        | -13,046        | -13,379        | -14,415        | -15,344        | -16,645        | -18,156        |
| Total, Mandatory .....   | 452,487        | 474,488        | 493,024        | 511,620        | 533,316        | 559,000        | 587,447        |
| <b>Total, Social security</b> .....  | <b>456,413</b> | <b>478,244</b> | <b>496,597</b> | <b>515,338</b> | <b>537,146</b> | <b>562,948</b> | <b>591,518</b> |
| <b>700 Veterans benefits and services:</b>                                     |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 563            | 592            | 610            | 632            | 654            | 677            | 699            |
| Veterans pensions .....  | 146            | 160            | 159            | 165            | 171            | 177            | 182            |
| Veterans insurance .....   | 4              | 4              | 4              | 5              | 5              | 5              | 5              |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Special benefits for certain World War II veterans .....           | 4              | 2             | 2             | 2             | 2             | 2             | 2             |
| Total, Income security for veterans .....                          | 717            | 758           | 775           | 804           | 832           | 861           | 888           |
| <b>Veterans education, training, and rehabilitation:</b>           |                |               |               |               |               |               |               |
| Discretionary change to readjustment benefits account .....        | 70             | 73            | 78            | 79            | 82            | 84            | 87            |
| Veterans employment and training .....                             | 164            | 145           | 150           | 154           | 158           | 163           | 168           |
| Total, Veterans education, training, and rehabilitation .....      | 234            | 218           | 228           | 233           | 240           | 247           | 255           |
| <b>Hospital and medical care for veterans:</b>                     |                |               |               |               |               |               |               |
| Medical care and hospital services .....                           | 22,644         | 23,298        | 24,035        | 24,544        | 25,319        | 26,052        | 26,822        |
| Medical and prosthetic research .....                              | 748            | 774           | 792           | 925           | 844           | 872           | 901           |
| Collections for medical care .....                                 | -985           | -1,616        | -2,221        | -2,331        | -2,445        | -2,568        | -2,695        |
| Total, Hospital and medical care for veterans .....                | 22,407         | 22,456        | 22,606        | 23,138        | 23,718        | 24,356        | 25,028        |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan administrative expenses .....                 | 187            | 135           | 171           | 178           | 184           | 190           | 197           |
| <b>Other veterans benefits and services:</b>                       |                |               |               |               |               |               |               |
| General administration .....                                       | 235            | 251           | 252           | 259           | 269           | 279           | 290           |
| Other operating expenses .....                                     | 328            | 350           | 362           | 341           | 367           | 381           | 392           |
| Total, Other veterans benefits and services .....                  | 563            | 601           | 614           | 600           | 636           | 660           | 682           |
| Total, Discretionary .....   | 24,108         | 24,168        | 24,394        | 24,953        | 25,610        | 26,314        | 27,050        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Income security for veterans:</b>                               |                |               |               |               |               |               |               |
| Veterans compensation .....  | 22,418         | 25,013        | 26,906        | 30,952        | 30,362        | 29,324        | 33,244        |
| Veterans pensions .....  | 3,166          | 3,290         | 3,383         | 3,749         | 3,575         | 3,389         | 3,788         |
| Veterans burial benefits .....                                     | 134            | 157           | 157           | 154           | 156           | 158           | 161           |
| Special benefits for certain World War II veterans .....           | 7              | 10            | 10            | 10            | 9             | 8             | 8             |
| National service life insurance trust fund .....                   | 1,176          | 1,194         | 1,197         | 1,195         | 1,199         | 1,197         | 1,191         |
| All other insurance programs .....                                 | 1              | 25            | 39            | 52            | 64            | 78            | 98            |
| Insurance program receipts .....                                   | -186           | -184          | -172          | -156          | -142          | -129          | -116          |
| Total, Income security for veterans .....                          | 26,716         | 29,505        | 31,520        | 35,956        | 35,223        | 34,025        | 38,374        |
| <b>Veterans education, training, and rehabilitation:</b>           |                |               |               |               |               |               |               |
| Education benefits (Montgomery GI Bill and related programs) ..... | 1,440          | 1,957         | 2,143         | 2,273         | 2,321         | 2,375         | 2,478         |
| Vocational rehabilitation and employment .....                     | 484            | 529           | 561           | 583           | 609           | 631           | 663           |
| Post-Vietnam era education .....                                   | 6              | 9             | 9             | 8             | 8             | 7             | 6             |
| All-volunteer force educational assistance trust fund .....        | -280           | -267          | -347          | -355          | -375          | -392          | -409          |
| Total, Veterans education, training, and rehabilitation .....      | 1,650          | 2,228         | 2,366         | 2,509         | 2,563         | 2,621         | 2,738         |
| <b>Hospital and medical care for veterans:</b>                     |                |               |               |               |               |               |               |
| Fees, charges and other mandatory medical care .....               | -190           |               |               |               |               |               |               |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan subsidies .....                               | 779            | 1,082         | 341           | 334           | 338           | 343           | 343           |
| Housing program loan reestimates .....                             | -1,798         | -878          |               |               |               |               |               |
| Housing program loan liquidating account .....                     | -127           | -67           | -43           | -38           | -30           | -24           | -20           |
| Total, Veterans housing .....                                      | -1,146         | 137           | 298           | 296           | 308           | 319           | 323           |
| <b>Other veterans programs:</b>                                    |                |               |               |               |               |               |               |
| National homes, Battle Monument contributions and other .....      | -154           | 37            | 57            | 36            | 36            | 37            | 38            |
| Total, Mandatory .....   | 26,876         | 31,907        | 34,241        | 38,797        | 38,130        | 37,002        | 41,473        |
| <b>Total, Veterans benefits and services .....</b>                 | <b>50,984</b>  | <b>56,075</b> | <b>58,635</b> | <b>63,750</b> | <b>63,740</b> | <b>63,316</b> | <b>68,523</b> |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>750 Administration of justice:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>   |                |               |               |               |               |               |               |
| Criminal investigations (DEA, FBI, DHS, FinCEN, ICDE) .....                        | 5,146          | 5,005         | 5,359         | 5,510         | 5,643         | 5,809         | 5,984         |
| Alcohol, tobacco, firearms, and explosives investigations (ATF) .....              | 805            | 815           | 852           | 833           | 835           | 861           | 888           |
| Border and transportation security directorate activities .....                    | 6,190          | 7,020         | 6,784         | 7,148         | 7,515         | 7,724         | 7,940         |
| Equal Employment Opportunity Commission .....                                      | 325            | 310           | 320           | 332           | 343           | 355           | 367           |
| Tax law, criminal investigations (IRS) .....                                       | 391            | 403           | 455           | 474           | 492           | 512           | 532           |
| United States Secret Service .....   | 934            | 972           | 990           | 1,024         | 1,055         | 1,088         | 1,124         |
| Other law enforcement activities .....   | 1,404          | 1,270         | 1,161         | 1,169         | 1,162         | 1,190         | 1,226         |
| Total, Federal law enforcement activities .....                                    | 15,195         | 15,795        | 15,921        | 16,490        | 17,045        | 17,539        | 18,061        |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....                            | 3,472          | 3,311         | 3,557         | 3,655         | 3,769         | 3,881         | 4,010         |
| Representation of indigents in civil cases .....                                   | 333            | 334           | 339           | 338           | 344           | 349           | 356           |
| Federal judicial and other litigative activities .....                             | 4,282          | 4,520         | 4,651         | 4,736         | 4,874         | 5,024         | 5,179         |
| Total, Federal litigative and judicial activities .....                            | 8,087          | 8,165         | 8,547         | 8,729         | 8,987         | 9,254         | 9,545         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                          | 4,780          | 4,040         | 4,333         | 4,680         | 4,852         | 4,998         | 5,152         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 50             |               |               |               |               |               |               |
| High-intensity drug trafficking areas program .....                                | 152            | 218           | 224           | 229           | 233           | 237           | 241           |
| Law enforcement assistance, community policing, and other justice programs .....   | 4,755          | 3,304         | 4,988         | 6,638         | 6,222         | 4,411         | 4,488         |
| Terrorism prevention initiative (DHS) .....  | 134            | 392           | 666           | 763           | 784           | 797           | 810           |
| Total, Criminal justice assistance .....   | 5,091          | 3,914         | 5,878         | 7,630         | 7,239         | 5,445         | 5,539         |
| Total, Discretionary .....   | 33,153         | 31,914        | 34,679        | 37,529        | 38,123        | 37,236        | 38,297        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>   |                |               |               |               |               |               |               |
| Border and transportation security directorate activities .....                    | 2,160          | 2,180         | 2,198         | 2,182         | 2,198         | 2,215         | 2,232         |
| Immigration fees .....   | -1,852         | -2,583        | -2,261        | -2,321        | -2,384        | -2,449        | -2,514        |
| Customs fees .....   | -1,229         | -1,314        | -5            | -5            | -6            | -6            | -7            |
| Treasury forfeiture fund .....   | 242            | 215           | 221           | 221           | 221           | 221           | 221           |
| Other mandatory law enforcement programs .....                                     | 147            | 203           | 200           | 189           | 190           | 188           | 189           |
| Total, Federal law enforcement activities .....                                    | -532           | -1,299        | 353           | 266           | 219           | 169           | 121           |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Treasury forfeiture fund .....   | 419            | 467           | 471           | 388           | 383           | 390           | 397           |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 631            | 640           | 641           | 621           | 649           | 662           | 679           |
| Total, Federal litigative and judicial activities .....                            | 1,050          | 1,107         | 1,112         | 1,009         | 1,032         | 1,052         | 1,076         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | -32            | 14            | -8            | -8            | -8            | -3            | -6            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 565            | 559           | 1,304         | 904           | 621           | 500           | 500           |
| September 11 victim compensation .....   | 20             | 2,740         | 2,361         |               |               |               |               |
| Public safety officers' benefits .....   | 160            | 49            | 49            | 50            | 51            | 52            | 53            |
| Mandatory programs .....   | -68            |               |               |               |               |               |               |
| Total, Criminal justice assistance .....   | 677            | 3,348         | 3,714         | 954           | 672           | 552           | 553           |
| Total, Mandatory .....   | 1,163          | 3,170         | 5,171         | 2,221         | 1,915         | 1,770         | 1,744         |
| <b>Total, Administration of justice .....</b>                                      | <b>34,316</b>  | <b>35,084</b> | <b>39,850</b> | <b>39,750</b> | <b>40,038</b> | <b>39,006</b> | <b>40,041</b> |

Table 15–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>800 General government:</b>  |                |          |        |        |        |        |        |
| <b>Discretionary:</b>   |                |          |        |        |        |        |        |
| <b>Legislative functions:</b>   |                |          |        |        |        |        |        |
| Legislative branch discretionary programs .....                               | 2,553          | 2,733    | 2,723  | 2,631  | 2,716  | 2,807  | 2,897  |
| <b>Executive direction and management:</b>                                    |                |          |        |        |        |        |        |
| Drug control programs .....   | 272            | 236      | 234    | 236    | 240    | 244    | 247    |
| Executive Office of the President .....                                       | 363            | 289      | 288    | 293    | 301    | 310    | 316    |
| Other programs .....  | 4              | 5        | 4      | 4      | 4      | 4      | 4      |
| Total, Executive direction and management .....                               | 639            | 530      | 526    | 533    | 545    | 558    | 567    |
| <b>Central fiscal operations:</b>   |                |          |        |        |        |        |        |
| Tax administration .....  | 9,428          | 9,048    | 9,387  | 9,617  | 9,950  | 10,295 | 10,659 |
| Other fiscal operations .....   | 932            | 994      | 966    | 976    | 1,009  | 1,041  | 1,071  |
| Total, Central fiscal operations .....  | 10,360         | 10,042   | 10,353 | 10,593 | 10,959 | 11,336 | 11,730 |
| <b>General property and records management:</b>                               |                |          |        |        |        |        |        |
| Records management .....  | 268            | 347      | 281    | 286    | 292    | 299    | 308    |
| Other government-wide information technology and property management .....    | -221           | 560      | 266    | 312    | 294    | 358    | 357    |
| Total, General property and records management .....                          | 47             | 907      | 547    | 598    | 586    | 657    | 665    |
| <b>Central personnel management:</b>  |                |          |        |        |        |        |        |
| Discretionary central personnel management programs .....                     | 47             | 184      | 187    | 193    | 200    | 206    | 213    |
| <b>General purpose fiscal assistance:</b>                                     |                |          |        |        |        |        |        |
| Payments and loans to the District of Columbia .....                          | 464            | 255      | 236    | 243    | 248    | 253    | 260    |
| Payments to States and counties from Federal land management activities ..... | 14             | 14       | 14     | 14     | 15     | 15     | 15     |
| Other .....   | 213            | 388      | 213    | 217    | 219    | 223    | 228    |
| Total, General purpose fiscal assistance .....                                | 691            | 657      | 463    | 474    | 482    | 491    | 503    |
| <b>Other general government:</b>  |                |          |        |        |        |        |        |
| Discretionary programs .....  | 303            | 320      | 328    | 338    | 338    | 347    | 354    |
| Total, Discretionary .....  | 14,640         | 15,373   | 15,127 | 15,360 | 15,826 | 16,402 | 16,929 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>Legislative functions:</b>   |                |          |        |        |        |        |        |
| Congressional members compensation and other .....                            | 84             | 108      | 135    | 144    | 127    | 127    | 117    |
| <b>Central fiscal operations:</b>   |                |          |        |        |        |        |        |
| Federal financing bank .....  | 51             | 50       | 58     | 67     | 69     | 71     | 73     |
| Other mandatory programs .....  | -142           | -62      | -57    | -37    | -34    | -30    | -25    |
| Total, Central fiscal operations .....  | -91            | -12      | 1      | 30     | 35     | 41     | 48     |
| <b>General property and records management:</b>                               |                |          |        |        |        |        |        |
| Mandatory programs .....  | -35            | 27       | 26     | 24     | 23     | 21     | 22     |
| Offsetting receipts .....   | -22            | -39      | -30    | -31    | -31    | -32    | -32    |
| Total, General property and records management .....                          | -57            | -12      | -4     | -7     | -8     | -11    | -10    |
| <b>General purpose fiscal assistance:</b>                                     |                |          |        |        |        |        |        |
| Payments to States and counties .....   | 1,137          | 1,293    | 1,285  | 1,303  | 1,309  | 1,284  | 1,301  |
| Tax revenues for Puerto Rico (Treasury, BATF) .....                           | 432            | 442      | 396    | 392    | 401    | 409    | 417    |
| Other general purpose fiscal assistance .....                                 | 144            | 142      | 141    | 142    | 142    | 142    | 142    |
| Total, General purpose fiscal assistance .....                                | 1,713          | 1,877    | 1,822  | 1,837  | 1,852  | 1,835  | 1,860  |
| <b>Other general government:</b>  |                |          |        |        |        |        |        |
| Territories .....   | 209            | 210      | 216    | 216    | 190    | 192    | 193    |
| Treasury claims .....   | 1,822          | 1,075    | 935    | 1,038  | 1,038  | 1,038  | 1,038  |
| Presidential election campaign fund .....                                     |                | 29       | 218    | 3      |        | 33     | 220    |



Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Other mandatory programs .....   | -43            | 62             | 45             | 24             | 24             | 30             | 24             |
| Total, Other general government .....  | 1,988          | 1,376          | 1,414          | 1,281          | 1,252          | 1,293          | 1,475          |
| <b>Deductions for offsetting receipts:</b>   |                |                |                |                |                |                |                |
| Offsetting receipts .....  | -892           | -1,194         | -1,192         | -1,192         | -1,192         | -1,192         | -1,192         |
| Total, Mandatory .....   | 2,745          | 2,143          | 2,176          | 2,093          | 2,066          | 2,093          | 2,298          |
| <b>Total, General government</b> .....   | <b>17,385</b>  | <b>17,516</b>  | <b>17,303</b>  | <b>17,453</b>  | <b>17,892</b>  | <b>18,495</b>  | <b>19,227</b>  |
| <b>900 Net interest:</b>   |                |                |                |                |                |                |                |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Interest on Treasury debt securities (gross):</b>                               |                |                |                |                |                |                |                |
| Interest on Treasury debt securities (gross) .....                                 | 332,537        | 327,976        | 349,231        | 382,157        | 408,028        | 430,073        | 451,797        |
| <b>Interest received by on-budget trust funds:</b>                                 |                |                |                |                |                |                |                |
| Civil service retirement and disability fund .....                                 | -35,902        | -37,266        | -38,768        | -40,020        | -41,423        | -42,719        | -44,126        |
| Military retirement .....  | -13,229        | -13,480        | -13,695        | -13,958        | -14,228        | -14,515        | -14,820        |
| Foreign service retirement and disability trust fund .....                         | -767           | -798           | -825           | -852           | -880           | -908           | -937           |
| Medicare trust funds .....   | -16,690        | -16,411        | -17,325        | -18,561        | -20,175        | -21,998        | -24,034        |
| Unemployment trust fund .....  | -5,445         | -3,460         | -2,711         | -2,689         | -2,974         | -3,373         | -3,673         |
| Railroad retirement .....  | -1,935         | -222           | -77            | -61            | -61            | -63            | -67            |
| Airport and airway trust fund .....  | -860           | -706           | -605           | -515           | -429           | -351           | -276           |
| Other on-budget trust funds .....  | -1,666         | -1,558         | -1,489         | -1,461         | -1,422         | -1,406         | -1,428         |
| Total, Interest received by on-budget trust funds .....                            | -76,494        | -73,901        | -75,495        | -78,117        | -81,592        | -85,333        | -89,361        |
| <b>Interest received by off-budget trust funds:</b>                                |                |                |                |                |                |                |                |
| Interest received by social security trust funds .....                             | -76,820        | -83,576        | -88,698        | -96,769        | -106,122       | -116,995       | -129,253       |
| <b>Other interest:</b>   |                |                |                |                |                |                |                |
| Interest on loans to Federal Financing Bank .....                                  | -2,040         | -2,268         | -2,482         | -2,316         | -2,137         | -2,001         | -1,941         |
| Interest on refunds of tax collections .....                                       | 4,208          | 3,219          | 2,689          | 2,681          | 2,805          | 2,961          | 3,171          |
| Payment to the Resolution Funding Corporation .....                                | 675            | 1,191          | 1,707          | 2,117          | 2,188          | 2,231          | 2,231          |
| Interest paid to loan guarantee financing accounts .....                           | 4,276          | 3,787          | 3,812          | 3,852          | 3,903          | 3,983          | 4,076          |
| Interest received from direct loan financing accounts .....                        | -11,050        | -11,147        | -11,747        | -12,701        | -13,295        | -13,944        | -14,698        |
| Interest on deposits in tax and loan accounts .....                                | -341           | -225           | -450           | -700           | -700           | -700           | -700           |
| Interest, DoD retiree health care fund .....                                       |                | -371           | -1,214         | -2,250         | -3,444         | -4,774         | -6,250         |
| Interest, other special and revolving funds .....                                  | -1,736         | -926           | -1,049         | -1,175         | -1,257         | -1,345         | -1,422         |
| All other interest .....   | -2,264         | -2,091         | -2,152         | -2,573         | -2,459         | -2,370         | -2,312         |
| Total, Other interest .....  | -8,272         | -8,831         | -10,886        | -13,065        | -14,396        | -15,959        | -17,845        |
| <b>Other investment income:</b>  |                |                |                |                |                |                |                |
| Private sector holdings, National Railroad Retirement Investment Trust .....       |                | -566           | -896           | -996           | -1,015         | -1,015         | -1,012         |
| <b>Total, Net interest</b> .....   | <b>170,951</b> | <b>161,102</b> | <b>173,256</b> | <b>193,210</b> | <b>204,903</b> | <b>210,771</b> | <b>214,326</b> |
| <b>920 Allowances:</b>   |                |                |                |                |                |                |                |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| Spectrum relocation fund .....   |                |                |                | -1,250         | -1,250         |                |                |
| <b>950 Undistributed offsetting receipts:</b>                                      |                |                |                |                |                |                |                |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Employer share, employee retirement (on-budget):</b>                            |                |                |                |                |                |                |                |
| Employing agency contributions, military retirement fund .....                     | -12,935        | -12,084        | -12,546        | -12,915        | -13,318        | -13,765        | -14,155        |
| Employing agency contributions, DoD Retiree Health Care Fund .....                 |                | -7,656         | -8,374         | -8,880         | -9,437         | -10,029        | -10,656        |
| Employing agency contributions, Civil Service Retirement and Disability Fund ..... | -10,731        | -9,975         | -10,739        | -11,565        | -12,555        | -13,235        | -13,856        |
| Contributions to HI trust fund .....   | -2,913         | -3,017         | -3,085         | -3,239         | -3,367         | -3,498         | -3,678         |
| Other contributions to employee retirement and disability funds .....              | -6,910         | -7,171         | -7,370         | -7,632         | -7,741         | -7,983         | -8,398         |
| Total, Employer share, employee retirement (on-budget) .....                       | -33,489        | -39,903        | -42,114        | -44,231        | -46,418        | -48,510        | -50,743        |
| <b>Employer share, employee retirement (off-budget):</b>                           |                |                |                |                |                |                |                |
| Contributions to social security trust funds .....                                 | -9,292         | -9,493         | -10,023        | -10,794        | -11,482        | -12,159        | -13,043        |

Table 15-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program                                       | 2002<br>Actual   | Estimate         |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |                  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             |
| <b>Rents and royalties on the Outer Continental Shelf:</b> |                  |                  |                  |                  |                  |                  |                  |
| OCS Receipts .....   | -5,024           | -4,300           | -3,989           | -4,495           | -5,155           | -5,344           | -5,196           |
| <b>Sale of major assets:</b>                               |                  |                  |                  |                  |                  |                  |                  |
| Privatization of Elk Hills .....                           |                  |                  |                  | -323             |                  |                  |                  |
| <b>Other undistributed offsetting receipts:</b>            |                  |                  |                  |                  |                  |                  |                  |
| Spectrum auction .....                                     | -1               | -80              | -200             | -8,200           | -8,100           | -4,300           | -4,300           |
| <b>Total, Undistributed offsetting receipts</b> .....      | <b>-47,806</b>   | <b>-53,776</b>   | <b>-56,326</b>   | <b>-68,043</b>   | <b>-71,155</b>   | <b>-70,313</b>   | <b>-73,282</b>   |
| <b>Total</b> .....   | <b>2,010,975</b> | <b>2,131,354</b> | <b>2,189,421</b> | <b>2,275,677</b> | <b>2,347,675</b> | <b>2,439,868</b> | <b>2,541,495</b> |
| On-budget .....  | (1,655,313)      | (1,759,992)      | (1,805,331)      | (1,883,149)      | (1,944,309)      | (2,023,647)      | (2,111,698)      |
| Off-budget .....   | (355,662)        | (371,362)        | (384,090)        | (392,528)        | (403,366)        | (416,221)        | (429,797)        |

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## OTHER TECHNICAL PRESENTATIONS

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## 16. 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. Information is provided about the income and outgo of the major trust funds and a number of 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 Medicare modernization proposals 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. 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.

**Table 16–1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP**

(In billions of dollars)

|  | 2002<br>actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Receipts:</b>                         |                |          |         |         |         |         |         |
| Federal funds cash income:               |                |          |         |         |         |         |         |
| From the public .....                    | 1,147.4        | 1,110.1  | 1,146.5 | 1,322.6 | 1,412.5 | 1,504.0 | 1,587.6 |
| From trust funds .....                   | 1.1            | 1.1      | 3.0     | 0.7     | 0.8     | 0.8     | 0.9     |
| Total, Federal funds cash income .....   | 1,148.6        | 1,111.3  | 1,149.5 | 1,323.3 | 1,413.3 | 1,504.8 | 1,588.4 |
| Trust funds cash income:                 |                |          |         |         |         |         |         |
| From the public .....                    | 784.0          | 814.2    | 857.9   | 907.0   | 945.5   | 987.1   | 1,030.1 |
| From Federal funds:                      |                |          |         |         |         |         |         |
| Interest .....                           | 155.0          | 159.3    | 166.1   | 176.9   | 189.8   | 204.6   | 221.1   |
| Other .....                              | 187.0          | 184.8    | 206.2   | 209.2   | 219.3   | 229.9   | 243.1   |
| Total, trust funds cash income .....     | 1,126.1        | 1,158.2  | 1,230.2 | 1,293.1 | 1,354.6 | 1,421.6 | 1,494.3 |
| Offsetting receipts .....                | -421.5         | -433.3   | -457.7  | -481.3  | -504.7  | -528.4  | -561.8  |
| Total, unified budget receipts .....     | 1,853.2        | 1,836.2  | 1,922.0 | 2,135.2 | 2,263.2 | 2,398.1 | 2,520.9 |
| <b>Outlays:</b>                          |                |          |         |         |         |         |         |
| Federal funds cash outgo .....           | 1,508.8        | 1,607.8  | 1,697.6 | 1,795.8 | 1,880.5 | 1,958.3 | 2,064.9 |
| Trust funds cash outgo .....             | 923.7          | 965.9    | 989.5   | 1,028.8 | 1,087.8 | 1,146.3 | 1,207.5 |
| Offsetting receipts .....                | -421.5         | -433.3   | -457.7  | -481.3  | -504.7  | -528.4  | -561.8  |
| Total, unified budget outlays .....      | 2,011.0        | 2,140.4  | 2,229.4 | 2,343.4 | 2,463.7 | 2,576.2 | 2,710.5 |
| <b>Surplus or deficit (-):</b>           |                |          |         |         |         |         |         |
| Federal funds .....                      | -360.2         | -496.5   | -548.1  | -472.5  | -467.2  | -453.4  | -476.4  |
| Trust funds .....                        | 202.4          | 192.3    | 240.7   | 264.3   | 266.7   | 275.3   | 286.8   |
| Total, unified surplus/deficit (-) ..... | -157.8         | -304.2   | -307.4  | -208.2  | -200.5  | -178.1  | -189.6  |

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.

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 securities.<sup>2</sup> 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.

<sup>2</sup>An exception is the National Railroad Retirement Investment Trust, which under recently-enacted legislation will be able to invest its balances in private securities in hopes of being able to finance higher benefit payments with lower contribution rates.

### Income and Outgo by Fund Group

Table 16–1 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>3</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>3</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 16-2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP

(In billions of dollars)

|  | 2002<br>actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Total Trust Funds</b>               |                |          |         |         |         |         |         |
| Balance, start of year .....           | 2,339.4        | 2,542.1  | 2,734.1 | 2,974.8 | 3,239.1 | 3,505.9 | 3,781.1 |
| Income:                                |                |          |         |         |         |         |         |
| Governmental receipts .....            | 745.4          | 771.9    | 812.8   | 861.1   | 897.9   | 937.5   | 977.9   |
| Proprietary receipts .....             | 48.9           | 53.1     | 56.8    | 58.3    | 60.7    | 63.5    | 67.0    |
| Receipts from Federal funds:           |                |          |         |         |         |         |         |
| Interest .....                         | 155.0          | 159.3    | 166.1   | 176.9   | 189.8   | 204.6   | 221.1   |
| Other .....                            | 215.1          | 214.8    | 238.6   | 243.4   | 255.4   | 268.2   | 283.9   |
| Subtotal, income .....                 | 1,164.3        | 1,199.1  | 1,274.2 | 1,339.7 | 1,403.8 | 1,473.8 | 1,549.9 |
| Outgo:                                 |                |          |         |         |         |         |         |
| To the public .....                    | 960.8          | 1,005.6  | 1,030.5 | 1,074.7 | 1,136.3 | 1,197.8 | 1,262.2 |
| Payments to Federal funds .....        | 1.1            | 1.1      | 3.0     | 0.7     | 0.8     | 0.8     | 0.9     |
| Subtotal, outgo .....                  | 961.9          | 1,006.8  | 1,033.5 | 1,075.4 | 1,137.1 | 1,198.6 | 1,263.1 |
| Change in fund balance:                |                |          |         |         |         |         |         |
| Surplus or deficit (-):                |                |          |         |         |         |         |         |
| Excluding interest .....               | 47.4           | 33.1     | 74.6    | 87.4    | 76.9    | 70.6    | 65.8    |
| Interest .....                         | 155.0          | 159.3    | 166.1   | 176.9   | 189.8   | 204.6   | 221.1   |
| Subtotal, surplus or deficit (-) ..... | 202.4          | 192.3    | 240.7   | 264.3   | 266.7   | 275.3   | 286.8   |
| Adjustments:                           |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....           | 0.3            | -0.1     | .....   | .....   | .....   | .....   | .....   |
| Other adjustments .....                | -0.1           | -0.3     | -0.1    | .....   | .....   | .....   | .....   |
| Total, change in fund balance .....    | 202.7          | 192.0    | 240.7   | 264.3   | 266.7   | 275.3   | 286.8   |
| Balance, end of year .....             | 2,542.1        | 2,734.1  | 2,974.8 | 3,239.1 | 3,505.9 | 3,781.1 | 4,068.0 |

\* \$50 million or less.

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>4</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 16-1 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>5</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>4</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>5</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 16-1 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 16-1 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 16-3 reconciles, for fiscal year

2002, 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 16-1), and with the unified budget's receipt total.

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

Table 16-2 shows, for the trust funds group as a whole, the 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 16-1 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 16-1. 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 was approximately \$38 billion in 2002. Table 16-2, 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 nearly double again by the year 2008, rising to \$4.1 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 social security benefits of the "baby-boomers", 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 man-

**Table 16-3. RELATIONSHIP OF TOTAL FEDERAL FUND AND TRUST FUND RECEIPTS TO UNIFIED BUDGET RECEIPTS, FISCAL YEAR 2002**

(In billions of dollars)

|  |         |
|--|---------|
| Gross trust fund receipts .....  | 1,131.3 |
| Gross Federal fund receipts .....  | 1,155.2 |
| Total of trust fund receipts and Federal fund receipts .....                               | 2,286.5 |
| Deduct intrafund receipts (from funds within the same fund group):                         |         |
| Trust intrafund receipts .....   | -5.1    |
| Federal intrafund receipts .....   | -6.6    |
| Subtotal, intrafund receipts .....   | -11.8   |
| Total of trust funds cash income and Federal funds cash income .....                       | 2,274.7 |
| Deduct offsetting receipts: <sup>1</sup>   |         |
| Trust fund receipts from Federal funds:  |         |
| Interest in receipt accounts .....   | -153.3  |
| General fund payment to Medicare Part B .....  | -78.3   |
| Employing agencies' payments for pensions, Social Security, and Medicare .....             | -42.8   |
| General fund payments for unfunded liabilities of Federal employees retirement funds ..... | -39.4   |
| Transfer of taxation of Social Security benefits to OASDI, HI, and RRB .....               | -25.6   |
| Other receipts from Federal funds .....  | -2.7    |
| Subtotal, trust fund receipts from Federal funds .....                                     | -342.1  |
| Federal fund receipts from trust funds .....   | -1.1    |
| Proprietary receipts .....   | -78.3   |
| Subtotal, offsetting receipts .....  | -421.5  |
| Unified budget receipts .....  | 1,853.2 |

<sup>1</sup> Offsetting receipts are included in cash income for each fund group, but in the unified budget totals are excluded from the receipts total and instead deducted from outlays.



dated 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, increase 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 16–4 shows estimates of income, outgo, and balances for 2002 through 2008 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 16–2 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 16–5, which immediately follows Table 16–4, at the end of this chapter, shows income, outgo, and balances of four existing Federal funds—a revolving fund and three special funds. It also shows a new special fund of the same general type: a new fund for military retirees' health benefits. All 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 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS**  
(In billions of dollars)

|   | 2002<br>actual | Estimate |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|
|   |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>Airport and Airway Trust Fund</b>                  |                |          |       |       |       |       |       |
| Balance, start of year .....                          | 14.5           | 12.6     | 12.3  | 10.6  | 9.5   | 9.1   | 8.9   |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                           | 9.0            | 9.4      | 10.2  | 10.9  | 11.5  | 12.2  | 12.8  |
| Proprietary receipts .....                            | *              | *        | *     | *     | *     | *     | *     |
| Receipts from Federal funds:                          |                |          |       |       |       |       |       |
| Interest .....  | 0.9            | 0.7      | 0.7   | 0.7   | 0.6   | 0.6   | 0.6   |
| Other .....   | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Receipts from trust funds .....                       |                |          |       |       |       |       |       |
| Subtotal, income .....                                | 10.1           | 10.2     | 11.1  | 11.7  | 12.3  | 12.9  | 13.5  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....                                   | 11.9           | 10.5     | 12.8  | 12.7  | 12.7  | 13.1  | 13.4  |
| Payments to other funds .....                         |                |          |       |       |       |       |       |
| Subtotal, outgo .....                                 | 11.9           | 10.5     | 12.8  | 12.7  | 12.7  | 13.1  | 13.4  |
| Change in fund balance:                               |                |          |       |       |       |       |       |
| Surplus or deficit (-):                               |                |          |       |       |       |       |       |
| Excluding interest .....                              | -2.7           | -1.0     | -2.5  | -1.7  | -1.0  | -0.8  | -0.4  |
| Interest .....  | 0.9            | 0.7      | 0.7   | 0.7   | 0.6   | 0.6   | 0.6   |
| Subtotal, surplus or deficit (-) .....                | -1.8           | -0.3     | -1.8  | -1.0  | -0.4  | -0.2  | 0.2   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                          |                |          |       |       |       |       |       |
| Other adjustments .....                               | -*             | -*       |       |       |       |       |       |
| Total, change in fund balance .....                   | -1.8           | -0.3     | -1.8  | -1.0  | -0.4  | -0.2  | 0.2   |
| Balance, end of year .....                            | 12.6           | 12.3     | 10.6  | 9.5   | 9.1   | 8.9   | 9.0   |
| Memorandum: commitments against balance, end of year: |                |          |       |       |       |       |       |
| Obligated balances .....                              | -7.3           | -7.3     | -7.0  | -7.0  | -7.2  | -7.2  | -7.3  |
| Unobligated balances .....                            | -0.6           | -0.4     | -0.5  | -0.5  | -0.5  | -0.5  | -0.5  |
| Total commitments .....                               | -7.9           | -7.8     | -7.5  | -7.5  | -7.8  | -7.8  | -7.8  |
| Uncommitted balance, end of year .....                | 4.8            | 4.6      | 3.1   | 2.0   | 1.4   | 1.1   | 1.2   |
| <b>Federal Employees Health Benefits Fund</b>         |                |          |       |       |       |       |       |
| Balance, start of year .....                          | 6.7            | 7.6      | 8.2   | 8.9   | 9.7   | 10.6  | 11.6  |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                           |                |          |       |       |       |       |       |
| Proprietary receipts .....                            | 6.5            | 7.3      | 8.1   | 8.7   | 9.4   | 10.2  | 11.0  |
| Receipts from Federal funds:                          |                |          |       |       |       |       |       |
| Interest .....  | 0.2            | 0.3      | 0.4   | 0.4   | 0.5   | 0.5   | 0.6   |
| Other .....   | 16.9           | 19.2     | 21.0  | 22.6  | 24.3  | 26.1  | 28.2  |
| Receipts from trust funds .....                       |                |          |       |       |       |       |       |
| Subtotal, income .....                                | 23.6           | 26.8     | 29.5  | 31.8  | 34.2  | 36.8  | 39.8  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....                                   | 22.7           | 26.2     | 28.7  | 31.0  | 33.3  | 35.9  | 38.9  |
| Payments to other funds .....                         |                |          |       |       |       |       |       |
| Subtotal, outgo .....                                 | 22.7           | 26.2     | 28.7  | 31.0  | 33.3  | 35.9  | 38.9  |
| Change in fund balance:                               |                |          |       |       |       |       |       |
| Surplus or deficit (-):                               |                |          |       |       |       |       |       |
| Excluding interest .....                              | 0.7            | 0.3      | 0.4   | 0.3   | 0.4   | 0.4   | 0.3   |
| Interest .....  | 0.2            | 0.3      | 0.4   | 0.4   | 0.5   | 0.5   | 0.6   |
| Subtotal, surplus or deficit (-) .....                | 0.9            | 0.6      | 0.7   | 0.8   | 0.9   | 0.9   | 0.9   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                          |                |          |       |       |       |       |       |
| Other adjustments .....                               |                |          | *     |       |       |       |       |
| Total, change in fund balance .....                   | 0.9            | 0.6      | 0.7   | 0.8   | 0.9   | 0.9   | 0.9   |
| Balance, end of year .....                            | 7.6            | 8.2      | 8.9   | 9.7   | 10.6  | 11.6  | 12.4  |
| <b>Federal Civilian Employees Retirement Funds</b>    |                |          |       |       |       |       |       |
| Balance, start of year .....                          | 554.4          | 586.1    | 615.5 | 646.9 | 678.4 | 710.6 | 743.0 |

Table 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|   | 2002<br>actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <b>Income:</b>  |                |          |         |         |         |         |         |
| Governmental receipts .....   | 4.6            | 4.5      | 4.5     | 4.3     | 4.3     | 4.3     | 4.2     |
| Proprietary receipts .....  |                |          |         |         |         |         |         |
| Receipts from Federal funds:  |                |          |         |         |         |         |         |
| Interest .....  | 36.7           | 38.1     | 39.6    | 40.9    | 42.3    | 43.7    | 45.1    |
| Other .....   | 40.0           | 38.5     | 40.6    | 42.0    | 43.7    | 45.0    | 46.4    |
| Receipts from trust funds .....   |                | *        | *       | *       | *       | *       | *       |
| Subtotal, income .....  | 81.3           | 81.1     | 84.6    | 87.2    | 90.3    | 93.0    | 95.7    |
| <b>Outgo:</b>   |                |          |         |         |         |         |         |
| To the public .....   | 49.6           | 51.7     | 53.3    | 55.7    | 58.1    | 60.5    | 63.0    |
| Payments to other funds .....   |                | *        | *       | *       | *       | *       | *       |
| Subtotal, outgo .....   | 49.6           | 51.7     | 53.3    | 55.7    | 58.1    | 60.5    | 63.0    |
| <b>Change in fund balance:</b>  |                |          |         |         |         |         |         |
| Surplus or deficit (-):   |                |          |         |         |         |         |         |
| Excluding interest .....  | -5.0           | -8.7     | -8.2    | -9.4    | -10.2   | -11.2   | -12.3   |
| Interest .....  | 36.7           | 38.1     | 39.6    | 40.9    | 42.3    | 43.7    | 45.1    |
| Subtotal, surplus or deficit (-) .....  | 31.7           | 29.5     | 31.4    | 31.5    | 32.2    | 32.4    | 32.8    |
| Adjustments:  |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....  |                | *        | *       |         |         |         |         |
| Other adjustments .....   |                | *        | *       |         |         |         |         |
| Total, change in fund balance .....   | 31.7           | 29.5     | 31.4    | 31.5    | 32.2    | 32.4    | 32.8    |
| Balance, end of year .....  | 586.1          | 615.5    | 646.9   | 678.4   | 710.6   | 743.0   | 775.7   |
| <b>Social Security: Old-Age, Survivors and Disability Insurance (OASDI) Trust Funds</b> |                |          |         |         |         |         |         |
| Balance, start of year .....  | 1,169.8        | 1,328.9  | 1,488.1 | 1,659.7 | 1,855.3 | 2,065.5 | 2,292.5 |
| <b>Income:</b>  |                |          |         |         |         |         |         |
| Governmental receipts .....   | 515.3          | 531.6    | 556.2   | 589.5   | 614.8   | 644.4   | 673.2   |
| Proprietary receipts .....  | 0.1            | 0.1      | 0.1     | 0.1     | 0.1     | 0.1     | 0.1     |
| Receipts from Federal funds:  |                |          |         |         |         |         |         |
| Interest .....  | 76.8           | 83.6     | 88.7    | 96.8    | 106.1   | 117.0   | 129.3   |
| Other .....   | 22.8           | 22.5     | 24.0    | 25.2    | 26.8    | 28.8    | 31.2    |
| Receipts from trust funds .....   |                |          |         |         |         |         |         |
| Subtotal, income .....  | 615.1          | 637.8    | 669.0   | 711.6   | 747.8   | 790.4   | 833.8   |
| <b>Outgo:</b>   |                |          |         |         |         |         |         |
| To the public .....   | 452.1          | 474.4    | 493.2   | 511.8   | 533.5   | 559.0   | 587.6   |
| Payments to other funds .....   | 4.0            | 4.2      | 4.2     | 4.3     | 4.1     | 4.3     | 4.3     |
| Subtotal, outgo .....   | 456.0          | 478.6    | 497.4   | 516.1   | 537.7   | 563.3   | 591.9   |
| <b>Change in fund balance:</b>  |                |          |         |         |         |         |         |
| Surplus or deficit (-):   |                |          |         |         |         |         |         |
| Excluding interest .....  | 82.2           | 75.7     | 82.9    | 98.8    | 104.1   | 110.0   | 112.6   |
| Interest .....  | 76.8           | 83.6     | 88.7    | 96.8    | 106.1   | 117.0   | 129.3   |
| Subtotal, surplus or deficit (-) .....  | 159.1          | 159.2    | 171.6   | 195.5   | 210.2   | 227.0   | 241.8   |
| Adjustments:  |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....  |                |          |         |         |         |         |         |
| Other adjustments .....   |                |          |         |         |         |         |         |
| Total, change in fund balance .....   | 159.1          | 159.2    | 171.6   | 195.5   | 210.2   | 227.0   | 241.8   |
| Balance, end of year .....  | 1,328.9        | 1,488.1  | 1,659.7 | 1,855.3 | 2,065.5 | 2,292.5 | 2,534.3 |
| <b>Foreign Military Sales Trust Fund</b>  |                |          |         |         |         |         |         |
| Balance, start of year .....  | 5.8            | 6.0      | 6.0     | 6.0     | 6.0     | 6.0     | 6.0     |
| <b>Income:</b>  |                |          |         |         |         |         |         |
| Governmental receipts .....   |                |          |         |         |         |         |         |
| Proprietary receipts .....  | 11.2           | 12.3     | 12.0    | 10.9    | 10.8    | 11.0    | 11.2    |
| Receipts from Federal funds:  |                |          |         |         |         |         |         |
| Interest .....  |                |          |         |         |         |         |         |
| Other .....   |                |          |         |         |         |         |         |
| Receipts from trust funds .....   |                |          |         |         |         |         |         |

Table 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|   | 2002<br>actual | Estimate |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|
|   |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Subtotal, income .....  | 11.2           | 12.3     | 12.0  | 10.9  | 10.8  | 11.0  | 11.2  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 11.1           | 12.3     | 12.0  | 10.9  | 10.8  | 11.0  | 11.2  |
| Payments to other funds .....                                     |                |          |       |       |       |       |       |
| Subtotal, outgo .....   | 11.1           | 12.3     | 12.0  | 10.9  | 10.8  | 11.0  | 11.2  |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | 0.2            |          |       |       |       |       |       |
| Interest .....  |                |          |       |       |       |       |       |
| Subtotal, surplus or deficit (-) .....                            | 0.2            |          |       |       |       |       |       |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                      |                |          |       |       |       |       |       |
| Other adjustments .....   | -*             |          |       |       |       |       |       |
| Total, change in fund balance .....                               | 0.2            |          |       |       |       |       |       |
| Balance, end of year .....  | 6.0            | 6.0      | 6.0   | 6.0   | 6.0   | 6.0   | 6.0   |
| <b>Highway Trust Fund</b>   |                |          |       |       |       |       |       |
| Balance, start of year .....                                      | 27.7           | 22.2     | 19.5  | 23.3  | 25.4  | 26.6  | 26.8  |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                                       | 32.6           | 32.8     | 34.9  | 36.0  | 37.2  | 38.3  | 39.3  |
| Proprietary receipts .....  | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Receipts from Federal funds .....                                 | *              | *        | *     | *     | *     | *     | *     |
| Receipts from trust funds .....                                   |                |          |       |       |       |       |       |
| Subtotal, income .....  | 32.7           | 32.9     | 35.1  | 36.2  | 37.4  | 38.5  | 39.4  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 38.2           | 35.7     | 31.3  | 34.1  | 36.2  | 38.3  | 39.8  |
| Payments to other funds .....                                     |                |          |       |       |       |       |       |
| Subtotal, outgo .....   | 38.2           | 35.7     | 31.3  | 34.1  | 36.2  | 38.3  | 39.8  |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit .....  | -5.5           | -2.8     | 3.8   | 2.1   | 1.2   | 0.2   | -0.4  |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                      |                |          |       |       |       |       |       |
| Other adjustments .....   |                |          |       |       |       |       |       |
| Total, change in fund balance .....                               | -5.5           | -2.8     | 3.8   | 2.1   | 1.2   | 0.2   | -0.4  |
| Balance, end of year <sup>1</sup> .....                           | 22.2           | 19.5     | 23.3  | 25.4  | 26.6  | 26.8  | 26.4  |
| Memorandum: commitments against balance, end of year:             |                |          |       |       |       |       |       |
| Obligated balance .....   | -41.7          | -41.6    | -47.8 | -49.0 | -50.9 | -52.2 | -53.3 |
| Unobligated balance .....   | -29.6          | -32.0    | -32.0 | -35.1 | -36.4 | -37.4 | -38.1 |
| Total commitments .....   | -71.3          | -73.6    | -79.9 | -84.0 | -87.3 | -89.6 | -91.4 |
| Excess of commitments over fund's cash balance, end of year ..... | -49.0          | -54.1    | -56.6 | -58.7 | -60.7 | -62.8 | -64.9 |
| <b>Medicare: Hospital Insurance (HI) Trust Fund</b>               |                |          |       |       |       |       |       |
| Balance, start of year .....                                      | 197.4          | 229.1    | 255.9 | 283.0 | 314.3 | 351.2 | 388.8 |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                                       | 149.4          | 152.6    | 160.1 | 170.4 | 177.9 | 186.6 | 195.2 |
| Proprietary receipts .....  | 1.5            | 1.6      | 1.7   | 1.8   | 1.9   | 2.0   | 2.1   |
| Receipts from Federal funds:                                      |                |          |       |       |       |       |       |
| Interest .....  | 13.8           | 14.0     | 15.4  | 16.6  | 18.1  | 19.8  | 21.7  |
| Other .....   | 15.1           | 11.5     | 12.3  | 12.8  | 13.6  | 14.5  | 15.8  |
| Receipts from trust funds .....                                   |                |          |       |       |       |       |       |
| Subtotal, income .....  | 179.7          | 179.7    | 189.5 | 201.5 | 211.4 | 222.9 | 234.8 |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 148.0          | 152.9    | 162.4 | 170.2 | 174.5 | 185.2 | 195.6 |
| Payments to other funds .....                                     |                |          |       |       |       |       |       |
| Subtotal, outgo .....   | 148.0          | 152.9    | 162.4 | 170.2 | 174.5 | 185.2 | 195.6 |

Table 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|   | 2002<br>actual | Estimate |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|
|   |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | 18.0           | 12.8     | 11.7  | 14.7  | 18.8  | 17.9  | 17.6  |
| Interest .....  | 13.8           | 14.0     | 15.4  | 16.6  | 18.1  | 19.8  | 21.7  |
| Subtotal, surplus or deficit (-) .....                            | 31.7           | 26.8     | 27.1  | 31.3  | 36.9  | 37.6  | 39.3  |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                      |                |          |       |       |       |       |       |
| Other adjustments .....   |                |          | -*    |       |       |       |       |
| Total, change in fund balance .....                               | 31.7           | 26.8     | 27.1  | 31.3  | 36.9  | 37.6  | 39.3  |
| Balance, end of year .....  | 229.1          | 255.9    | 283.0 | 314.3 | 351.2 | 388.8 | 428.1 |
| <b>Medicare: Supplementary Medical Insurance (SMI) Trust Fund</b> |                |          |       |       |       |       |       |
| Balance, start of year .....                                      | 41.8           | 38.7     | 28.6  | 32.9  | 33.6  | 37.5  | 40.0  |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                                       |                |          |       |       |       |       |       |
| Proprietary receipts .....  | 24.4           | 26.7     | 29.3  | 31.1  | 32.7  | 34.4  | 36.7  |
| Receipts from Federal funds:                                      |                |          |       |       |       |       |       |
| Interest .....  | 2.9            | 2.4      | 2.0   | 2.0   | 2.1   | 2.2   | 2.3   |
| Other .....   | 79.5           | 80.9     | 94.5  | 96.2  | 101.0 | 106.4 | 113.4 |
| Receipts from trust funds .....                                   |                |          |       |       |       |       |       |
| Subtotal, income .....  | 106.8          | 110.0    | 125.8 | 129.2 | 135.8 | 143.0 | 152.4 |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 110.0          | 120.0    | 121.5 | 128.5 | 131.9 | 140.5 | 149.6 |
| Payments to other funds .....                                     |                |          |       |       |       |       |       |
| Subtotal, outgo .....   | 110.0          | 120.0    | 121.5 | 128.5 | 131.9 | 140.5 | 149.6 |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | -6.1           | -12.4    | 2.3   | -1.2  | 1.8   | 0.2   | 0.5   |
| Interest .....  | 2.9            | 2.4      | 2.0   | 2.0   | 2.1   | 2.2   | 2.3   |
| Subtotal, surplus or deficit (-) .....                            | -3.1           | -10.0    | 4.3   | 0.7   | 3.9   | 2.5   | 2.8   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                      |                |          |       |       |       |       |       |
| Other adjustments .....   |                |          |       |       |       |       |       |
| Total, change in fund balance .....                               | -3.1           | -10.0    | 4.3   | 0.7   | 3.9   | 2.5   | 2.8   |
| Balance, end of year .....  | 38.7           | 28.6     | 32.9  | 33.6  | 37.5  | 40.0  | 42.8  |
| <b>Military Retirement Fund</b>                                   |                |          |       |       |       |       |       |
| Balance, start of year .....                                      | 164.7          | 172.9    | 180.4 | 188.6 | 197.0 | 205.9 | 215.1 |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....                                       |                |          |       |       |       |       |       |
| Proprietary receipts .....  |                |          |       |       |       |       |       |
| Receipts from Federal funds:                                      |                |          |       |       |       |       |       |
| Interest .....  | 13.2           | 13.5     | 13.7  | 14.0  | 14.2  | 14.5  | 14.8  |
| Other .....   | 30.0           | 30.0     | 31.2  | 32.2  | 33.3  | 34.4  | 35.5  |
| Receipts from trust funds .....                                   |                |          |       |       |       |       |       |
| Subtotal, income .....  | 43.2           | 43.5     | 44.9  | 46.1  | 47.5  | 48.9  | 50.3  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 35.1           | 35.9     | 36.7  | 37.7  | 38.6  | 39.7  | 40.7  |
| Payments to other funds .....                                     |                |          |       |       |       |       |       |
| Subtotal, outgo .....   | 35.1           | 35.9     | 36.7  | 37.7  | 38.6  | 39.7  | 40.7  |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | -5.1           | -5.9     | -5.6  | -5.5  | -5.4  | -5.2  | -5.2  |
| Interest .....  | 13.2           | 13.5     | 13.7  | 14.0  | 14.2  | 14.5  | 14.8  |
| Subtotal, surplus or deficit (-) .....                            | 8.2            | 7.6      | 8.1   | 8.5   | 8.8   | 9.3   | 9.7   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                      |                |          |       |       |       |       |       |

Table 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 2002<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Other adjustments .....                    |                | *        | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....        | 8.2            | 7.6      | 8.1   | 8.5   | 8.8   | 9.3   | 9.7   |
| Balance, end of year .....                 | 172.9          | 180.4    | 188.6 | 197.0 | 205.9 | 215.1 | 224.8 |
| <b>Railroad Retirement Trust Funds</b>     |                |          |       |       |       |       |       |
| Balance, start of year .....               | 17.2           | 18.4     | 18.4  | 18.3  | 18.2  | 17.8  | 17.4  |
| Income:                                    |                |          |       |       |       |       |       |
| Governmental receipts .....                | 4.2            | 4.0      | 3.9   | 3.9   | 4.0   | 4.0   | 4.1   |
| Proprietary receipts .....                 | .....          | 0.6      | 0.9   | 1.0   | 1.0   | 1.0   | 1.0   |
| Receipts from Federal funds:               |                |          |       |       |       |       |       |
| Interest .....                             | 1.9            | 0.2      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Other .....                                | 0.3            | 0.4      | 0.4   | 0.4   | 0.4   | 0.4   | 0.5   |
| Receipts from trust funds .....            | 5.1            | 21.6     | 4.0   | 6.6   | 6.3   | 6.6   | 6.7   |
| Subtotal, income .....                     | 11.6           | 26.8     | 9.3   | 12.0  | 11.8  | 12.1  | 12.3  |
| Outgo:                                     |                |          |       |       |       |       |       |
| To the public .....                        | 8.6            | 8.9      | 9.1   | 9.3   | 9.5   | 9.7   | 9.9   |
| Payments to other funds .....              | 1.7            | 17.9     | 0.3   | 2.8   | 2.7   | 2.8   | 2.9   |
| Subtotal, outgo .....                      | 10.3           | 26.8     | 9.4   | 12.1  | 12.2  | 12.5  | 12.8  |
| Change in fund balance:                    |                |          |       |       |       |       |       |
| Surplus or deficit (-):                    |                |          |       |       |       |       |       |
| Excluding interest .....                   | -0.7           | -0.2     | -0.2  | -0.2  | -0.5  | -0.4  | -0.6  |
| Interest .....                             | 1.9            | 0.2      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Subtotal, surplus or deficit (-) .....     | 1.3            | -*       | -0.1  | -0.1  | -0.4  | -0.3  | -0.5  |
| Adjustments:                               |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....               | *              | *        | *     | ..... | ..... | ..... | ..... |
| Other adjustments .....                    | -*             | *        | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....        | 1.3            | -*       | -0.1  | -0.1  | -0.4  | -0.3  | -0.5  |
| Balance, end of year .....                 | 18.4           | 18.4     | 18.3  | 18.2  | 17.8  | 17.4  | 17.0  |
| <b>Unemployment Trust Fund</b>             |                |          |       |       |       |       |       |
| Balance, start of year .....               | 89.3           | 68.5     | 50.1  | 50.6  | 54.9  | 60.6  | 63.9  |
| Income:                                    |                |          |       |       |       |       |       |
| Governmental receipts .....                | 27.6           | 34.2     | 40.2  | 43.1  | 45.2  | 44.5  | 45.9  |
| Proprietary receipts .....                 | *              | *        | *     | *     | *     | *     | *     |
| Receipts from Federal funds:               |                |          |       |       |       |       |       |
| Interest .....                             | 5.4            | 3.5      | 2.7   | 2.7   | 3.0   | 3.4   | 3.7   |
| Other .....                                | 0.7            | 1.2      | 0.6   | 0.5   | 0.5   | 0.5   | 0.5   |
| Receipts from trust funds .....            | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....                     | 33.8           | 38.9     | 43.6  | 46.3  | 48.7  | 48.5  | 50.2  |
| Outgo:                                     |                |          |       |       |       |       |       |
| To the public .....                        | 54.6           | 57.3     | 43.0  | 42.0  | 43.0  | 45.2  | 47.5  |
| Payments to other funds .....              | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....                      | 54.6           | 57.3     | 43.0  | 42.0  | 43.0  | 45.2  | 47.5  |
| Change in fund balance:                    |                |          |       |       |       |       |       |
| Surplus or deficit (-):                    |                |          |       |       |       |       |       |
| Excluding interest .....                   | -26.2          | -21.9    | -2.1  | 1.6   | 2.7   | -0.1  | -1.0  |
| Interest .....                             | 5.4            | 3.5      | 2.7   | 2.7   | 3.0   | 3.4   | 3.7   |
| Subtotal, surplus or deficit (-) .....     | -20.8          | -18.4    | 0.6   | 4.3   | 5.7   | 3.3   | 2.7   |
| Adjustments:                               |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....               | -*             | -*       | -*    | ..... | ..... | ..... | ..... |
| Other adjustments .....                    | .....          | -*       | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....        | -20.8          | -18.4    | 0.6   | 4.3   | 5.7   | 3.3   | 2.7   |
| Balance, end of year .....                 | 68.5           | 50.1     | 50.6  | 54.9  | 60.6  | 63.9  | 66.5  |
| <b>Veterans Life Insurance Trust Funds</b> |                |          |       |       |       |       |       |
| Balance, start of year .....               | 13.5           | 13.3     | 13.1  | 12.8  | 12.5  | 12.0  | 11.5  |

Table 16-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 2002<br>actual | Estimate |      |       |       |       |       |
|--|----------------|----------|------|-------|-------|-------|-------|
|  |                | 2003     | 2004 | 2005  | 2006  | 2007  | 2008  |
| <b>Income:</b>                         |                |          |      |       |       |       |       |
| Governmental receipts .....            |                |          |      |       |       |       |       |
| Proprietary receipts .....             | 0.8            | 0.7      | 0.7  | 0.6   | 0.6   | 0.5   | 0.5   |
| Receipts from Federal funds:           |                |          |      |       |       |       |       |
| Interest .....                         | 1.0            | 0.9      | 0.9  | 0.8   | 0.8   | 0.7   | 0.7   |
| Other .....                            | *              | *        | *    | *     | *     | *     | *     |
| Receipts from trust funds .....        |                |          |      |       |       |       |       |
| Subtotal, income .....                 | 1.7            | 1.6      | 1.5  | 1.4   | 1.3   | 1.3   | 1.2   |
| <b>Outgo:</b>                          |                |          |      |       |       |       |       |
| To the public .....                    | 1.8            | 1.8      | 1.8  | 1.8   | 1.8   | 1.8   | 1.7   |
| Payments to other funds .....          |                |          |      |       |       |       |       |
| Subtotal, outgo .....                  | 1.8            | 1.8      | 1.8  | 1.8   | 1.8   | 1.8   | 1.7   |
| <b>Change in fund balance:</b>         |                |          |      |       |       |       |       |
| Surplus or deficit (-):                |                |          |      |       |       |       |       |
| Excluding interest .....               | -1.1           | -1.1     | -1.1 | -1.2  | -1.2  | -1.2  | -1.2  |
| Interest .....                         | 1.0            | 0.9      | 0.9  | 0.8   | 0.8   | 0.7   | 0.7   |
| Subtotal, surplus or deficit (-) ..... | -0.1           | -0.2     | -0.3 | -0.4  | -0.4  | -0.5  | -0.6  |
| <b>Adjustments:</b>                    |                |          |      |       |       |       |       |
| Transfers/lapses (net) .....           |                |          |      |       |       |       |       |
| Other adjustments .....                | -*             |          |      |       |       |       |       |
| Total, change in fund balance .....    | -0.1           | -0.2     | -0.3 | -0.4  | -0.4  | -0.5  | -0.6  |
| Balance, end of year .....             | 13.3           | 13.1     | 12.8 | 12.5  | 12.0  | 11.5  | 11.0  |
| <b>Other Trust Funds</b>               |                |          |      |       |       |       |       |
| Balance, start of year .....           | 36.6           | 37.8     | 37.8 | 33.1  | 24.3  | -7.5  | -44.4 |
| <b>Income:</b>                         |                |          |      |       |       |       |       |
| Governmental receipts .....            | 2.7            | 2.8      | 2.8  | 2.9   | 3.0   | 3.1   | 3.2   |
| Proprietary receipts .....             | 4.2            | 3.7      | 3.9  | 3.9   | 4.0   | 4.1   | 4.2   |
| Receipts from Federal funds:           |                |          |      |       |       |       |       |
| Interest .....                         | 2.2            | 2.1      | 2.0  | 2.1   | 2.1   | 2.2   | 2.3   |
| Other .....                            | 9.5            | 10.4     | 13.7 | 11.4  | 11.7  | 11.9  | 12.2  |
| Receipts from Trust funds .....        |                |          |      |       |       |       |       |
| Subtotal, income .....                 | 18.5           | 18.9     | 22.5 | 20.3  | 20.8  | 21.3  | 21.9  |
| <b>Outgo:</b>                          |                |          |      |       |       |       |       |
| To the public .....                    | 17.1           | 18.0     | 24.7 | 29.0  | 52.3  | 57.9  | 63.4  |
| Payments to other funds .....          | 0.6            | 0.6      | 2.5  | 0.2   | 0.3   | 0.3   | 0.3   |
| Subtotal, outgo .....                  | 17.7           | 18.6     | 27.2 | 29.2  | 52.6  | 58.2  | 63.7  |
| <b>Change in fund balance:</b>         |                |          |      |       |       |       |       |
| Surplus or deficit (-):                |                |          |      |       |       |       |       |
| Excluding interest .....               | -1.3           | -1.7     | -6.7 | -10.9 | -33.9 | -39.1 | -44.1 |
| Interest .....                         | 2.2            | 2.1      | 2.0  | 2.1   | 2.1   | 2.2   | 2.3   |
| Subtotal, surplus or deficit (-) ..... | 0.8            | 0.4      | -4.7 | -8.8  | -31.8 | -36.9 | -41.8 |
| <b>Adjustments:</b>                    |                |          |      |       |       |       |       |
| Transfers/lapses (net) .....           | 0.3            | -0.1     |      |       |       |       |       |
| Other adjustments .....                | *              | -0.3     |      |       |       |       |       |
| Total, change in fund balance .....    | 1.1            | *        | -4.7 | -8.8  | -31.8 | -36.9 | -41.8 |
| Balance, end of year .....             | 37.8           | 37.8     | 33.1 | 24.3  | -7.5  | -44.4 | -86.2 |

\* \$50 million or less.

Note: Balances shown include committed and uncommitted cash balances.

<sup>1</sup> The increases in the Highway Trust Fund cash balance between 2003 and 2007 are attributable to a modification in the treatment of outlays associated with transit programs.





Table 16-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

|  | 2002<br>actual | Estimate |      |      |      |       |       |
|--|----------------|----------|------|------|------|-------|-------|
|  |                | 2003     | 2004 | 2005 | 2006 | 2007  | 2008  |
| Other .....  | *              | *        | *    | *    | *    | *     | *     |
| Receipts from trust funds .....                                    |                |          |      |      |      |       |       |
| Subtotal, income .....   | 0.3            | 0.3      | 0.3  | 0.3  | 0.3  | 0.3   | 0.3   |
| Outgo:   |                |          |      |      |      |       |       |
| To the public .....  | *              | 0.1      | 0.1  | 0.1  | 0.1  | 0.1   | 0.1   |
| Payments to other funds .....                                      |                |          |      |      |      |       |       |
| Subtotal, outgo .....  | *              | 0.1      | 0.1  | 0.1  | 0.1  | 0.1   | 0.1   |
| Change in fund balance:  |                |          |      |      |      |       |       |
| Surplus or deficit (-):  |                |          |      |      |      |       |       |
| Excluding interest .....   | *              | *        | *    | _*   | _*   | _*    | _*    |
| Interest .....   | 0.2            | 0.2      | 0.2  | 0.2  | 0.2  | 0.2   | 0.3   |
| Subtotal, surplus or deficit (-) .....                             | 0.3            | 0.3      | 0.2  | 0.2  | 0.2  | 0.2   | 0.2   |
| Adjustments:   |                |          |      |      |      |       |       |
| Transfers/lapses (net) .....                                       | -0.2           | _*       | _*   |      |      |       |       |
| Other adjustments .....  |                | *        |      |      |      |       |       |
| Total, change in fund balance .....                                | 0.1            | 0.2      | 0.2  | 0.2  | 0.2  | 0.2   | 0.2   |
| Balance, end of year .....   | 3.4            | 3.6      | 3.8  | 4.1  | 4.3  | 4.5   | 4.7   |
| <b>Uniformed Services Retiree Health Care Fund</b>                 |                |          |      |      |      |       |       |
| Balance, start of year .....                                       |                |          | 18.3 | 38.4 | 60.3 | 84.2  | 110.3 |
| Income:  |                |          |      |      |      |       |       |
| Governmental receipts .....  |                |          |      |      |      |       |       |
| Proprietary receipts .....   |                |          |      |      |      |       |       |
| Receipts from Federal funds:                                       |                |          |      |      |      |       |       |
| Interest .....   |                | 0.4      | 1.2  | 2.3  | 3.5  | 4.8   | 6.3   |
| Other .....  |                | 22.4     | 23.6 | 24.7 | 25.8 | 26.9  | 28.1  |
| Receipts from trust funds .....                                    |                |          |      |      |      |       |       |
| Subtotal, income .....   |                | 22.8     | 24.8 | 26.9 | 29.2 | 31.7  | 34.4  |
| Outgo:   |                |          |      |      |      |       |       |
| To the public .....  |                | 4.4      | 4.8  | 5.0  | 5.3  | 5.7   | 6.0   |
| Payments to other funds .....                                      |                |          |      |      |      |       |       |
| Subtotal, outgo .....  |                | 4.4      | 4.8  | 5.0  | 5.3  | 5.7   | 6.0   |
| Change in fund balance:  |                |          |      |      |      |       |       |
| Surplus or deficit (-):  |                |          |      |      |      |       |       |
| Excluding interest .....   |                | 17.9     | 18.9 | 19.7 | 20.4 | 21.3  | 22.1  |
| Interest .....   |                | 0.4      | 1.2  | 2.3  | 3.5  | 4.8   | 6.3   |
| Subtotal, surplus or deficit (-) .....                             |                | 18.3     | 20.1 | 21.9 | 23.9 | 26.1  | 28.4  |
| Adjustments:   |                |          |      |      |      |       |       |
| Transfers/lapses (net) .....                                       |                |          |      |      |      |       |       |
| Other adjustments .....  |                |          |      |      |      |       |       |
| Total, change in fund balance .....                                |                | 18.3     | 20.1 | 21.9 | 23.9 | 26.1  | 28.4  |
| Balance, end of year .....   |                | 18.3     | 38.4 | 60.3 | 84.2 | 110.3 | 138.7 |
| <b>Uranium Enrichment Decontamination and Decommissioning Fund</b> |                |          |      |      |      |       |       |
| Balance, start of year .....                                       | 2.5            | 3.0      | 3.5  | 3.9  | 4.0  | 4.2   | 4.3   |
| Income:  |                |          |      |      |      |       |       |
| Governmental receipts .....  | 0.2            | 0.2      | 0.2  | 0.2  | 0.2  | 0.2   |       |
| Proprietary receipts .....   |                |          |      |      |      |       |       |
| Receipts from Federal funds:                                       |                |          |      |      |      |       |       |
| Interest .....   | 0.2            | 0.2      | 0.2  | 0.2  | 0.2  | 0.2   | 0.2   |
| Other .....  | 0.4            | 0.4      | 0.4  | 0.4  | 0.4  | 0.3   | *     |
| Receipts from trust funds .....                                    |                |          |      |      |      |       |       |
| Subtotal, income .....   | 0.8            | 0.8      | 0.8  | 0.8  | 0.9  | 0.7   | 0.2   |
| Outgo:   |                |          |      |      |      |       |       |
| To the public .....  | 0.3            | 0.3      | 0.4  | 0.7  | 0.7  | 0.6   | 0.5   |
| Payments to other funds .....                                      |                |          |      |      |      |       |       |

Table 16-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

|  | 2002<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Subtotal, outgo .....                  | 0.3            | 0.3      | 0.4   | 0.7   | 0.7   | 0.6   | 0.5   |
| Change in fund balance:                |                |          |       |       |       |       |       |
| Surplus or deficit (-):                |                |          |       |       |       |       |       |
| Excluding interest .....               | 0.3            | 0.3      | 0.2   | -0.1  | -*    | -0.1  | -0.5  |
| Interest .....                         | 0.2            | 0.2      | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| Subtotal, surplus or deficit (-) ..... | 0.4            | 0.5      | 0.4   | 0.1   | 0.2   | 0.1   | -0.3  |
| Adjustments:                           |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....           | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....                | -*             | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....    | 0.4            | 0.5      | 0.4   | 0.1   | 0.2   | 0.1   | -0.3  |
| Balance, end of year .....             | 3.0            | 3.5      | 3.9   | 4.0   | 4.2   | 4.3   | 4.0   |

\* \$50 million or less.

Note: Balances shown include committed and uncommitted cash balances.

## 17. 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. Because the NIPA's include Federal transactions and are widely used in economic analysis, it is important to show the NIPA's distinctive presentation of Federal transactions and contrast it with the Budget.

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. GDP is a measure of the Nation's final output, which excludes intermediate product to avoid double counting. Both government consumption expenditures and government gross investment—State and local as well as Federal—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 (exports minus imports).

Other government expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not purchases of final output and as such are not included in GDP; however, these transactions are recorded in the NIPA government receipts and expenditure account, together with government consumption expenditures (which includes depreciation on government gross investment).

Federal transactions are included in the NIPA's as part of the government sector.<sup>1</sup> The Federal subsector 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 subsector 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, albeit by relatively small amounts.<sup>2</sup> Dif-

ferences 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.

*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. 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, which are classified as 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 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. Thus the NIPA's attribute corporations' final settlement payments back to the quarter(s) in which the profits that gave rise to the tax liability occurred. The delay between accrual of liability and Treasury receipt of payment can result in significant timing differences be-

<sup>1</sup>The other subsector of the NIPA government sector is a single set of transactions for all U.S. State and local units of government, treated as a consolidated entity.

<sup>2</sup>Over the period 1993–2001, NIPA current expenditures averaged three percent higher than budget outlays, while NIPA current receipts averaged one percent higher than budget receipts.

tween NIPA and Budget measures of receipts for any given accounting period.

Timing differences also occur for expenditures. When the first of a month falls on a weekend, monthly benefit checks normally mailed on the first of the month may be mailed out a day or two earlier; the budget then reflects two payments in one month and none the next. On occasion, the budget totals reflect 13 monthly payments in one year and only 11 the next. NIPA expenditure figures always reflect 12 benefit payments per year, giving rise to a timing difference compared to the budget.

*Coverage differences* also differentiate the budget and the NIPA's. Unlike the budget, 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, while the Federal sector of the NIPA instead excludes current investments but includes a depreciation charge on past investments ("consumption of general government fixed capital") as part of "current expenditures." The inclusion of depreciation on fixed capital (structures, equipment and software) in current expenditures is a proxy for the services that capital renders; i.e., for its contribution to government output of public services.

The treatment of government pension plan income and outgo creates a coverage difference. Where the budget treats employee payments to these pension plans as governmental receipts, and employer contributions by agencies as offsets to outlays, the NIPA's treat both of these components of employee compensation as personal income, in the same way as it treats contributions to pension plans in the private (household) sector. Likewise, the budget records a government check to a retired government employee as a current outlay, but under NIPA concepts, no government expenditure occurs at that time; the payment is treated (like private pension payments) as a transfer of income within the household sector.

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 included as outlays in the budget but excluded from the NIPA's as being capital transfers unrelated to current economic production. Likewise, estate and gift taxes, included in budget receipts, are 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 with no production involved. 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, like the budget, include all interest transactions with the public, including net interest paid to the loan 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 made the NIPA current deficit significantly smaller than the budget deficit that year. 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 17-1 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 the individual income tax, 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 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 governmental 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 governmental receipts, while the budget 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 governmental receipts; and (4) the

**Table 17-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1993-2004**

(In billions of dollars)

| Description  | Actual         |                |                |                |                |                |                |                |                |                | Estimate       |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           |
| <b>CURRENT RECEIPTS</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Personal tax and nontax receipts .....                         | 500.9          | 541.2          | 583.7          | 654.7          | 736.3          | 822.7          | 878.7          | 997.2          | 1,006.4        | 845.7          | 826.5          | 840.4          |
| Corporate profits tax accruals .....                           | 131.0          | 152.5          | 177.8          | 187.8          | 198.6          | 206.4          | 207.8          | 226.5          | 185.4          | 167.7          | 161.7          | 191.0          |
| Indirect business tax and nontax accruals .....                | 84.1           | 94.2           | 93.8           | 90.3           | 97.9           | 97.3           | 98.4           | 107.9          | 111.5          | 108.9          | 112.5          | 116.4          |
| Contributions for social insurance .....                       | 458.4          | 487.9          | 515.8          | 535.8          | 566.1          | 604.2          | 641.1          | 687.9          | 712.8          | 724.6          | 762.0          | 807.3          |
| <b>Total current receipts .....</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>1,730.7</b> | <b>1,826.0</b> | <b>2,019.5</b> | <b>2,016.2</b> | <b>1,846.9</b> | <b>1,862.7</b> | <b>1,955.0</b> |
| <b>CURRENT EXPENDITURES</b>                                    |                |                |                |                |                |                |                |                |                |                |                |                |
| Consumption expenditures .....                                 | 444.8          | 441.6          | 441.5          | 435.8          | 453.8          | 452.0          | 466.9          | 490.3          | 516.3          | 573.7          | 614.9          | 646.7          |
| Defense .....  | 311.1          | 304.6          | 299.6          | 295.5          | 304.0          | 300.3          | 306.4          | 320.8          | 337.3          | 373.9          | 398.7          | 415.5          |
| Nondefense .....   | 133.7          | 137.1          | 141.9          | 140.2          | 149.8          | 151.7          | 160.5          | 169.5          | 179.0          | 199.8          | 216.2          | 231.1          |
| Transfer payments .....  | 590.2          | 614.8          | 646.6          | 680.4          | 711.0          | 727.9          | 741.3          | 770.3          | 826.0          | 907.9          | 965.4          | 993.7          |
| To persons .....   | 573.4          | 599.3          | 633.8          | 668.6          | 699.9          | 716.9          | 730.5          | 756.8          | 816.3          | 894.3          | 951.7          | 979.5          |
| To the rest of the world .....                                 | 16.8           | 15.5           | 12.8           | 11.9           | 11.2           | 11.0           | 10.7           | 13.5           | 9.7            | 13.6           | 13.7           | 14.2           |
| Grants-in-aid to State and local governments .....             | 157.7          | 172.8          | 184.3          | 188.4          | 191.9          | 207.2          | 225.4          | 244.0          | 268.8          | 297.0          | 330.6          | 353.4          |
| Net interest paid .....  | 228.4          | 234.0          | 261.9          | 272.6          | 275.4          | 278.3          | 267.1          | 263.0          | 247.9          | 217.4          | 207.8          | 221.8          |
| Subsidies less current surplus of Government enterprises ..... | 38.6           | 32.9           | 34.3           | 34.4           | 30.8           | 31.8           | 34.7           | 49.9           | 51.2           | 39.2           | 39.1           | 40.5           |
| Wage disbursements less accruals .....                         |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Total current expenditures .....</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>1,697.1</b> | <b>1,735.4</b> | <b>1,817.5</b> | <b>1,910.2</b> | <b>2,035.2</b> | <b>2,157.9</b> | <b>2,256.2</b> |
| <b>Current surplus or deficit (-) .....</b>                    | <b>-285.4</b>  | <b>-220.2</b>  | <b>-197.5</b>  | <b>-143.0</b>  | <b>-64.0</b>   | <b>33.5</b>    | <b>90.5</b>    | <b>202.0</b>   | <b>106.0</b>   | <b>-188.3</b>  | <b>-295.2</b>  | <b>-301.2</b>  |
| <b>ADDENDUM</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Gross investment .....   | 86.2           | 82.1           | 83.0           | 85.5           | 80.7           | 85.0           | 90.3           | 96.0           | 98.0           | 105.6          | 113.1          | 118.7          |
| Defense .....  | 56.8           | 55.2           | 53.7           | 54.9           | 47.9           | 49.6           | 50.9           | 53.0           | 55.1           | 58.7           | 61.9           | 64.7           |
| Nondefense .....   | 29.4           | 26.9           | 29.3           | 30.6           | 32.9           | 35.4           | 39.3           | 43.0           | 42.9           | 46.9           | 51.2           | 54.0           |

\* \$50 million or less.

NIPA's impute employer contributions for Federal employees' unemployment insurance and workers' compensation.

### Federal Sector Current Expenditures

Table 17-1 shows current expenditures in the six major NIPA categories, which are very different from the budget categories.

Government consumption expenditures are the goods and services purchased by the Federal Government in the current account, including compensation of employees and depreciation. Gross investment (shown as addendum items in Table 17-1) is thus excluded from current expenditures in computing the government current surplus or current deficit on a NIPA basis, whereas depreciation—charges on federally owned fixed capital—"consumption of general government fixed capital" 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. Investment includes structures, equipment, and computer software.

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. Payment of pension benefits to former government employees is not included, as explained previously. 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, and education (but capital transfers for construction of highways, airports, waste-water treatment plants, and mass transit are 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. This is due principally to the fact that estate and gift taxes, which they exclude as capital transfers, have exceeded Medicare premiums, which they include as a governmental receipt but the budget treats as an offsetting receipt. (In the budget, offsetting receipts are netted against the outlay total and not included in the governmental receipts total.) 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 benefit payments to former government employees.

Two components of budget outlays, however, are sometimes sufficiently large in combination to match the netting adjustments. These are financial transactions and net investment (the difference between gross investment and depreciation). 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 made since that time are 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.

During the period 1975–1992, the budget deficit exceeded the Federal current deficit as measured in the NIPA's every year. The largest difference, \$78.6 billion, occurred in 1991 as a result of resolving failed financial institutions as discussed above; the budget deficit was then \$269.3 billion, while the NIPA current deficit was \$190.7 billion. In 1993–1997, the NIPA current deficit was slightly larger than the budget deficit each year. For 1998–2001, the NIPA current surplus was lower than the budget surplus. For 2002 the NIPA current deficit was larger than the budget deficit, while those for 2003 and 2004 are projected to be slightly smaller.

Table 17-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA's

|   | Actual         |                |                |                |                |                |                |                |                |                | Estimate       |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           |
| <b>RECEIPTS</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget receipts .....                                       | 1,154.4        | 1,258.6        | 1,351.8        | 1,453.1        | 1,579.3        | 1,721.8        | 1,827.5        | 2,025.2        | 1,991.2        | 1,853.2        | 1,836.2        | 1,922.0        |
| Contributions to government employee retirement plans ..... | -4.8           | -4.7           | -4.6           | -4.5           | -4.4           | -4.3           | -4.5           | -4.8           | -4.7           | -4.6           | -4.5           | -4.5           |
| Capital transfers received .....                            | -12.3          | -15.1          | -14.5          | -17.1          | -19.7          | -23.9          | -27.6          | -28.8          | -28.2          | -26.3          | -20.0          | -23.2          |
| Other coverage differences .....                            | -2.0           | -2.4           | -2.5           | -3.6           | -3.8           | -6.2           | -7.0           | -8.0           | -8.8           | -8.9           | -10.1          | -10.2          |
| Netting and grossing .....                                  | 37.5           | 39.2           | 37.3           | 37.0           | 41.6           | 40.8           | 41.6           | 45.4           | 49.9           | 53.7           | 58.9           | 62.0           |
| Timing differences .....                                    | 1.6            | 0.1            | 3.4            | 3.6            | 6.0            | 2.5            | -3.9           | -9.6           | 16.8           | -20.2          | 2.2            | 8.9            |
| <b>NIPA current receipts</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>1,730.7</b> | <b>1,826.0</b> | <b>2,019.5</b> | <b>2,016.2</b> | <b>1,846.9</b> | <b>1,862.7</b> | <b>1,955.0</b> |
| <b>EXPENDITURES</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget outlays .....  | 1,409.5        | 1,461.9        | 1,515.8        | 1,560.5        | 1,601.2        | 1,652.6        | 1,701.9        | 1,788.8        | 1,863.9        | 2,011.0        | 2,140.4        | 2,229.4        |
| Government employee retirement plan transactions .....      | 31.7           | 30.1           | 29.0           | 27.0           | 31.8           | 31.6           | 32.2           | 31.5           | 31.8           | 33.9           | 31.1           | 35.0           |
| Deposit insurance and other financial transactions .....    | 20.2           | 1.5            | 7.1            | -2.0           | -7.9           | -7.1           | -15.9          | -2.8           | -14.2          | 6.8            | -3.1           | -3.5           |
| Capital transfers paid .....                                | -23.2          | -24.6          | -27.1          | -27.6          | -28.8          | -28.2          | -31.3          | -35.0          | -39.7          | -43.9          | -42.6          | -43.3          |
| Net purchases of nonproduced assets .....                   | -0.2           | -0.2           | 7.4            | 0.1            | 11.0           | 5.2            | 1.6            | 0.2            | 0.9            | -0.2           | -0.1           | -*             |
| Net investment .....  | -8.3           | -1.4           | 0.4            | -0.5           | 5.6            | 2.8            | 0.2            | -1.1           | 0.1            | -4.6           | -8.3           | -9.5           |
| Other coverage differences .....                            | -8.1           | -4.8           | -3.0           | 3.0            | 11.5           | 0.9            | 2.7            | 4.1            | 8.1            | -17.9          | -20.0          | -20.6          |
| Netting and grossing differences .....                      | 37.5           | 39.2           | 37.3           | 37.0           | 41.6           | 40.8           | 41.6           | 45.4           | 49.9           | 53.7           | 58.9           | 62.0           |
| Timing differences .....                                    | 0.6            | -5.7           | 1.7            | 14.0           | -3.0           | -2.1           | 2.5            | -13.6          | 9.4            | -3.5           | 1.7            | 6.6            |
| <b>NIPA current expenditures</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>1,696.4</b> | <b>1,735.4</b> | <b>1,817.5</b> | <b>1,910.2</b> | <b>2,035.2</b> | <b>2,157.9</b> | <b>2,256.2</b> |
| <b>ADDENDUM</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget surplus or deficit (-) .....                         | -255.1         | -203.3         | -164.0         | -107.5         | -22.0          | 69.2           | 125.5          | 236.4          | 127.1          | -157.8         | -304.2         | -307.4         |
| NIPA current surplus or deficit (-) .....                   | -285.4         | -220.2         | -197.5         | -143.0         | -64.0          | 33.5           | 90.5           | 202.0          | 106.0          | -188.3         | -295.2         | -301.2         |

\* \$50 million or less.

**Table 17-3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPA'S, QUARTERLY, 2002-2004**

(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.     |
|  | 2001           | 2002           | 2002           | 2002           | 2002      | 2003           | 2003           | 2003           | 2003           | 2004           | 2004           | 2004           |
| <b>CURRENT RECEIPTS</b>  |                |                |                |                |           |                |                |                |                |                |                |                |
| Personal tax and nontax receipts .....                         | 1,025.5        | 874.8          | 856.6          | 837.5          |           | 827.9          | 835.9          | 855.3          | 875.6          | 819.4          | 840.7          | 862.9          |
| Corporate profits tax accruals .....                           | 142.9          | 170.5          | 180.2          | 181.1          |           | 166.6          | 166.3          | 169.7          | 180.3          | 192.1          | 205.2          | 219.4          |
| Indirect business tax and nontax accruals .....                | 107.3          | 108.4          | 110.2          | 112.4          |           | 114.8          | 115.7          | 116.7          | 117.8          | 118.9          | 119.8          | 120.5          |
| Contributions for social insurance .....                       | 716.6          | 731.1          | 736.7          | 743.0          |           | 767.8          | 777.6          | 788.0          | 797.7          | 812.9          | 822.1          | 831.8          |
| <b>Total current receipts .....</b>                            | <b>1,992.3</b> | <b>1,884.7</b> | <b>1,883.7</b> | <b>1,874.0</b> |           | <b>1,877.0</b> | <b>1,895.5</b> | <b>1,929.7</b> | <b>1,971.3</b> | <b>1,943.3</b> | <b>1,987.8</b> | <b>2,034.6</b> |
| <b>CURRENT EXPENDITURES</b>                                    |                |                |                |                |           |                |                |                |                |                |                |                |
| Consumption expenditures .....                                 | 543.6          | 566.3          | 581.0          | 589.8          |           | 603.3          | 610.2          | 615.9          | 623.7          | 634.7          | 644.0          | 648.5          |
| Defense .....  | 356.0          | 372.1          | 382.5          | 388.9          |           | 397.1          | 401.3          | 404.1          | 407.8          | 413.7          | 419.3          | 421.3          |
| Nondefense .....   | 187.5          | 194.2          | 198.6          | 200.9          |           | 206.3          | 208.9          | 211.9          | 215.9          | 221.0          | 224.6          | 227.2          |
| Transfer payments .....  | 870.9          | 916.9          | 927.6          | 934.1          |           | 968.5          | 961.7          | 967.0          | 971.5          | 997.7          | 989.1          | 992.7          |
| Domestic ("to persons") .....                                  | 855.6          | 894.1          | 917.0          | 924.4          |           | 944.6          | 949.3          | 954.5          | 957.3          | 973.1          | 977.1          | 982.5          |
| Foreign .....  | 15.3           | 22.8           | 10.6           | 9.7            |           | 23.9           | 12.3           | 12.5           | 14.2           | 24.5           | 12.0           | 10.2           |
| Grants-in-aid to State and local governments .....             | 289.4          | 292.3          | 309.6          | 305.0          |           | 326.2          | 333.4          | 340.7          | 343.0          | 349.4          | 354.6          | 362.1          |
| Net interest paid .....  | 221.6          | 208.5          | 214.9          | 205.8          |           | 202.1          | 203.0          | 205.4          | 209.6          | 214.3          | 219.8          | 225.7          |
| Subsidies less current surplus of Government enterprises ..... | 45.5           | 46.6           | 46.3           | 39.9           |           | 41.0           | 42.2           | 42.9           | 43.1           | 43.5           | 43.9           | 44.0           |
| Wage disbursements less accruals .....                         |                |                |                |                |           |                |                |                |                |                |                |                |
| <b>Total current expenditures .....</b>                        | <b>1,971.0</b> | <b>2,030.5</b> | <b>2,079.3</b> | <b>2,074.6</b> |           | <b>2,141.1</b> | <b>2,150.4</b> | <b>2,171.9</b> | <b>2,190.8</b> | <b>2,239.7</b> | <b>2,251.4</b> | <b>2,273.0</b> |
| <b>Current surplus .....</b>                                   | <b>21.3</b>    | <b>-145.8</b>  | <b>-195.6</b>  | <b>-200.7</b>  |           | <b>-264.1</b>  | <b>-254.9</b>  | <b>-242.2</b>  | <b>-219.5</b>  | <b>-296.3</b>  | <b>-263.6</b>  | <b>-238.4</b>  |
| <b>ADDENDUM</b>  |                |                |                |                |           |                |                |                |                |                |                |                |
| Gross investment .....   | 103.4          | 105.7          | 107.1          | 107.9          |           | 112.0          | 112.2          | 115.9          | 116.0          | 117.2          | 117.8          | 120.6          |
| Defense .....  | 56.8           | 59.7           | 59.6           | 62.4           |           | 63.0           | 62.1           | 65.0           | 64.9           | 65.5           | 65.2           | 67.0           |
| Nondefense .....   | 46.6           | 46.1           | 47.5           | 45.5           |           | 49.0           | 50.1           | 51.0           | 51.1           | 51.8           | 52.6           | 53.6           |

Department of Commerce advance estimates for the Oct.-Dec. quarter, released January 30, 2003, were not available in time for inclusion in this table.

\* \$50 million or less.

Table 17-1 displays Federal transactions using NIPA concepts with actual data for the years 1993-2002 and estimates for 2003 and 2004 consistent with the Administration's budget proposals. Table 17-2 summarizes the reasons for differences between the data using budget concepts and NIPA concepts. Table 17-3 displays quarterly data using NIPA concepts beginning in October 2001. Annual NIPA data for 1960-2004 are published

in Section 14 of a separate budget volume, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2004*.

Additional detailed estimates of NIPA current receipts and expenditures will be published in a forthcoming issue of the Department of Commerce publication, *Survey of Current Business*.





## 18. COMPARISON OF ACTUAL TO ESTIMATED TOTALS

In successive budgets, the Administration publishes several estimates of the surplus or deficit for a particular fiscal year. Initially, the year appears as an outyear projection at the end of the budget horizon. In each subsequent budget, the year advances in the estimating horizon until it becomes the “budget year.” One year later, the year becomes the “current year” then in progress, and the following year, it becomes the just-completed “actual year.”

The budget is legally required to compare budget year estimates of receipts and outlays with the subsequent actual receipts and outlays for that year.<sup>1</sup> Part I of this chapter meets that requirement by comparing the

actual results for 2002 with the current services estimates shown in the 2002 Budget published in April 2001.

Part II of the chapter presents a broader comparison of estimates and actual outcomes. This part first discusses the historical record of budget year estimates versus actuals over the last two decades. Second, it broadens the focus to estimates made for each year of the budget horizon, extending four years beyond the budget year. This broader focus shows that the differences between estimates and the eventual actual results grow as the estimates extend further into the future.

### PART I: COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 2002

This part of the chapter compares the actual receipts, outlays, and deficit for 2002 with the current services estimates<sup>2</sup> shown in the 2002 Budget published in April 2001. This part also presents a more detailed comparison for mandatory and related programs, and reconciles the actual receipts, outlays, and deficit totals shown here with the figures for 2002 previously published by the Department of the Treasury.

#### Receipts

Receipts in 2002 were \$1,853 billion, which is \$368 billion less than the current services estimate of \$2,221 billion in the 2002 Budget. As shown in Table 18–1, this shortfall 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.

**Table 18–1. COMPARISON OF ACTUAL 2002 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

|  | April 2001 estimate | Enacted legislation/administrative actions | Different economic conditions | Technical factors | Net change  | Actual       |
|--|---------------------|--|-------------------------------|-------------------|-------------|--------------|
| Individual income taxes .....                  | 1,103               | -64  | -125                          | -55               | -245        | 858          |
| Corporation income taxes .....                 | 220                 | -15  | -50                           | -7                | -72         | 148          |
| Social insurance and retirement receipts ..... | 726                 | *  | -25                           | *                 | -25         | 701          |
| Excise taxes .....                             | 74                  | *  | -3                            | -4                | -7          | 67           |
| Estate and gift taxes .....                    | 32                  | -2   | -1                            | -2                | -6          | 27           |
| Customs duties .....                           | 23                  | *  | -4                            | -1                | -5          | 19           |
| Miscellaneous receipts .....                   | 43                  | -1   | -7                            | *                 | -9          | 34           |
| <b>Total .....</b>                             | <b>2,221</b>        | <b>-83</b>                                 | <b>-215</b>                   | <b>-70</b>        | <b>-368</b> | <b>1,853</b> |

\* \$500 million or less.

*Policy differences.* The Economic Growth and Tax Relief Reconciliation Act, which was signed by President Bush on June 7, 2001, reduced 2002 receipts by \$32 billion. Enactment of the Job Creation and Worker Assistance Act in March 2002 reduced 2002 receipts by an additional \$53 billion (see Chapter 4: “Federal Receipts” for a description of this Act). These reductions

were partially offset by other legislative and administrative changes, which increased 2002 receipts relative to the April 2001 current services estimate by a net \$3 billion.

*Economic differences.* Differences between the economic assumptions upon which the current services estimates were made and actual economic performance

<sup>1</sup>These requirements, for receipts and “uncontrollable outlays,” are in 31 USC 1105(a)(18) through (20).

<sup>2</sup>The current services concept is discussed in Chapter 15: “Current Services Estimates.” For mandatory programs and receipts the April 2001 current services estimate is based

on laws then in place. For discretionary programs the current services estimate is based on the prior year estimates adjusted for inflation.

accounted for a reduction in 2002 receipts of \$215 billion. Lower-than-anticipated wages and salaries and other sources of personal income were in large part responsible for the reductions in individual income taxes and social insurance and retirement receipts of \$125 billion and \$25 billion, respectively. A shortfall in corporation income taxes, attributable to lower-than-expected corporate profits, reduced 2002 receipts by an additional \$50 billion relative to the April 2001 estimate. Lower-than-estimated levels of gross domestic product (GDP), which affect excise taxes, and lower-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), reduced receipts below the budget estimates by an additional \$3 billion and \$7 billion, respectively. Customs duties were \$4 billion below the budget estimate, reflecting lower-than-expected imports.

*Technical reestimates.* Technical factors reduced 2002 receipts a net \$70 billion below the April 2001 current services estimate. This net reduction was primarily attributable to lower-than-anticipated collections of individual and corporation income taxes of \$55 billion, and \$7 billion, respectively. Lower effective tax rates on personal income than estimated in April 2001, and the effect of the stock market on capital gains, were primarily responsible for the net reduction in individual income tax receipts. Different collection patterns and effective tax rates than assumed in April 2001 and the effect of the stock market on capital gains, were primarily responsible for the lower-than-anticipated collections of corporation income taxes.

### Outlays

Outlays for 2002 were \$2,011 billion, \$73 billion more than the \$1,938 billion current services estimate in the 2002 Budget (April 2001).

Table 18-2 distributes the \$73 billion net increase in outlays among discretionary and mandatory pro-

grams and net interest.<sup>3</sup> 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 legislative actions that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 2002, policy changes increased outlays an estimated \$73 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$51 billion. Defense discretionary outlays increased by \$35 billion and nondefense discretionary outlays increased by \$16 billion, largely due to emergency supplemental appropriations pursuant to the September 11, 2001 terrorist attacks. Policy changes increased mandatory outlays by \$17 billion above current law. Most significantly, the Job Creation and Worker Assistance Act increased unemployment compensation outlays by \$8 billion and the Economic Growth and Tax Relief Reconciliation Act increased outlays for refundable tax credits by \$4 billion. Other legislative changes increased 2002 outlays by a net \$5 billion, including \$2 billion for airline grants pursuant to September 11th and another \$2 billion for farm income subsidies. Debt service costs increased by \$4 billion due to policy changes.

*Economic conditions* that differed from those forecast in April 2001 resulted in a net decrease in outlays of \$15 billion. Outlays for mandatory programs increased an estimated \$13 billion, largely due to a higher-than-expected unemployment rate, which contributed to higher outlays for unemployment compensation and Food Stamps. The increased outlays for mandatory programs were more than offset by a decrease of \$28 billion in net interest due to lower-than-expected interest rates.

<sup>3</sup> Discretionary programs are controlled by annual appropriations, while mandatory programs are generally controlled by authorizing legislation. Mandatory programs are mostly formula benefit or entitlement programs with permanent spending authority that depend on eligibility criteria, benefit levels, and other factors.

**Table 18-2. COMPARISON OF ACTUAL 2002 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

|                               | Current Services<br>(April 2001) | Changes   |            |           |               | Actual       |
|-------------------------------|----------------------------------|-----------|------------|-----------|---------------|--------------|
|                               |                                  | Policy    | Economic   | Technical | Total changes |              |
| <b>Discretionary:</b>         |                                  |           |            |           |               |              |
| Defense .....                 | 312                              | 35        | .....      | 2         | 37            | 349          |
| Nondefense .....              | 372                              | 16        | .....      | -3        | 13            | 385          |
| Subtotal, discretionary ..... | 684                              | 51        | .....      | -1        | 50            | 734          |
| <b>Mandatory:</b>             |                                  |           |            |           |               |              |
| Social Security .....         | 452                              | .....     | *          | 1         | 1             | 452          |
| Other programs .....          | 616                              | 17        | 13         | 7         | 37            | 653          |
| Subtotal, mandatory .....     | 1,067                            | 17        | 13         | 8         | 38            | 1,106        |
| Net interest .....            | 186                              | 4         | -28        | 8         | -16           | 171          |
| <b>Total outlays .....</b>    | <b>1,938</b>                     | <b>73</b> | <b>-15</b> | <b>15</b> | <b>73</b>     | <b>2,011</b> |

\*\$500 million or less.

*Technical estimating differences* and other changes resulted in a net increase in outlays of \$15 billion. Technical changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Outlays for discretionary programs decreased an estimated \$1 billion. Outlays for mandatory programs increased an esti-

mated \$8 billion, largely due to higher-than-anticipated outlays for unemployment compensation and lower-than-anticipated offsetting receipts for spectrum auctions. Net interest outlays also increased by \$8 billion largely due to the lower surplus in 2001 and higher deficit in 2002 stemming from technical factors compared to the April 2001 estimates.

### Surplus/Deficit

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 2002. This section combines these effects to show the net impact of these differences.

As shown in Table 18-3, the initial 2002 current services estimate was a surplus of \$283 billion. The

actual result was a deficit of \$158 billion, which yields an estimating difference of \$441. Receipts were \$368 billion less than the initial estimate and outlays were \$73 billion more. The table shows the distribution of the changes according to the categories in the preceding two sections.

**Table 18-3. COMPARISON OF THE ACTUAL 2002 SURPLUS WITH THE INITIAL CURRENT SERVICES SURPLUS ESTIMATE**

(In billions of dollars)

|                      | Current Services<br>(April 2001) | Changes     |             |            |               | Actual      |
|----------------------|----------------------------------|-------------|-------------|------------|---------------|-------------|
|                      |                                  | Policy      | Economic    | Technical  | Total changes |             |
| Receipts .....       | 2,221                            | -83         | -215        | -70        | -368          | 1,853       |
| Outlays .....        | 1,938                            | 73          | -15         | 15         | 73            | 2,011       |
| <b>Surplus .....</b> | <b>283</b>                       | <b>-156</b> | <b>-201</b> | <b>-84</b> | <b>-441</b>   | <b>-158</b> |

Note: Surplus changes are receipts minus outlays. For these changes, a minus indicates a decrease in the surplus.

The net effect of policy changes for receipts and outlays reduced the surplus by \$156 billion. Economic conditions that differed from the initial assumptions in April 2001 accounted for an estimated \$201 billion decrease in the surplus. Technical factors further reduced the surplus by an estimated \$84 billion.

### Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2002

This section compares the original 2002 outlay estimates for mandatory and related programs under current law in the 2002 Budget (April 2001) with the actual outlays. Major examples of these programs include Social Security and Medicare benefits for the elderly, agricultural price support payments to farmers, and deposit insurance for banks and thrift institutions. This

category also includes net interest outlays and undistributed offsetting receipts.

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

Table 18-4 shows the differences between the actual outlays for these programs in 2002 and the amounts originally estimated in the 2002 Budget, based on laws in effect at that time. Actual outlays for mandatory spending and net interest in 2002 were \$1,277 billion, which was \$23 billion more than the initial estimate of \$1,254 billion, based on existing law in April 2001.

**Table 18–4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW**

(In billions of dollars)

|  | 2002                             |        |        |
|--|----------------------------------|--------|--------|
|  | April 2001 estimate <sup>1</sup> | Actual | Change |
| Mandatory outlays:   |                                  |        |        |
| Human resources programs:                                  |                                  |        |        |
| Education, training, employment, and social services ..... | 8                                | 8      | –*     |
| Health:  |                                  |        |        |
| Medicaid .....   | 143                              | 148    | 4      |
| Other .....  | 9                                | 10     | *      |
| Total health .....   | 152                              | 157    | 5      |
| Medicare .....   | 226                              | 228    | 1      |
| Income security:   |                                  |        |        |
| Retirement and disability .....                            | 89                               | 89     | –*     |
| Unemployment compensation .....                            | 28                               | 51     | 22     |
| Food and nutrition assistance .....                        | 32                               | 33     | 1      |
| Other .....  | 87                               | 92     | 6      |
| Total, income security .....                               | 235                              | 265    | 29     |
| Social security .....                                      | 452                              | 452    | 1      |
| Veterans benefits and services:                            |                                  |        |        |
| Income security for veterans .....                         | 26                               | 27     | 1      |
| Other .....  | 2                                | *      | –2     |
| Total veterans benefits and services .....                 | 28                               | 27     | –1     |
| Total mandatory human resources programs .....             | 1,102                            | 1,137  | 35     |
| Other functions:   |                                  |        |        |
| Agriculture .....  | 13                               | 17     | 4      |
| Mortgage credit .....                                      | –1                               | –5     | –4     |
| Deposit insurance .....                                    | –1                               | –1     | –*     |
| Other functions .....                                      | 6                                | 6      | –*     |
| Total, other functions .....                               | 18                               | 17     | –1     |
| Undistributed offsetting receipts:                         |                                  |        |        |
| Employer share, employee retirement .....                  | –42                              | –43    | –1     |
| Rents and royalties on the outer continental shelf .....   | –6                               | –5     | 1      |
| Other undistributed offsetting receipts .....              | –4                               | –*     | 4      |
| Total undistributed offsetting receipts .....              | –52                              | –48    | 4      |
| Total, mandatory .....                                     | 1,067                            | 1,106  | 38     |
| Net interest:  |                                  |        |        |
| Interest on Treasury debt securities (gross) .....         | 349                              | 333    | –17    |
| Interest received by trust funds .....                     | –152                             | –153   | –1     |
| Other interest .....                                       | –10                              | –8     | 2      |
| Total net interest .....                                   | 186                              | 171    | –16    |
| Total outlays for mandatory and net interest .....         | 1,254                            | 1,277  | 23     |

\*\$500 million or less

<sup>1</sup> Estimates reflect the function shift for foster care and adoption assistance in the 2003 Budget.

Note: Estimates may not add due to rounding.

Actual outlays for mandatory human resources programs were \$1,137 billion, \$35 billion more than originally estimated. This increase was largely due to outlays for unemployment compensation, mostly due to the extended unemployment benefits enacted in the Job Creation and Worker Assistance Act and higher unemployment and average reciprocity rates than initially assumed.

Outlays for other functions were \$1 billion less than originally estimated. Undistributed offsetting receipts were \$4 billion less than expected, largely due to lower spectrum auction receipts.

Outlays for net interest were \$171 billion or \$16 billion less than the original estimate. This decrease was the net effect of changes in interest rates from those initially assumed, changes in borrowing requirements due to differences in surpluses, and technical factors.

### Reconciliation of Differences with Amounts Published by Treasury for 2002

Table 18–5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 2002 Monthly Treasury Statement and those published in this budget. The Department of the Treasury made adjustments to

the estimates for the Combined Statement of Receipts, Outlays, and Balances, which increased receipts by \$8 million and reduced outlays by \$846 million. Additional adjustments for this budget reduced receipts by \$123 million and increased outlays by \$13 million. The major changes were reclassification of certain U.S. Trustees System receipts and inclusion of the transactions of the United Mine Workers of America benefit funds.

**Table 18–5. RECONCILIATION OF FINAL AMOUNTS FOR 2002**

(In millions of dollars)

|  | Receipts  | Outlays   | Surplus  |
|--|-----------|-----------|----------|
| Totals published by Treasury (September 30 MTS) .....    | 1,853,288 | 2,011,808 | -158,520 |
| Federal family education loans .....                     |           | -751      | 751      |
| Other .....  | 8         | -95       | 103      |
| Totals published by Treasury in Combined Statement ..... | 1,853,296 | 2,010,962 | -157,666 |
| United Mine Workers of America benefit funds .....       | 124       | 124       |          |
| U.S. Trustees System receipts .....                      | -180      | -180      |          |
| Other .....  | -67       | 69        | -136     |
| Total adjustments, net .....                             | -123      | 13        | -136     |
| Totals in the budget .....                               | 1,853,173 | 2,010,975 | -157,802 |
| <b>MEMORANDUM:</b>                                       |           |           |          |
| Total change since year-end statement .....              | -115      | -833      | 718      |

## Part II: HISTORICAL COMPARISON OF ACTUAL TO ESTIMATED SURPLUSES

This part of the chapter compares actual surpluses to estimated surpluses over the last two decades. The first section compares the estimate for the budget year of each budget with the subsequent actual surplus. The second section extends the comparison to the estimated surpluses for each year of the budget window—that is, for the current year through the fourth year following the budget year. This part concludes with some observations on the historical record of surplus estimates versus the subsequent actual surpluses.

### Historical Comparison of Actual to Estimated Surpluses for the Budget Year

Table 18–6 compares the estimated and actual surpluses or deficits since the deficit estimated for 1982 in the 1982 Budget. The estimated surpluses or deficits here for each budget include the Administration's policy proposals. Therefore, the estimated surplus for 2002 differs from that shown in table 18–3, which is on a current services basis. Earlier comparisons of actual and estimated surpluses were on a policy basis, so for consistency the figures in Table 18–6 are on this basis.

On average, the estimates for the budget year overestimated actual surpluses (or underestimated actual deficits) by \$14 billion over the 21-year period. Policy outcomes that differed from the original proposals reduced the surplus by an average of \$21 billion. Differences between economic assumptions and actual eco-

nomics performance reduced the surplus an average of \$11 billion. Differences due to these two factors were partly offset by technical revisions, which increased the surplus an average of \$18 billion.

The relatively small average difference between actual and estimated surpluses conceals a wide variation in the differences from budget to budget. The differences ranged from a \$389 billion overestimate to a \$190 billion underestimate. The \$389 billion overestimate, in the 2002 Budget, was due largely to receipt shortfalls associated with the 2001 recession and associated weak stock market performance. About a quarter of the overestimate was due to increased spending for recovery from the September 11, 2001 terrorist attacks, homeland security measures, and the war against terror, along with lower receipts due to the March 2002 economic stimulus act. The \$190 billion underestimate of the surplus, in the 1998 Budget, stemmed largely from stronger-than-expected economic growth and a surge in individual income tax collections beyond that accounted for by economic factors.

Because the average surplus difference obscures the degree of under- and overestimation in the historical data, a more appropriate statistic to measure the magnitude of the differences is the average absolute difference. This statistic measures the difference without regard to whether it was an under- or overestimate. Since 1982, the average absolute difference has been \$90 billion.

**Table 18–6. COMPARISON OF ACTUAL AND ESTIMATED SURPLUSES SINCE 1982**

(In billions of dollars)

| Budget                              | Surplus or deficit (-) estimated for budget year <sup>1</sup> | Differences due to  |                  |                   | Total difference | Actual surplus or deficit(-) |
|-------------------------------------|---|---------------------|------------------|-------------------|------------------|------------------------------|
|                                     |   | Enacted legislation | Economic factors | Technical factors |                  |                              |
| 1982 .....                          | -62   | 15                  | -70              | -11               | -66              | -128                         |
| 1983 .....                          | -107  | -12                 | -67              | -22               | -101             | -208                         |
| 1984 .....                          | -203  | -21                 | 38               | -                 | 17               | -185                         |
| 1985 .....                          | -195  | -12                 | -17              | 12                | -17              | -212                         |
| 1986 .....                          | -180  | -8                  | -27              | -7                | -41              | -221                         |
| 1987 .....                          | -144  | 2                   | -16              | 8                 | -6               | -150                         |
| 1988 .....                          | -111  | -9                  | -19              | -16               | -44              | -155                         |
| 1989 .....                          | -130  | -22                 | 10               | -11               | -23              | -152                         |
| 1990 .....                          | -91   | -21                 | -31              | -79               | -131             | -221                         |
| 1991 .....                          | -63   | 21                  | -85              | -143              | -206             | -269                         |
| 1992 .....                          | -281  | -36                 | -21              | 48                | -10              | -290                         |
| 1993 .....                          | -350  | -8                  | -13              | 115               | 95               | -255                         |
| 1994 .....                          | -264  | -8                  | 16               | 52                | 61               | -203                         |
| 1995 .....                          | -165  | -18                 | 1                | 18                | 1                | -164                         |
| 1996 .....                          | -197  | 6                   | 53               | 30                | 89               | -107                         |
| 1997 .....                          | -140  | 1                   | -4               | 121               | 118              | -22                          |
| 1998 .....                          | -121  | -9                  | 48               | 151               | 190              | 69                           |
| 1999 .....                          | 10  | -22                 | 56               | 82                | 116              | 126                          |
| 2000 .....                          | 117   | -42                 | 88               | 74                | 119              | 236                          |
| 2001 .....                          | 184   | -129                | 32               | 40                | -57              | 127                          |
| 2002 .....                          | 231   | -103                | -201             | -85               | -389             | -158                         |
| Average .....                       |   | -21                 | -11              | 18                | -14              |                              |
| Absolute average <sup>2</sup> ..... |   | 25                  | 43               | 53                | 90               |                              |
| Standard deviation .....            |   | 35                  | 62               | 70                | 128              |                              |

<sup>1</sup> Surplus or deficit estimate includes the effect of the budget's policy proposals.<sup>2</sup> Absolute average is the average without regard to sign.

Another measure of variability is the standard deviation. This statistic measures the dispersion of the data around the average value. The standard deviation of the surplus differences since 1982 is \$128 billion. Like the average absolute difference, this measure illustrates the high degree of variation in the difference between estimates and actual surpluses.

The large variability in estimates of the surplus for the budget year underscores the inherent uncertainties in estimating the future path of the Federal budget. Some estimating errors are unavoidable, because of differences between the President's original budget proposals and the legislation that Congress actually enacts. Occasionally such differences are huge, such as Congressional appropriations for disaster recovery, homeland security, and war efforts in response to the terrorist attacks of September 11, 2001, which were obviously not envisioned in the President's budget submitted the previous February. Even aside from differences in policy outcomes, errors in budget estimates can arise from new economic developments, unexpected changes in program costs, shifts in taxpayer behavior, and other factors. The budget impact of changes in economic assumptions are discussed further in Chapter 2 of this volume, "Economic Assumptions."

### Five-Year Comparison of Actual to Estimated Surpluses

The substantial differences between actual surpluses and the budget year estimates made less than two years earlier raises questions about the degree of varia-

bility for estimates of years beyond the budget year. Table 18–7 shows summary statistics for the surplus differences for the current year (CY), budget year (BY), and the four succeeding years (BY+1 through BY+4). These are the years that are required to be estimated in the budget by the Budget Enforcement Act of 1990.

On average, the budget estimates since 1982 understated the surplus in the current year by \$16 billion, but overestimated the surplus in the budget year by \$14 billion. The budget estimates overstated the surplus in the years following, by amounts growing from \$21 billion for BY+1 to \$35 billion for BY+4. While these results suggest a slight tendency to overestimate surpluses toward the end of the budget horizon, the averages are not statistically different from zero in light of the high variation in the data.

The average absolute difference between estimated and actual surpluses grows dramatically over the six years from CY through BY+4, from \$47 billion in the current year to \$90 billion for the budget year, to \$203 billion for BY+4. While under- and overestimates of the surplus have historically tended to average out, the absolute size of the under- or overestimates grows as the estimates extend further into the future. The standard deviation of the surplus differences shows the same pattern. The standard deviation grows from \$61 billion for current year estimates to \$128 billion for the budget year estimates and continues to increase steadily as the estimates extend further out, reaching \$236 billion for BY+4.

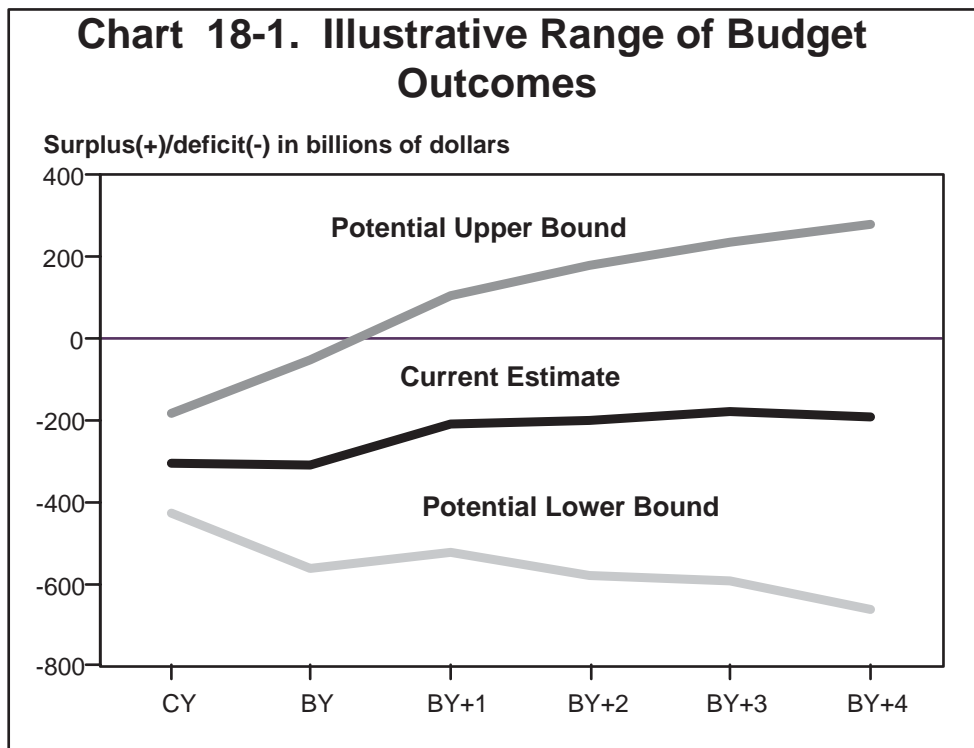
The estimates of variability in the difference between estimated and actual surpluses can be used to construct a range of uncertainty around a given set of surplus estimates. Statistically, if these differences are normally distributed, the actual surplus will be within a range of two standard deviations above or below the

estimate about 90% of the time. Chart 18-1 shows this range of uncertainty applied to the surplus estimates in this budget. This chart illustrates that unforeseen economic developments, policy outcomes, or other factors could give rise to large swings in the surplus estimates.

**Table 18-7. DIFFERENCES BETWEEN ESTIMATED AND ACTUAL SURPLUSES FOR FIVE-YEAR BUDGET ESTIMATES SINCE 1982**  
(In billions of dollars)

| Measure  | Current year estimate | Budget year estimate | Estimate for budget year plus |                  |                    |                   |
|--|-----------------------|----------------------|-------------------------------|------------------|--------------------|-------------------|
|  |                       |                      | One year (BY+1)               | Two years (BY+2) | Three years (BY+3) | Four years (BY+4) |
| Average difference <sup>1</sup> .....          | 16                    | -14                  | -21                           | -30              | -41                | -35               |
| Average absolute difference <sup>2</sup> ..... | 47                    | 90                   | 121                           | 158              | 183                | 203               |
| Standard deviation .....                       | 61                    | 128                  | 158                           | 189              | 207                | 236               |

<sup>1</sup> A positive figure represents an underestimate of the surplus or an overestimate of the deficit.  
<sup>2</sup> Average absolute difference is the average difference without regard to sign.







## 19. 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. These permanent appropriations take three main forms. The first is 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. The second is interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847 and equals interest outlays. The third is the authority to spend offsetting collections credited to appropriation or fund accounts.

Not all of the new budget authority for 2004 will be obligated or spent in 2004:<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. New budget authority is now appropriated year-by-year for renewal of these contracts as they expire. For many years into the future, however, some of the outlays under these programs will continue to originate from budget authority enacted in 1997 and earlier years.

- 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, \$421 billion of the outlays in 2004 (19 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$436 billion of the new budget authority proposed for 2004 (19 percent of the total amount proposed) will not lead to outlays until future years. Although outlays in 2004 are, coincidentally, very nearly equal to budget authority for that year (99.4 percent), this coincidence only occurs because the prior-year authority that will produce 2004 outlays (\$421 billion) nearly equals the new 2004 authority that will not be spent until future years (\$436 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.

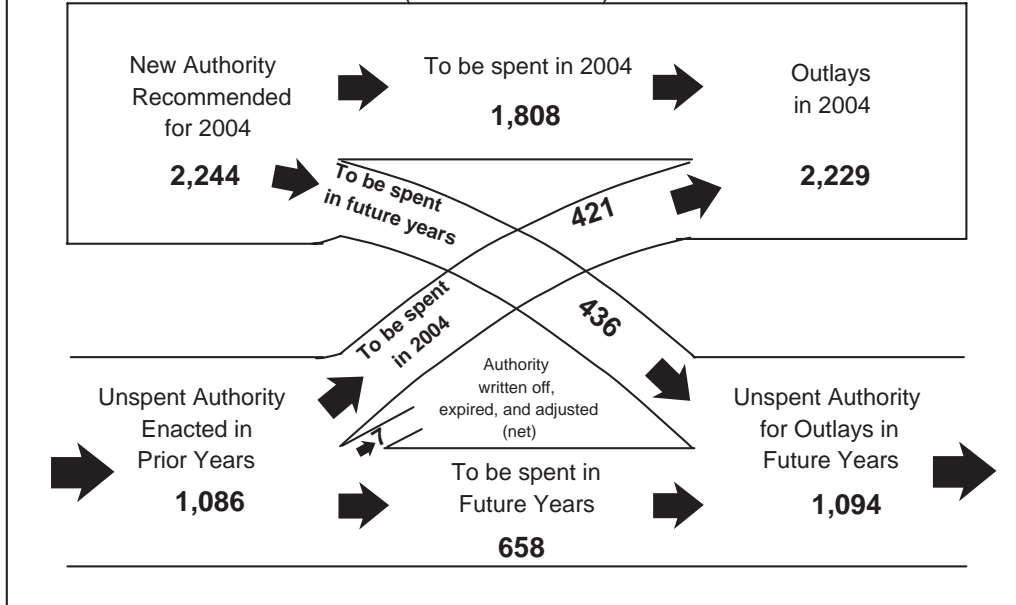
<sup>1</sup>The relationship of budget authority, obligations, and outlays is discussed generally in Chapter 24 of this volume, “Budget System and Concepts and Glossary”; for most individual budget accounts, this relationship is traced in a “program and financing” schedule (table) in the budget Appendix volume.

<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 available on the internet, with the other budget documents.

**Chart 19-1. Relationship of Budget Authority to Outlays for 2004**

(Dollars in billions)



## 20. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The unified budget of the Federal Government is divided by law between on-budget and off-budget entities. The off-budget Federal entities conduct programs that result in the same kind of spending and receipts as on-budget entities. Despite its off-budget classification, this spending channels economic resources toward particular uses in the same way as on-budget spending. Off-budget spending and receipts are discussed in the following section on off-budget Federal entities.

The budget does not include activities that are related to the Federal Government but that are non-budgetary by their inherent nature. In some cases this is because the activities are not conducted by the Government, such as the financial intermediation provided by the Government-sponsored enterprises; and in other cases this is because the activities are not costs to

the Government itself, such as regulation. Nevertheless, some of these activities are important instruments of Federal policy. Some are discussed in the budget documents, and in certain 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.

**TABLE 20-1. 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 | 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   | 543.0     | 135.2      | -79.0                  | -73.9     | -5.0       |
| 1982 .....          | 617.8    | 474.3     | 143.5      | 745.7   | 594.3     | 151.4      | -128.0                 | -120.0    | -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   | 686.0     | 165.8      | -185.4                 | -185.6    | 0.3        |
| 1985 .....          | 734.1    | 547.9     | 186.2      | 946.4   | 769.6     | 176.8      | -212.3                 | -221.7    | 9.4        |
| 1986 .....          | 769.2    | 569.0     | 200.2      | 990.4   | 806.9     | 183.5      | -221.2                 | -237.9    | 16.7       |
| 1987 .....          | 854.4    | 641.0     | 213.4      | 1,004.1 | 810.2     | 193.8      | -149.7                 | -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      | 1,143.6 | 932.7     | 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      | -269.3                 | -321.5    | 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                 | -300.4    | 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 | 1,227.1   | 288.7      | -164.0                 | -226.4    | 62.4       |
| 1996 .....          | 1,453.1  | 1,085.6   | 367.5      | 1,560.5 | 1,259.6   | 300.9      | -107.5                 | -174.1    | 66.6       |
| 1997 .....          | 1,579.3  | 1,187.3   | 392.0      | 1,601.3 | 1,290.6   | 310.6      | -22.0                  | -103.3    | 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      | 1,701.9 | 1,381.1   | 320.8      | 125.6                  | 1.9       | 123.7      |
| 2000 .....          | 2,025.2  | 1,544.6   | 480.6      | 1,788.8 | 1,458.0   | 330.8      | 236.4                  | 86.6      | 149.8      |
| 2001 .....          | 1,991.2  | 1,483.7   | 507.5      | 1,863.9 | 1,517.1   | 346.8      | 127.3                  | -33.4     | 160.7      |
| 2002 .....          | 1,853.2  | 1,337.9   | 515.3      | 2,011.0 | 1,655.3   | 355.7      | -157.8                 | -317.5    | 159.7      |
| 2003 estimate ..... | 1,836.2  | 1,304.7   | 531.6      | 2,140.4 | 1,772.3   | 368.1      | -304.2                 | -467.6    | 163.5      |
| 2004 estimate ..... | 1,922.0  | 1,365.9   | 556.2      | 2,229.4 | 1,847.9   | 381.5      | -307.4                 | -482.1    | 174.7      |
| 2005 estimate ..... | 2,135.2  | 1,545.7   | 589.5      | 2,343.4 | 1,953.1   | 390.3      | -208.2                 | -407.4    | 199.2      |
| 2006 estimate ..... | 2,263.2  | 1,648.4   | 614.8      | 2,463.7 | 2,060.1   | 403.6      | -200.5                 | -411.7    | 211.2      |
| 2007 estimate ..... | 2,398.1  | 1,753.6   | 644.4      | 2,576.2 | 2,159.7   | 416.5      | -178.1                 | -406.1    | 227.9      |
| 2008 estimate ..... | 2,520.9  | 1,847.7   | 673.2      | 2,710.5 | 2,280.4   | 430.1      | -189.6                 | -432.7    | 243.1      |

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

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 on-budget totals by law. When a Federal entity is off-budget, its receipts, outlays, and surplus or deficit are not included in the on-budget receipts, outlays, and surplus or deficit; and its budget authority is not included in the totals of budget authority for the on-budget Federal entities. The Budget Enforcement Act of 1990 excluded off-budget entities from general enforcement provisions (except for the administrative expenses of Social Security), although it had special enforcement provisions for Social Security.

The off-budget Federal entities conduct programs of the same type as the on-budget entities. Most of the tables in the budget documents include the on-budget and off-budget amounts both separately and in combination, or show them only as a total amount, 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 classified off-budget as of 1986 and the Postal Service fund in 1989. A number of other entities were off-budget at different times before 1986 but were classified on-budget by law in 1985 or earlier.

The preceding table divides the total Federal Government receipts, outlays, and surplus or deficit between the on-budget and off-budget amounts. 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.

The off-budget entities are a significant part of total Federal spending and receipts. In 2004, the off-budget receipts are an estimated 28 percent of total receipts, and the off-budget outlays are a moderately smaller percentage of the total. The unified budget deficit in that year is \$307 billion—a \$482 billion on-budget deficit partly offset by a \$175 billion off-budget surplus. The off-budget surplus is virtually the same as the Social Security surplus. 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 throughout the period of this table and for some years thereafter. However, it is estimated to subsequently decline, turn into a deficit, and never reach balance again under present law. The long-term challenge to Social Security is discussed in a chapter in the main *Budget* volume, “The Real Fiscal Danger,” and is analyzed with much greater detail in chapter 3, “Stewardship,” of this volume.

## 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 are calculated as the present value of estimated cash outflows from the Government less the present value of estimated cash inflows to the Government. These costs are equivalent to the outlays of other Federal programs and are included in the budget as outlays of credit program accounts when the Federal Government makes a direct 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 financing accounts also receive payments from the credit program accounts for the costs of direct loans and loan guarantees. The net transactions of the financing accounts—i.e., the cash transactions with the public less the amounts received from the program accounts—are not costs to the Government. Therefore, the net transactions of the financing accounts are non-budgetary in concept, and the Act excludes them from the budget.<sup>1</sup> Because they are non-budgetary in concept, they are not classified as off-budget Federal entities. Their effect on the Government’s borrowing requirement is explained in chapter 13 of this volume, “Federal Borrowing and Debt.”

The budget outlays of credit programs thus measure the cost of Government credit decisions, and they record this cost when the credit assistance is provided. This enables the budget to more effectively fulfill 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.<sup>2</sup>

Credit programs are discussed in chapter 9 of this volume, “Credit and Insurance.”

**Premiums and discounts on debt buybacks.**—The Treasury Department bought back outstanding bonds as part of its debt management from March 2000 to April 2002. The premiums paid on debt buybacks were recorded outside the budget totals as a “financing other

<sup>1</sup> See sec. 505(b).

<sup>2</sup> For more explanation of the budget concepts for direct loans and loan guarantees, see the sections on Federal credit and credit financing accounts 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 of the United States Government, 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 in chapter 9, “Underwriting Federal Credit and Insurance,” Analytical Perspectives, Budget of the United States Government, Fiscal Year 1999, p. 170.

than the change in debt held by the public.” This budgetary treatment is explained in a section of chapter 24, “Budget System and Concepts and Glossary,” in the *Analytical Perspectives* volume of the 2001 budget, pages 457–58. The buyback premiums in 2002 are shown in chapter 13 of this volume, “Federal Borrowing and Debt.”

**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. For similar reasons, the budget excludes funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes’ behalf. Deposit funds 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 expenditures. In addition to this primary economic effect, taxation has important effects on the incentives that affect the allocation of resources among private uses and the distribution of income among individuals. These effects depend on the composition of the Federal tax system and the rates and other structural characteristics of each Federal tax. The latter effects of taxation on resource allocation and income distribution are in many ways analogous to the effects of outlays, but these effects are not recorded as budget outlays nor are they measured by budget receipts.

Some of the effects of taxes on resource allocation and income distribution, but not all, arise from special exclusions, exemptions, deductions, and similar provisions that are identified by comparing the tax law with a baseline. Revenue losses caused by these special provisions are defined as “tax expenditures” and are discussed in chapter 6 of this volume, “Tax Expenditures.” The chapter includes tables with estimates for all known tax expenditures associated with the individual and corporation income taxes. The chapter also compares tax expenditures with spending programs and regulation as alternative methods for achieving policy objectives, and it provides an illustrative overview of performance measures that might be used to evaluate tax expenditures.

The baseline concepts used to identify and measure tax expenditures in chapter 6 have important ambiguities. Although partly patterned on a comprehensive income tax, they are subjective, as noted last year, and are thus open to question in a number of respects. The Treasury Department has therefore begun a review of the tax expenditure presentation. The appendix to chapter 6 provides an initial review, focusing on three issues: (1) using a comprehensive income tax as a baseline, (2) including negative tax expenditures in the presentation (i.e., provisions that cause people to pay more tax than they would under a baseline—such as the failure to adjust interest, capital gains, and depreciation for inflation in comparison to a comprehensive income tax), and (3) using a comprehensive consumption tax as a baseline.

**Government-sponsored enterprises.**—The Federal Government has established a number of Government-sponsored enterprises, such as Fannie Mae, Freddie Mac, 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 9 of this volume, “Credit and Insurance,” and their lending and borrowing are summarized in tables 9–11 and 9–12 of that chapter.

**Regulation.**—Some types of regulation have economic effects that are similar to budget outlays or tax expenditures 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>

The Office of Management and Budget began to publish a report on the costs and benefits of Federal regulation in 1997. The latest report, *Stimulating Smarter Regulation*, was released in December 2002 and includes a report on unfunded mandates.<sup>4</sup> The report estimates the total costs and benefits of Federal regulations reviewed by OMB from April 1995 through September 2001 and the impact of Federal regulation on state, local, and tribal governments and on wages, economic growth, and small business. It also discusses regulatory policy under the present Administration, regulatory governance abroad, and recommendations for reform. The report on regulation is required by statute to be updated annually.

<sup>3</sup>The most recent publication was issued by the Regulatory Information Service Center in December 2002 and printed in the Federal Register of December 9, 2002 (vol. 67, no. 236).

<sup>4</sup>Office of Information and Regulatory Affairs, Office of Management and Budget, *Stimulating Smarter Regulation: 2002 Report to Congress on the Costs and Benefits of Regulations and Unfunded Mandates on State, Local, and Tribal Entities* (2002).



## 21. OUTLAYS TO THE PUBLIC, NET AND GROSS

Table 21-1 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 government, 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, equal the net outlays plus offsetting receipts and collections from the public. Offsetting receipts and collections 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 collections from the public resulting from the exercise of the Government's sovereign or governmental powers

to levy or impose taxes, fees, fines, and the like. The table shows that offsetting receipts and collections are more important for some agencies than for others.

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 Governmental decision making rather than by private choice and the market mechanism. The surplus or deficit is calculated by subtracting total outlays from total receipts. It would be exactly the same if offsetting collections and receipts were to be included in total receipts and not subtracted from gross outlays.

In this table, negative net outlays occur when collections exceed 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 5, "User Charges and Other Collections," in this volume discusses offsetting collections and receipts in more detail.

**Table 21-1. TOTAL OUTLAYS, NET AND GROSS OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 2002-2004**  
(In millions of dollars)

| (Department or Other Unit)              | 2002        |   |   | 2003        |   |   | 2004        |   |   |
|---|-------------|---|---|-------------|---|---|-------------|---|---|
|   | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public |
| Legislative Branch .....                | 3,218       | 98  | 3,316   | 3,961       | 77  | 4,038   | 4,336       | 71  | 4,407   |
| Judicial Branch .....                   | 4,823       | 77  | 4,900   | 5,419       | 36  | 5,455   | 5,663       | 76  | 5,739   |
| Executive Branch.                       |             |   |   |             |   |   |             |   |   |
| Agriculture .....                       | 68,731      | 19,011  | 87,742  | 72,773      | 21,021  | 93,794  | 74,124      | 19,021  | 93,145  |
| Commerce .....                          | 5,314       | 1,485   | 6,799   | 5,790       | 1,856   | 7,646   | 5,778       | 1,826   | 7,604   |
| Defense - Military .....                | 331,951     | 11,548  | 343,499   | 358,155     | 10,576  | 368,731   | 370,707     | 10,736  | 381,443   |
| Education .....                         | 46,282      | 2,250   | 48,532  | 59,481      | 1,207   | 60,688  | 58,891      | 1,097   | 59,988  |
| Energy .....                            | 17,681      | 6,050   | 23,731  | 19,796      | 6,908   | 26,704  | 21,030      | 6,870   | 27,900  |
| Health and Human Services .....         | 465,812     | 28,307  | 494,119   | 502,013     | 30,596  | 532,609   | 539,015     | 33,427  | 572,442   |
| Homeland Security .....                 | 17,476      | 5,899   | 23,375  | 28,155      | 8,258   | 36,413  | 27,942      | 8,186   | 36,128  |
| Housing and Urban Development .....     | 31,885      | 3,632   | 35,517  | 37,987      | 3,293   | 41,280  | 36,486      | 1,799   | 38,285  |
| Interior .....                          | 9,739       | 3,093   | 12,832  | 10,357      | 3,656   | 14,013  | 10,722      | 3,483   | 14,205  |
| Justice .....                           | 21,112      | 645   | 21,757  | 22,156      | 751   | 22,907  | 24,271      | 791   | 25,062  |
| Labor .....                             | 64,704      | 3,213   | 67,917  | 70,746      | 2,609   | 73,355  | 58,118      | 3,242   | 61,360  |
| State .....                             | 9,453       | 461   | 9,914   | 10,977      | 816   | 11,793  | 10,205      | 1,000   | 11,205  |
| Transportation .....                    | 56,104      | 440   | 56,544  | 52,280      | 581   | 52,861  | 53,680      | 306   | 53,986  |
| Treasury .....                          | 370,558     | 15,520  | 386,078   | 368,803     | 15,866  | 384,669   | 391,968     | 16,779  | 408,747   |
| Veteran Affairs .....                   | 50,884      | 5,355   | 56,239  | 56,946      | 4,814   | 61,760  | 61,889      | 4,397   | 66,286  |
| Corps of Engineers-Civil Works .....    | 4,797       | 1,080   | 5,877   | 4,146       | 473   | 4,619   | 4,117       | 471   | 4,588   |
| Other Defense Civil Programs .....      | 35,157      | 14  | 35,171  | 40,148      | 16  | 40,164  | 40,442      | 21  | 40,463  |
| Environmental Protection Agency .....   | 7,450       | 524   | 7,974   | 7,958       | 248   | 8,206   | 8,270       | 234   | 8,504   |
| Executive Office of the President ..... | 451         | 0   | 451   | 334         | 0   | 334   | 341         | 0   | 341   |

**Table 21-1. TOTAL OUTLAYS, NET AND GROSS OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 2002-2004—Continued**

(In millions of dollars)

| (Department or Other Unit)                          | 2002             |   |   | 2003             |   |   | 2004             |   |   |
|---|------------------|---|---|------------------|---|---|------------------|---|---|
|   | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections and Receipts from the Public |
| General Services Administration .....               | -677             | 240   | -437  | 424              | 263   | 687   | 80               | 247   | 327   |
| International Assistance Programs .....             | 13,342           | 12,929  | 26,271  | 13,020           | 14,216  | 27,236  | 15,235           | 13,105  | 28,340  |
| National Aeronautics and Space Administration ..... | 14,430           | 70  | 14,500  | 14,599           | 125   | 14,724  | 15,255           | 133   | 15,388  |
| National Science Foundation .....                   | 4,188            | 0   | 4,188   | 4,853            | 0   | 4,853   | 5,092            | 0   | 5,092   |
| Office of Personnel Management .....                | 52,512           | 8,210   | 60,722  | 55,793           | 9,067   | 64,860  | 58,475           | 9,916   | 68,391  |
| Small Business Administration .....                 | 493              | 707   | 1,200   | 1,553            | 508   | 2,061   | 770              | 106   | 876   |
| Social Security Administration .....                | 488,240          | 5,999   | 494,239   | 509,910          | 8,665   | 518,575   | 530,765          | 8,212   | 538,977   |
| Export-Import Bank of the United States .....       | -141             | 1,334   | 1,193   | -3,105           | 3,925   | 820   | 180              | 475   | 655   |
| Federal Deposit Insurance Corporation .....         | -353             | 3,925   | 3,572   | 842              | 2,059   | 2,901   | -169             | 2,323   | 2,154   |
| Postal Service .....                                | 207              | 64,957  | 65,164  | -4,161           | 69,437  | 65,276  | -2,985           | 70,159  | 67,174  |
| Railroad Retirement Board .....                     | 5,425            | 30  | 5,455   | 4,925            | 592   | 5,517   | 4,736            | 922   | 5,658   |
| Other Independent Agencies .....                    | 10,847           | 9,849   | 20,696  | 12,255           | 10,685  | 22,940  | 12,421           | 10,963  | 23,384  |
| Allowances .....                                    | 0                | 0   | 0   | -1,125           | 0   | -1,125  | -527             | 0   | -527  |
| Undistributed Offsetting Receipts .....             | -201,120         | 5,026   | -196,094  | -207,787         | 4,380   | -203,407  | -217,898         | 4,189   | -213,709  |
| <b>Total .....</b>                                  | <b>2,010,975</b> | <b>221,978</b>                                      | <b>2,232,953</b>  | <b>2,140,377</b> | <b>237,580</b>                                      | <b>2,377,957</b>  | <b>2,229,425</b> | <b>234,583</b>                                      | <b>2,464,008</b>  |



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# INFORMATION TECHNOLOGY INVESTMENTS

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## 22. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

The federal government's investment in information technology (IT) is estimated to be \$59 billion for 2004, up from the 2003 Budget request of \$53 billion. This increase, much of which is expected to occur during 2003, has two primary causes: better reporting by agencies has identified \$2 billion that was not previously reported as IT; and new spending is planned to support homeland security and the war on terrorism. The increase in IT spending has primarily been achieved through reprioritizing to support key Administration goals, with a shift by agencies toward strategic use of technology to improve performance.

This investment continues to make the federal government the largest buyer of information technology (IT) in the world, and agencies are deriving better value from IT. Indeed, more effective use of IT will improve the government's overall performance. This is occurring within agencies by modernizing to support their mission and improve their infrastructure and across agencies by simplifying and unifying activities around the needs of citizens.

Some improvements have been attained through better IT management within agencies, which is discussed in detail in Table 22-1 of this document. Additionally, specific initiatives in the federal IT portfolio have started to deliver real successes in citizen services and government operations. For example:

- **FirstGov:** [www.firstgov.gov](http://www.firstgov.gov) is the gateway to the federal government. The site was redesigned to provide government services within "three clicks". This was accompanied by the creation of the Office of Citizen Services at the General Services Administration, which integrated FirstGov with the operations of the Federal Consumer Information Center to serve as a single point of contact to the Government on-line and by telephone. The new strategy has increased the number of site visitors by 50 percent, and the site was named "One of the Top 50 Most Incredibly Useful Web Sites" by Yahoo.
- **GovBenefits:** The Government now provides one-stop access to information and services of almost 200 government programs representing more than \$1 trillion in annual benefits. [GovBenefits.gov](http://GovBenefits.gov) receives over 500,000 visitors per month and appears on *USA Today's* list of "Hot Sites."
- **Free Filing:** The Internal Revenue Service has created a single-point of access to free online preparation and electronic tax filing services, provided by industry partners, to reduce burden and costs to taxpayers. As of January 2003, this service is available to a substantial majority of taxpayers at [www.firstgov.gov](http://www.firstgov.gov) and [www.irs.gov](http://www.irs.gov).

- **GoLearn:** This on-line training initiative is the number one most visited e-training site in the world, with more than 36 million hits for information on many thousands of e-training courses, e-books, and career development resources. [GoLearn.gov](http://GoLearn.gov) has already allowed over 30,000 federal employees to receive training at a cost of pennies per course that would not have been possible prior to the launch of GoLearn. Traditional training approaches only serve a fraction of this number of people, often at as much as \$2,500-\$5,000 per class.
- **Departments of Defense and Veterans Affairs Sharing of Information Technology:** The Department of Veterans Affairs has incorporated the Department of Defense's eligibility and enrollment system—providing veterans with seamless services as they leave the military and apply for benefits at the Department of Veterans Affairs. The Departments also are working jointly on computerized patient medical records that will allow instant exchange of patient information between the two health care systems by the end of 2005. These joint efforts escalate the pace of coordination, reducing costs while increasing efficiency and health care quality for those who have served our nation.
- **Performance Based Data Management Initiative (PBDMI):** At the Department of Education, IT is being used to transform how state student academic performance information is collected and managed. Currently states and school districts are bogged down in complicated and redundant reporting that is not effectively shared among Department of Education programs or education partners. This initiative will result in a streamlined data collection process that reduces burden on state governments and eliminates redundancy across the department.
- **I-MANAGE:** The cornerstone of the Department of Energy's efforts to improve management effectiveness, I-MANAGE will integrate disparate human resources, financial management, procurement, facilities management, budget formulation, financial and cost accounting systems. I-MANAGE replaces a less effective financial management system that was behind schedule. When implemented, I-MANAGE will provide real-time information enabling managers to monitor program performance.

The Government has also improved productivity and results from IT investments because of success in the way agencies identify, select and manage their IT investments. Some agencies—including Office of Per-

sonnel Management and the Departments of Energy and Labor—have made significant strides in identifying “modernization blueprints”, or Enterprise Architectures, to target IT investments that enable programs and business lines to high priority effectiveness and efficiency goals.

Improved business cases and other information on agency IT investments allow the Administration to more accurately identify opportunities for agencies to achieve results. Specifically, the 2004 Budget includes roughly 1400 major projects at \$35 billion. IT investments are funded only when agencies demonstrated that the project would provide significant value to its mission, had a reasonable likelihood for success in meeting goals and objectives, incorporated sufficient IT security, helped achieve the President’s Management Agenda, and did not duplicate other investments.

Despite the major gains that the Government has made over the last year, we still have much work to do. OMB continues to monitor the performance of IT investments by agencies. For example, of the \$59 billion in the 2004 Budget for IT investments, 771 projects representing \$20.9 billion are currently on an “At-Risk List”. This list includes mission-critical projects that do not successfully demonstrate sufficient potential for success through the business case, or do not adequately address IT security (currently 694 at risk projects accounting for \$18.9 billion). Agencies continually work to improve these projects and address the weaknesses that placed them on the “At Risk List”. OMB will allow investments on the list to move forward only after agencies present successful business cases.

Specific challenges that remain to better serving the citizen through E-Government include:

- There is a shortfall in qualified project managers and IT architects needed to successfully manage the federal IT investments.
- IT security continues to be an issue. Many agencies find themselves faced with the same security weaknesses year after year and are not adequately

prioritizing security improvements in their IT investment portfolio. As a result, agencies seek funding to develop new systems while significant IT security weaknesses continue, especially in their legacy systems.

As this Chapter will discuss, correcting these and other longstanding issues requires a focused effort across the Government. OMB will increasingly work to ensure that the federal government consolidates and improves the quality of IT investments. Under OMB Circular A-11 and decisions made in preparing this Budget, agencies are required to leverage existing IT investments when appropriate, and pursue agency-unique solutions only where a business case justifies such an approach.

**Background**

The Clinger-Cohen Act of 1996 (CCA) requires that, in conjunction with the President’s budget submission, the OMB Director submit a report to Congress on the results of federal IT spending. The Act requires that the report identify “net program performance benefits achieved as a result of major capital investments made by executive agencies in information systems and how the benefits relate to the accomplishments of the goals of the executive agencies.” The Act also requires that appropriate security and privacy controls are identified and implemented to safeguard the federal government’s information and systems. Finally, the Clinger-Cohen Act and the Federal Acquisition Streamlining Act of 1994 contain IT management reform activities that must be documented in the President’s budget submission to Congress.

More recently, the E-Government Act of 2002 requires OMB to submit an annual report on the status of E-Government, timed for submission with the Budget.

The table below provides detail on these statutory requirements.

**Background for Legislation**

| Legislation  | Description  |
|--|--|
| Clinger-Cohen Act of 1996                                      | In 1996, recognizing the importance of information technology for effective government, the President signed the Information Technology Management Reform Act and the Federal Acquisition Reform Act. These two Acts, together known as the Clinger-Cohen Act, require the heads of federal agencies to link IT investments to agency accomplishments. The Clinger-Cohen Act also requires that agency heads establish a process to select, manage and control their IT investments. |
| Federal Acquisition Streamlining Act of 1994, Title V (FASA V) | There are two major components of the Federal Acquisition Streamlining Act Title V (FASA V). First, agencies must demonstrate sound decision-making and a results-oriented focus when planning for projects. Second, agencies must effectively manage ongoing programs and achieve at least ninety percent of planned costs, schedule, and performance goals.  |

## Background for Legislation—Continued

| Legislation                  | Description   |
|------------------------------|---|
| The E-Government Act of 2002 | <p>The E-Government Act:</p> <ul style="list-style-type: none"> <li>• Codifies an Office of Electronic Government, headed by an Administrator within the Office of Management and Budget</li> <li>• Requires Agency compliance with OMB guidance on E-Government and IT.</li> <li>• Authorizes \$345 million over four years for interagency E-Government projects</li> <li>• Requires privacy impact assessments for new IT systems and information collections that contain personal information</li> <li>• Authorizes a centralized online portal (<a href="http://www.firstgov.gov">www.firstgov.gov</a>), so that information and services are organized according to citizens' needs</li> <li>• Improves recruitment and training of information technology professionals</li> </ul> <p>The Act contains a variety of other provisions, for example authorizing online rule-making, enhanced use of electronic signatures, and strong new privacy protections. In addition, it makes permanent information security laws under the Federal Information Security Management Act of 2002, initially enacted through the Government Information Security Reform Act (GISRA).</p> |

This Budget fulfills the statutory requirements through four components: Chapter 22, Table 22–1, the Agency IT Investments Portfolios (Exhibit 53 as required by OMB Circular A-11), and “Performance Information for Major IT Investments”. Table 22–1 summarizes the results of IT management processes at major agencies. The table documents how agency actions are improving the program results from IT investments, fulfilling the requirements of the Clinger Cohen Act.

The Agency IT Investment Portfolios (available in Exhibit 53 on the Internet at <http://www.whitehouse.gov/OMB>) provide details for the 2004 IT investments, including:

- Agency summaries of major projects and many significant projects, and
- Current and anticipated funding.

Performance Information for Major IT Investments uses the business cases provided by agencies to demonstrate project information for major investments, support of the agency's strategic goals and missions, performance goals and measures covering two years, and a description of the planned benefits of the project. Performance Information for Major IT Investments will be published on the internet at <http://www.whitehouse.gov/OMB> by March 31, 2003.

Related documents on IT security and E-Government are discussed below, and will also be available at <http://www.whitehouse.gov/OMB>.

### Expanding E-Government: Bringing E-Business to the Government

Over the last year, the federal government has made significant progress toward becoming a transformed and more productive “E-Enterprise” to serve citizens. The Administration has taken a two-pronged approach to IT reform: modernizing within agencies around the tenets of e-business, and consolidating and integrating IT investments across agencies around groups of citizens that include individuals, businesses, other govern-

ments, and federal government employees. Specific achievements during the past year have included:

- Release of the federal government's first E-Strategy last February, which will be updated later this month.
- Implementation of the citizen-centered, cross-agency E-Government initiatives, discussed in the 2003 Budget, that have started to make a real improvement in government service.
- The redesign of FirstGov and creation of the Office of Citizen Services at GSA.
- The development and use of the Federal Enterprise Architect (FEA) to focus modernization on better results.
- The initial development of a “content model”, which will provide a framework to govern how the government makes information available to the public through the Internet.
- Major strides by individual agencies, such as the Departments of Energy and Veterans' Affairs, in developing e-strategies that leverage IT to modernize programs and activities.
- The development and use of standard performance measures to identify progress and areas for improvement within agency IT security programs.

In addition, the E-Government Act of 2002, signed into law by the President on December 17, 2002, codifies high-level leadership in OMB to direct the changes made possible through E-Government, embrace new initiatives and funding mechanisms, and break down the narrowly focused agency silos that have served to develop and finance IT for too long. The statute authorizes a number of the Administration's E-Government initiatives. It also embraces and furthers this Administration's citizen-centered, cross-agency and performance-based strategy to reform government through more effective use of information technology and sound development of information policy.

Other major steps that OMB and the agencies have taken in the past year include:

- The Chief Information Officer (CIO) Council members (CIOs, Deputy CIOs, and Chief Technology Officers) from the Cabinet level agencies) agreed in May 2002 to work together on investment and architecture decisions that improve Government performance, such as more effective use of enterprise licenses that allow for consolidated software purchasing at significantly lower prices. This represented a major step forward to leverage IT activities across agencies, and the CIO Council's Architecture and Infrastructure Committee has been restructured to implement this agreement. The Committee's work will be enhanced with the doubling of visibility into planned IT purchases; agency business cases now address \$35 billion in the Government's IT portfolio, up from \$18 billion last year.
- OMB developed guidance under the President's Expanding E-Government Initiative that requires agencies to create "modernization blueprints", identifying the business lines of the agency, the information needed to manage these business processes, and the IT that is needed to achieve program and business goals. Law and policy use the term "enterprise architecture" to identify these agency plans; this Budget also uses the term modernization blueprints to better describe strategies that will transform and modernize an agency around the needs of the citizen.
- To provide a framework that will strengthen and integrate modernization blueprints, last year OMB and the CIO Council developed the Business Reference Model, the first of five modules of a FEA. The FEA gives OMB and agencies significant opportunities to consolidate IT investments around the needs of citizen groups (including businesses and state and local governments). Under the FEA, agencies have started to develop modernization blueprints for IT. OMB used the BRM to identify redundancies and gaps in agency business lines and proposed IT investments. More detail on the FEA and next steps can be found at the end of this chapter.

### Continuing Challenges for Federal Information Technology

Even with these important achievements, the government still has a lot of work to do to address key challenges:

- As indicated, the FEA reveals significant redundancies in agency activities, while "siloed" agency-specific buying perpetuates redundant IT purchases and limits productivity gains from government technology investments.
- Data collected in the 2004 Budget Process revealed that the federal government has a major shortage of skilled IT program managers and program management skills.

- Implementation of the Government Information Security Reform Act (GISRA—now amended to be FISMA, the Federal Information Security Management Act) has provided a baseline for agency IT security performance, and the Administration now knows what has been secured and the workload remaining. The 2002 GISRA reports documented significant new and remaining gaps in federal IT security programs.

The Administration is taking steps to address each of these challenges. Specifically, the next section addresses policy improvements, as well as actions being taken in response to six "chronic problems" discussed in the 2003 Budget.

### How Has the Government Responded to These Challenges?

*The Principles of E-Government Lie at the Core of OMB Policy.* In order to move the federal IT portfolio toward the General Accounting Office (GAO) and industry views of best practice, OMB guidance identified how agencies should provide information that improved the IT portfolio included in this Budget. This guidance discussed how to collaborate across government and within agencies, and then informed agencies on the standards that OMB would use to review and select the portfolio. Industry best practices for IT Portfolio Management were followed in the review and analysis.

*Business Cases Drive Performance Improvement.* As one of the key elements in the President's Management Agenda, E-Government should close performance gaps and leverage E-Business techniques to achieve an order of magnitude improvement in government performance. As in the 2003 budget process, the 2004 Budget continues to use IT investment business cases in assuring that IT investments generate increased efficiency, effectiveness, and, most importantly, maximized service to citizens. As required in OMB Circular A-11, several key criteria were applied to determine the viability of an agency's business case:

- *Linkage to the Agency and Program Performance*—Performance goals must be provided for the agency, linked to the annual performance plan as well as the agency mission and strategic goals, and performance measures must demonstrate how the project will support the improvements in the effectiveness and efficiency of the programs. Agencies must also clearly demonstrate how the project assists the agency to become more productive, citizen-centered, and results oriented.
- *Support of the President's Management Agenda*—IT proposals must include multiple agencies; state, local, or tribal governments; use E-Business technologies; be governed by citizen needs; support the FEA Business Reference Model (FEA BRM) published by OMB; and, where appropriate, be fully aligned with the President's E-Gov initiatives.
- *Mitigation of Risk to the federal government*—Agencies must demonstrate an Acquisition Strategy that uses a strong Risk Mitigation Plan to

limit the government’s risk; accommodates Section 508 (access for persons with disabilities); and has a program plan with milestones, a viable program management structure, and a clearly defined way to implement the Acquisition Strategy.

- *Management of IT Security and Privacy*—Agencies must demonstrate through their business cases that each investment is compliant with IT security requirements and security costs have been identified and integrated in the overall life cycle costs of the investment. Additionally, each investment must address privacy implications when collecting personal information.

The following table documents the process used in applying these criteria for 2004 IT Budget decisions:

STEPS FOR THE 2004 BUDGET PREPARATION

|    |   |
|----|---|
|    |   |
| 1. | June: A-11 Guidance published; agencies were required to submit business case information that shows project value, program plan, cost, schedule, risk management, and leverages partnering around E-Gov projects and the FEA BRM Lines of Business.  |
| 2. | May-August: OMB memoranda identified potential opportunities for leveraging cross agency partnering.  |
| 3. | Agencies submitted business cases and IT portfolios in September, with ongoing updates; data arrived via Extensible Markup Language (XML) and were made available for on-line analysis within OMB.  |
| 4. | OMB reviewed and scored business cases based on A-11 criteria <ul style="list-style-type: none"> <li>• Individual projects were reviewed for strategic value, viability, program decisions, etc</li> <li>• Agencies were provided scores and resubmitted improved business cases.</li> </ul>  |
| 5. | OMB identifies opportunities for consolidation in three key areas: <ul style="list-style-type: none"> <li>• The Presidential E-Government initiatives</li> <li>• The Lines of Business and sub-functions of the BRM. There are many potentially redundant projects within these 35 sub-functions; OMB determined a need to focus on opportunities in 6 business lines with multiple IT development requests totaling more than \$100M (human resource information systems, financial management, monetary benefits, data and statistics, public health monitoring, and criminal investigation)</li> <li>• Comparison of business cases for agency infrastructure against commercial best practices and IT spending benchmarks. Significant opportunities were identified for consolidating office automation and infrastructure within an agency, supporting enterprise licenses and hardware buys as well as consolidation of enterprise architecture programs.</li> </ul> |
| 6. | OMB provided guidance to agencies on Capital Planning and Investment Control (CPIC), Enterprise Architecture (EA), business cases, at risk projects, IT security, Government Paperwork Elimination Act (GPEA), and E-Gov initiatives. Investment increases were directed to priority areas such as Homeland Security, the war on terrorism and modernization.   |
| 7. | Agencies continue to improve business cases and revise IT Budgets to reflect decisions.   |

**Information Technology (IT) Performance: Transformation through E-Government Must Continue to Address Six Chronic Problems**

Over the past year, the Administration made significant progress in addressing the six chronic problems that were identified in the 2003 Budget as limiting IT effectiveness. Indeed, the increased visibility into major IT projects allows OMB to identify redundancy and duplication, and provides a wealth of agency data for use in funding decisions. Consequently, the Administration has implemented IT decision-making practices that review IT investments across agencies to resolve these six issues that have previously limited productivity improvements. Ultimately, agencies must continue to meet these longstanding challenges in order to deliver measurable improvements in the key areas of program performance: reduced time to process information and services (“cycle time”), lower costs for provide information and services, and improved quality in agency decisionmaking. The 2004 Budget indicates improvement in the way that agencies are handling these problems, yet there is still much to do.

**1. Automation of existing outdated processes, instead of fixing underlying management problems or simplifying agency procedures to take advantage of new E-Business and E-Government capabilities.**

For years IT Investments in the federal government focused on agency hardware and software needs, without addressing underlying management issues in the overall design and scope of the project. Consequently, government agencies traditionally used IT to automate existing processes rather than create more efficient and effective solutions now possible because of the state of technology. This approach, commonly referred to as paving the cowpath, has been documented as a cause of failure in major IT investments. Systems are often evaluated by the percentage of time they are working rather than the results delivered to the programs and citizen they support.

OMB’s guidance for the 2004 IT budget process required that agencies take a comprehensive reform approach in identifying people, processes, and technology required to deliver significantly better results. Specifically, criteria were added to the Risk Management Section and the EA Section of the business cases to address these issues. As a result, more than 600 projects, representing approximately \$20 billion, are on the “At Risk List” for failing to address people and process transformation needed to ensure success.

In addition, OMB issued guidance to ensure that agency Government Paperwork Elimination Act (GPEA) implementation plans were not merely automating existing processes. GPEA requires agencies to reengineer their business processes in order to maximize the benefits of technology to create online transactions that are faster, cheaper, and more efficient to the citizen; GPEA means much more than simply automating a paper form. While agencies have made significant progress, much work remains. Of the 5,800 reported transactions,

only 52 percent are expected to meet the October 2003 statutory deadline of providing an electronic reporting option. OMB is driving government compliance with GPEA through its reviews of agency information collection requests under the Paperwork Reduction Act, use of the President's Management Agenda scorecard to push agencies to be in full compliance with GPEA, and leveraging resources across government to promote electronic transaction through specific E-Government initiatives. In addition, OMB is working closely with the agencies to improve their status in complying with the Act.

A key example of an IT investment request that successfully leverages technology with process redesign is the Entry-Exit program in the new Department of Homeland Security. To improve the security of our nation's borders, the processes and systems that support entry and exit from the United States must be reengineered to ensure improved information sharing and technology optimization. The Departments of Justice, State, Treasury, and Transportation, over the last year, have been developing an entry exit program to more effectively manage the people, cargo, and transport crossing U.S. borders. Ensuring that the appropriate IT systems support improved entry and exit processes is essential to achieving our Nation's Homeland Security goals. This effort is now underway and the Department of Homeland Security will take over the program in 2003.

## 2. Duplicative IT investments.

OMB policy calls for agencies to make maximum use of shared IT solutions and to stop redundant IT purchases. Best practices in private industry identify several opportunities for savings within an IT portfolio of investments. Three consolidation practices in the private sector also are applicable to the federal government:

- Consolidation of IT around the customer.
- Consolidation of IT within a line of business or function.
- Consolidation of IT infrastructure.

To identify potential opportunities in these areas, OMB analyzed the agency IT investment portfolios and provided feedback and suggestions to the agencies. This consolidation analysis not only identified savings for the agencies, but also served to strengthen the governance processes for IT management by identifying and continually pursuing opportunities in this area. For example, use of enterprise licenses for software can generate hundreds of millions of dollars in reduced costs.

In order to maximize consolidation opportunities, agencies must continue to identify and inventory the proposed IT investments within the agencies and across organizations. These processes are increasing the agencies' and OMB's visibility into the type of IT investments the federal government is planning, and provides a vehicle for agencies to collaborate much more effectively on solutions. Over the past year, OMB:

- Determined that due to redundant infrastructure investments, the federal government was pur-

chasing excess infrastructure capacity, such as telecommunications, office automation, and mainframe computers.

- Identified redundant IT investments made for the same purpose and supporting the same lines of business across multiple agencies.
- Developed portfolios and deployed initial versions of IT investments consolidated around citizen needs. The four portfolios comprise cross-agency E-Government initiatives for citizens, businesses, other levels of government, and the federal government's internal efficiency and effectiveness.
- Rejected agency requests for duplicative IT investments across the federal government, and rather directed agencies to collaborate together to create one-stop points of service.

In key examples of cross agency consolidations, payroll operations will be standardized and consolidated from approximately 22 separate providers to a few federal payroll providers by September 2004. The current systems employ a variety of paper and electronic processing; records are not easily shared between agencies as federal employees change jobs in the federal system; and records are manually retired upon employees' retirement and resignation. Numerous agencies had targeted their payroll operations for costly modernization efforts. Millions of dollars will be saved through shared resources and processes and by modernizing on a cross-agency, government-wide basis rather than agency-by-agency. In addition, the Departments of Agriculture and the Interior, and the Army Corps of Engineers, consolidated into one parks reservation system, which will allow the public to obtain information and make reservations for all the recreational opportunities that these agencies offer.

The Administration continues work to ensure that IT investments:

- Reflect consolidation around citizen groups and along lines of business,
- Reduce duplicative collection of data from citizens, businesses, and state and local government
- Purchase enterprise licenses for the federal government where appropriate, and
- Reduce surplus infrastructure capacity.

## 3. Few IT investments have significantly improved mission performance.

IT investment results have been limited by significant redundancy in federal business operations. OMB issued guidance requiring that agency IT investments synchronize with the FEA. The FEA is a tool that enables the government to identify opportunities that leverage technology and alleviate redundancy or to highlight where agency overlap limits the value of IT investments. Led by OMB, this effort identified opportunities to simplify processes and unify IT investments across the agencies and within the lines of business of the federal government. The Business Reference Model (BRM) is the foundation of the FEA. It describes the federal government's lines of business, including operations and services to the citizen—independent of the



Agencies, bureaus, and offices that perform them. The outcome will be a more citizen-centered, customer-focused government that maximizes technology investments to better achieve mission outcomes.

For 2004 Budget decisions, OMB required agencies to map their major IT investments, as presented in the Exhibit 300, to the BRM. OMB then mapped Exhibit 300s to the model and captured the information in the Federal Enterprise Architecture Management System (FEAMS). The system can now generate analysis reports for agency IT investments by each line of business, sub-function, and Agency.

As a result, OMB now can ensure that IT resources are being allocated optimally across common functions that the government performs. Functions that are performed by multiple agencies are now clearly delineated, and the opportunities for cross-agency collaboration to improve performance are readily apparent. Furthermore, because the FEA has been validated by the agencies, it has become a common framework for initiating cross-agency performance improvements. Over the past year, OMB used the BRM to:

- Assist agencies in identifying opportunities for collaborative investments, joint infrastructure projects, and greater use of enterprise licensing across the government—all of which can help agencies to focus on their mission and avoid unnecessary redundant spending.
- Deny funding to redundant investments, while directing agencies to reuse existing IT or join with other agencies making overlapping investments in the appropriate line of business.

**4. Few agencies have plans demonstrating and documenting the linkage between IT capabilities and business needs.**

While there are many ways to prepare enterprise architecture, the most important element is identification of how IT can be leveraged best to improve agency performance of core missions. Many agency Enterprise Architectures lack focus on business results. As a result, many agencies, bureaus and operating divisions cannot share information or systems. This shortfall increases operating costs as well as burden on citizens and businesses. Additionally, agencies cannot easily analyze IT security risks and determine investment needs; and agencies make redundant investments in IT because programs cannot predict whether IT requirements will be met without buying their own version of a system. These issues can be addressed through better use of enterprise architectures that comprise a “modernization blueprint”.

Although some improvements have been made in recent years through progress in implementing capital planning and investment control, agencies still often base IT investments on business cases that fail to link IT investments to performance improvement. As part of OMB’s evaluation on agency progress in the President’s Management Agenda, agencies are rated on the quality of their Enterprise Architecture as a modernization blueprint. For the 2004 budget, the Administration

added specific questions to the business case guidance to ensure that agencies began to tie IT investments to performance goals and measures.

Progress in this area includes:

- Agencies are progressing towards fully implementing their own Enterprise Architecture frameworks, meeting criteria set by OMB and the General Accounting Office; these criteria are used to assess agencies on their EA performance as part of the Administration’s Management Scorecard for E-Government. Some agencies, such as Department of Energy and Environmental Protection Agency, are basing IT investments on core modernization initiatives identified using their Enterprise Architecture activities. These agencies use the Enterprise Architecture process as an opportunity to identify performance gaps and ways that technology can be used to help close those gaps and better serve the citizen.
- OMB has begun to coordinate EA efforts, groups, working groups, communities of practices, etc., to ensure that the overall strategy and any guidance for EA is driven by the FEA. In the place of the redundant and overlapping activities will be a structured and well-planned modernization effort guided by the work of the FEA.
- For the 2004 business cases, OMB added specific questions to ensure that agencies began to tie IT investments to the performance goals and measures of the programs they support.

**5. Many major IT projects do not meet cost, schedule, and performance goals.**

Under the Federal Acquisition Streamlining Act (FASA) and the Clinger Cohen Act, agencies must report and track progress against cost, schedule and performance goals for IT. Under OMB Circular A-11, agencies are expected to achieve on average 90 percent of the cost and schedule goals without reducing the performance capabilities of the items being acquired. There is wide variation in the performance of agencies against these benchmarks. The greatest problem for the agencies is identifying how a project is performing against planned costs, schedule, and mission improvement goals. Until agencies begin to establish and document baselines, the Administration’s ability to assess whether agencies are meeting such goals will be limited.

A comparison of agency investment requests for 2003, versus what is reported as actual costs, provides specific demonstration that too many IT projects have cost and schedule overruns. A sample comparison of projects-identified cost growth ranging from 10 percent to 225 percent! Not surprising, these same projects failed to successfully make the business case for the 2004 budget and have either been rejected or placed on the “At Risk List”.

Over the past year, OMB has approached this issue from two separate yet complementary standpoints: 1) improving agencies abilities to meet planned cost, schedule, and performance targets, and 2) raising the skills of the federal IT workforce and agencies.

The root problem appears to be a shortfall of skilled IT professionals to support the magnitude of federal IT projects. Specifically, nearly 1,200 of this year's IT projects (major and small) represent IT projects over \$5 million; therefore, the federal government needs a similar number of qualified project managers and solutions architects. However, review of over 1,000 proposed IT business cases for 2004 indicates a significant shortage of skilled personnel, which increases the risk that IT projects will fail. A Gartner August 2002 report (Get the federal IT Workforce in Shape, 19 August 2002, Gartner) found that "Projects to improve federal security, intelligence and E-Government will not succeed unless the U. S. government has a talented and high-caliber IT workforce." For a variety of reasons, the current IT workforce is not able to meet the increased workload and rapidly changing IT environment.

It is important to note that the skills required of today's IT workforce have less to do with technology than with developing and justifying business cases; building and leading cross-functional and cross-organization teams; and planning and monitoring contractor cost, schedule, and performance. Solutions architects are needed to oversee integration of people, process and technology elements of a successful program. Project managers are needed to lead and direct myriad government and contractor personnel, while interfacing with program and oversight officials. Unfortunately, many IT project staff have been selected based on their education and experience in positions requiring technology skills without the benefit of honing business and change management skills. In addition, there is a significant change in the number of projects in a department from year to year, and IT staff cannot move across departments in line with shifting requirements. The skills imbalance was identified by the federal CIO Council, which established the CIO Council IT Workforce Committee to work with OPM to implement innovative commercial best practices toward identifying and closing the skills gap.

The Administration has established a number of efforts to address this area, including an inventory of skills and training opportunities, enhanced training programs, and an online "virtual" job fair. Most recently, OPM and the CIO Council IT Workforce Committee developed federal project management qualifications. Positions requiring those qualifications will be titled with a "project management" suffix. The qualifications are currently being reviewed by the HR community as well as the CIO community. Attaining breakthroughs in closing the skills gap requires partnership of Agency mission program managers, HR officers, and CIOs. While it was primarily the CIO Council that led the charge, the project management challenge and the OPM qualifications are recognized as enterprise tools that apply to project management of every federal investment.

There are several strategies to improve the government's capacity to manage its IT portfolio. In response to the President's Management Agenda, and emerging

needs such as homeland security, the federal IT workforce needs to become flexible to meet these new cross-agency needs. To address this issue, over the past year, OMB:

- Required that all major acquisitions implement an Earned Value Management System (EVMS), based on the industry developed ANSI/EIA Standard 748. An EVMS supports program management by effectively integrating the work scope of a program with the schedule and cost elements for optimum program planning and control. The system requires thorough planning, combined with the establishment and disciplined maintenance of a baseline for performance measurement.
- Directed that by the end of 2004 all major acquisition programs should have an EVMS in place that will enable agencies to report accurate information on the achievement of the baseline cost, schedule and performance goals during 2005.
- Indicated that for the 2005 budget submissions, OMB will compare what was reported in the 2004 business cases against what agencies report in 2005 to determine whether or not the investments are meeting cost, schedule and performance goals.
- Directed agencies to have a program management plan and a qualified project manager for projects to be approved for spending in 2004 and thereafter.

#### **6. Major gaps exist in agency and government-wide computer-related security.**

The Government Information Security Reform Act (GISRA) requires federal agencies and Inspector General (IGs) to conduct annual IT security reviews of programs and systems and report the results of those reviews to OMB and the Congress. OMB issued specific reporting instructions to agencies and IGs to ensure appropriate and uniform reporting. GISRA was recently revised under the E-Government Act of 2002 and renamed the Federal Information Security Management Act.

Under the first year of GISRA reporting in 2001, the Administration was able to establish a baseline of agencies' IT security performance. OMB is assessing the 2002 agency and IG reports, to identify progress made against that baseline as well as identify new or remaining weaknesses. A summary of agency and IG reports will be included in the annual OMB report to Congress on IT security in 2003. Initial review of agency and IG reports are mixed. While some agencies (e.g., DOJ, DOT, and DOL) have demonstrated clear progress over the last year, significant challenges remain for other agencies.

Agency and IG reviews identify numerous IT security weaknesses. To ensure that those weaknesses are appropriately addressed, OMB guidance also requires agencies to develop, implement, and maintain plans of action and milestones for every program and system where an IT security weakness was found. Agencies submit these plans along with quarterly updates on their progress in closing security performance gaps to

OMB. These plans are tied directly to the budget request for a system. Agency progress in executing their plans is used in determining the quarterly E-Government score for the President's Management Agenda Scorecard. Last year, OMB also increased enforcement of the IT security criteria for funding new investments. This year, OMB is reinforcing longstanding policy that agencies address serious IT security weaknesses in their legacy systems prior to proceeding with new IT investments.

For the first time, the federal government's IT security program now has a basic set of IT security performance measures, a comprehensive and uniform process for collecting data against those measures, and a set of tasks and milestones that enable tracking of federal IT security progress. Additionally, agency reports reveal that further progress has been made against the six common government-wide IT security weaknesses identified in last year's budget:

1. *Increasing agency senior management attention to IT security.* In addition to conditionally approving or disapproving agency IT security programs, OMB used the President's Management Agenda Scorecard to focus on serious IT security weaknesses. Through the scorecard, OMB and senior agency officials monitor agency progress on a quarterly basis. As a result, senior executives at most agencies are paying greater attention to IT security.

2. *Development of IT security performance measures.* For the 2002 reporting instructions OMB developed high-level management performance measures to assist agencies in evaluating their IT security status and the performance of officials charged with implementing specific IT security requirements. Agencies reported the results of their security evaluations and their progress implementing their corrective action plans according to these performance measures. These measures are mandatory and help to ensure that accountability follows authority.

3. *Improving security education and awareness.* Through the Administration's "Go-Learn" E-Government initiative on establishing and delivering electronic training, IT security courses were available to all federal agencies in late 2002. Initial courses are targeted to CIOs and program managers, with additional courses to be added for IT security managers, and the general workforce.

4. *Increasing integration of security into capital planning and investment control.* OMB continues to aggressively address this issue through the budget process, to ensure that adequate security is incorporated directly into and funded over the life cycle of all systems and programs before funding is approved. Through this process agencies can demonstrate explicitly how much they are spending on security and associate that spending with a given level of performance. OMB also provided agencies guidance in determining IT security costs of their IT investments. As a result, federal agencies will be far better equipped to determine what fund-

ing is necessary to achieve improved IT security performance.

5. *Working toward ensuring that contractor services are adequately secure.* Through the Administration's Committee on Executive Branch Information Systems Security, an issue group was created to review this problem and develop recommendations for its resolution, to include addressing how security is handled in contracts themselves. This issue is currently under review by the Federal Acquisition Regulatory Council to develop, for government-wide use, a clause to ensure security is addressed as appropriate in contracts.

6. *Improving process of detecting, reporting, and sharing information on vulnerabilities.* Early warning for the entire federal community starts first with detection by individual agencies and reporting to incident response centers at the FBI, GSA, DOD, or elsewhere. While it is critical that agencies and their components report all incidents in a timely manner, it is also essential that agencies actively install corrective patches for known vulnerabilities. To further assist agencies in doing so, GSA's Federal Computer Incident Response Center (FedCIRC) recently awarded a contract on patch management. Through this work, FedCIRC will be able to disseminate patches to all agencies more effectively.

As agencies conduct more reviews, the number of security weaknesses they will find is likely to increase. Based on agency and IG IT security reports, agencies' plans of action and milestones, and IT budget materials, both progress and weaknesses have been identified. OMB set targeted milestones for improvement for some of the critical IT security weaknesses. These targets include:

- More agencies must establish and maintain an agency-wide process for developing and implementing program and system level plans. Plans of action and milestones must serve as an agency's authoritative management tool, to ensure that program and system level IT security weaknesses, once identified, are tracked and corrected. By the end of 2003, all agencies shall have an adequate process in place.
- Many agencies find themselves faced with the same security weaknesses year after year. They lack system level security plans and certifications. Through the budget process, OMB will continue to assist agencies in prioritizing and reallocating funds to address these problems. By the end of 2003, 80 percent of federal IT systems shall be certified and accredited.
- While agencies have made improvements in integrating security into new IT investments, significant problems remain in ensuring security of new and in particular, legacy systems. By the end of 2003, 80 percent of the federal government's 2004 major IT investments shall appropriately integrate security into the lifecycle of the investment.

### **Making Use of Statutory Authorities for IT Management**

In addition to the cross-cutting steps taken to address each of these chronic problems as discussed above, OMB has also begun to use one of the key authorities established in section 5113 “Enforcement of Accountability” of the CCA. Under this authority, the use of which has been endorsed by the General Accounting Office (GAO), the Director is required to evaluate information resources management practices of the executive agencies with respect to IT investments. As part of this evaluation OMB issued “Clinger Cohen Letters”. These letters were used to identify and halt further investment in potentially redundant IT investments, and are summarized below.

#### **Clinger Cohen Letters Issued:**

##### **E-Clearance issued on April 29, 2002 (B-02-03) “Expedited Processing of National Security Clearances using the Clearance Verification System”**

- The Clearance Verification System (CVS) ensures that there is documentation in a centrally accessible databases of all government issued security clearances, and is an important element in the Administration’s Homeland Security efforts.
- The purpose of this bulletin is to direct Executive branch departments and agencies whose clearance records are not in JPAS or an intelligence community database to comply with the Bulletin’s requirements to load clearance information into the combined environment. The bulletin also gives OPM the authority to link the DoD and OPM systems to simplify and automate locating investigations and clearances for anyone in DoD or any civilian agencies, and will reduce the number of reinvestigations.

##### **Online Rulemaking Management issued on May 6, 2002 (M-02-08)**

##### **“Redundant Information Systems Relating to On-Line Rulemaking Initiative”**

- The purpose of this memorandum is to advise agency heads of the intention to consolidate redundant IT systems relating to the President’s on-line rulemaking initiative.

The memo directs all federal rulemaking agencies to:

- Leverage and use a single, front-end web application for receiving public comments on proposed agency rules by December 31, 2002.
- Consolidate duplicative “back end” information technology systems into an integrated solution built on an existing system and processes by December 31, 2003.
- Conform agency IT spending to the On-Line Rulemaking program plan.

##### **Homeland Security issued July 19, 2002 (M-02-12)**

##### **“Reducing Redundant IT Infrastructure Related to Homeland Security”**

- Consolidation and integration of IT infrastructure across the component agencies of the Department of Homeland Security presents significant opportunities for savings while providing the best investments for our homeland security mission.
- The memo directs component agencies to:
  - Cease temporarily all IT infrastructure system development and planned modernization efforts above \$500,000 pending an expedited review of all DHS component agencies investments.
  - Identify any current or planned spending on IT infrastructure
  - Participate in the Homeland Security IT Investment Review Group led by the Office of Homeland Security (OHS) and OMB.

##### **Homeland Security issued July 30, 2002 (M-02-13)**

##### **“Review and Consolidation of Business Management Systems for the Proposed Department of Homeland Security”**

- An effective DHS requires high quality integrated common systems. A similar opportunity to integrate IT for effectiveness and economy exists in the case of management systems for financial management, procurement, and human resources.
- The memo directs component agencies to:
  - Cease temporarily new financial management, procurement, and HR system development or modernization efforts above \$500,000 pending an expedited review of all DHS component agency investment plans.
  - Identify any current and planned spending on IT systems directly for or related to financial management, human resources management, and procurement.
  - Participate in the Business Systems IT Review Group led by OMB and OHS.

##### **Recreation One-Stop issued on December 17, 2002 (M-03-03)**

##### **“Redundant Reservations Systems Relating to Recreation One-Stop Initiative”**

- The purpose of this memorandum is to advise agency heads of the intention to consolidate redundant IT systems relating to recreation reservations systems as part of the President’s Recreation One-Stop Initiative.
- Affected agency IT spending for recreation reservation systems must conform to the Recreation One-Stop reservation program plan and the October 2003 consolidation. If necessary, OMB will apportion funds consistent with a migration plan developed by the Recreation One-Stop reservation initiative team.

##### **E-Payroll issued on January 10, 2003 (M-03-05) “Consolidating and Standardizing Federal Civilian Payroll”**

- The purpose of this memorandum is to advise agency heads of the actions required to consolidate federal government Payroll providers. Specific actions include:

- DoD, GSA, DOI, and USDA will proceed with payroll processing migration and consolidation to two partnerships under OPM's leadership.
- Agencies who receive payroll processing from DoD, GSA, DOI or USDA will remain with those providers through September 30, 2004.
- Agencies identified to migrate to a new provider must confirm selection of payroll processing provider with OPM no later than February 3, 2003.
- Agencies other than DoD, GSA, DOI, and USDA shall not spend 2003 funds for modernization of payroll processing unless that IT investment facilitates the agency migration to one of the consolidated payroll processors.

Many agencies made significant progress in accomplishing the goals of expanded E-Government, leveraging information technology to become more citizen-centered and results oriented. For more information on agency implementation of the Expanding E-Government initiative, see Table 22-1; and for more information about the PMA Scorecard, see the "Governing with Accountability" chapter in the Budget volume.

#### **Improving Performance and Citizen Service Across Government through the E-Gov Initiatives:**

The expanded E-Government initiatives are improving the delivery of government services to the citizen. Instead of putting thousands of government forms and reams of information online, the federal government is using technology as a tool to better serve citizens and improve efficiency. IT provides higher quality of information at an often lower cost to the government. People are able to choose when they access the information and utilize these government services electronically. The government is making progress both in agency-specific efforts and in the cross-agency initiatives. Detail on these cross-agency initiatives is provided in Table 22-2 of this document. Here are some highlights of major successes since February 2002:

**Volunteer.gov:** Works in support of the President's USA Freedom Corps initiative, allowing citizens to volunteer for more than 100,000 openings at national parks, veteran's hospitals and other federal facilities.

**Recreation.gov:** One-stop online access to America's National Parks and public recreation areas. The website includes links to 1900 federal parks with over 750,000 site visitors per month.

**GovBenefits.gov:** One-stop access to information and services of almost 200 government programs representing more than \$1 trillion in annual benefits. GovBenefits receives over 500,000 visitors per month and is represented on USA Today's list of "Hot Sites."

**Integrated Acquisition:** Supports cost-effective acquisition of goods and services by agencies, while eliminating inefficiencies in the current acquisition environment by providing a one-stop portal for vendor registration. In addition, this initiative is providing government purchasing managers with a past performance informa-

tion retrieval system and an on-line catalog of items available at different prices from multiple agency contracts.

Progress has also improved in agencies becoming more citizen-centered and results oriented, based on results from the perspective of the four key citizen-centered groups.

*Government to Citizen (G2C).* The objective of the portfolio is to provide one-stop, on-line access to information and services for the citizen. The portfolio has met most of its objectives, but work remains to be done. GovBenefits.gov has compiled most government benefit programs online and developed a tool so citizens can easily determine their eligibility for benefit programs. The portfolio is reusing this tool on specific benefit topics like seniors, loans, and disabilities—multiplying its impact for the citizen. 77 percent of government site users have gotten tourism and recreation information from government websites (Pew Internet & American Life Project, April 2002). Recreation.gov has merged recreation data from across the government into an easy to use site that addresses this demand. It also provides the same data to private sector sites that pick subsets for their specific topic web site—"franchising" much like GovBenefits above. Finally IRS Free Filing is using a private-public partnership to deliver free Internet tax filing to the public. 70 percent of those who filed their taxes online say have saved time and about half say they saved more than an hour (Pew).

*Government to Business (G2B).* The goal of the Government to Business portfolio is to reduce burdens on business, provide one-stop access to information and enable digital communication using the language of E-Business (XML). Businesses have started to receive benefits as a result of our efforts through a series of one-stop portals and soon as a result of limited information re-use across agencies. Success from the Business Compliance One-Stop initiative can already be found in Businesslaw.gov where businesses can access information about laws and regulations and can use expert tools that make it easier and cheaper to understand and comply with laws and regulations. Exciting work has also begun to form the basis for a unified portfolio of health data domains that will allow for the sharing of medical record information across government agencies and healthcare organizations. Under the E-Rule-making initiative, businesses will no longer need the assistance of a lawyer or lobbyist to participate in the regulatory process. Citizens and businesses can now easily find, read and comment on proposed federal rules or regulations at the regulations.gov website. Finally, the Expanding Electronic Tax Products for Businesses Initiative will benefit 5.4 million corporations by reducing

the burden associated with filing the 1120/1120S (Corporate Income Tax) Forms.

*Government to Government (G2G).* The G2G portfolio's primary goal is to enable federal, state and local governments to more easily work together to better serve citizens within key lines of business. There are mixed results. Tremendous progress was made on two initiatives, E-Grants and E-Vital. In 2002, both projects worked closely with state and local governments to create standards and pilots that facilitate data integration and deliver measurable benefits to all levels of government. Three other projects, relate to Homeland Security. Stakeholders in these initiatives serve vital constituencies, and in many cases maintain significant existing infrastructure investments. The Disaster Management initiative launched a portal (disasterhelp.gov) for public safety personnel that includes secure messaging and tools to facilitate communication and disaster response.

*Internal Efficiency and Effectiveness (IEE).* This portfolio's focus is to apply industry best practices to government. Accomplishments in 2002 initiated business transformation successes by advancing agency partnering, citizen focus, and reduction of stovepipe systems. DOT's Virtual University investment was leveraged to deliver the E-Training government-wide online training portal (Golearn.gov); migrating online training services from over 40 agencies to one, while supporting areas of competency in achieving Human Capital goals. E-Payroll, through the efforts of multi-agency teams, is initiating the migration of agencies from the present 22 providers to two payroll partnerships, with a projected lifecycle cost savings of \$1.2 billion. Integrated Acquisition has resulted in an agency-shareable single vendor-performance file; a single vendor registration area that makes it easier to do business with the federal government, and a community platform for the Intra-Governmental Transfers, a significant governmental accounting challenge. E-clearance has defined the aggregation and sharing of clearances along a single entry point, 98 percent of investigations will be located with one search.

### **Looking to the Future: Overall Governance Process**

In order to generate performance improvement from IT across the government, it is necessary to rethink the organizational, governance, and funding structures that hamper cross-agency coordination. Actively managing federal IT investments as a consolidated portfolio is needed to obtain more productivity from the federal IT investments. There are major policy decisions that must be made, including what will be the roles of agencies with overlapping responsibilities. These decisions must be made to drive productivity and better deliver the services to the citizens.

To facilitate the federal government working as one enterprise, the government has developed a number of new tools. The FEA is helping to identify opportunities for agencies to collaborate and eliminate redundant spending. The FEA BRM describes the federal government by common lines of business, and opportunities for key cross organization initiatives. By describing the federal government around common business areas instead of the stovepiped agency-by-agency view, it promotes agency collaboration. The Performance Reference Model (PRM) provides a framework for identifying performance improvement opportunities in quality, costs, and cycle time, spanning traditional organizational structures and boundaries.

In addition, the Expanding E-Government Initiative requires agencies to develop modernization blueprints that will close performance gaps and more effectively perform their mission to the citizens. Together, the FEA and agency modernization blueprints identify what agencies have IT investments and where there are gaps in leveraging technology for performance improvement or opportunities to consolidate IT spending.

Agencies have started to come together under the leadership of the President's Management Council (PMC) to establish a framework for collaboration. The PMC has identified three of the E-Government initiatives (Project SAFECOM on wireless interoperability, Disaster Management, and E-authentication) as needing full PMC involvement, while determining the remaining 21 should be managed by either the team of agencies affected or a lead agency that has primary mission responsibility addressed by an initiative.

In 2004 OMB proposes to add staff to the new Office of Electronic Government and IT to develop and use the FEA. The FEA will be used to identify both significant gaps as well as redundancies across agency major IT investments.

While there are new tools to foster collaboration, agencies' CIOs have not felt empowered to develop new joint investments. Using agency business case data and the BRM, OMB identified that as much as 20 percent of agency IT requests could benefit from a joint agency approach. However, of the approximately 1300 major projects that were submitted in 2004, a small number were joint submissions from multiple agencies. The government will continue to incorporate enterprise architecture criteria into the regular process of developing joint IT investment proposals as well as to use the budget process to reduce duplicative spending.

Emerging from this process will be a systematic way to group interagency initiatives into three areas. In each area, it will be critical to assign clear responsibility to the agency or agencies that must take the lead in implementing the initiatives. The three areas are:

1. IT and E-Government projects where it is clear that one agency has the lead. These can be implemented through the normal agency-specific budget process.

2. IT and E-Government projects where a subset of agencies are involved. These may require joint ownership and funding.

3. IT and E-Government projects that are common to all agencies or rise and govern at a level of major policy significance. These will require action from the PMC as a whole to be successful, as well as a new way to finance their operations.

### Expanding the Transformation by Modernizing Across Agencies

In order to continue, enhance, and make lasting E-Government transformation, the Administration is working to integrate the FEA with federal budget preparation and execution processes. The fully integrated processes will allow continuous integration and consolidation of systems and processes in order to better fulfill citizen needs. The FEA is a powerful tool for identifying both key gaps and redundant efforts and can be used to determine the most effective investment of IT.

A recent report by the National Commission on the Public Service, chaired by Paul A. Volcker, entitled “Urgent Business for America: Revitalizing the Federal Government for the 21st Century”, found that “Across the full range of government activities, new demands are accelerating, and the pace of change is quickening. At the same time, the federal government has had difficulty in adapting to the knowledge-based economy and taking advantage of the significant advances in technology.” The FEA will allow the government to address these challenges by identifying both significant gaps as well as opportunities to leverage technology across agency processes. The FEA BRM describes the federal government by common lines of business, and points to opportunities for key cross organization initiatives.

Working with the Chief Information Officer’s (CIO) Council, OMB built a first version of the BRM. It has used this model to assess agency IT investments for 2004 and identify areas for future integration across agencies. The Administration is incorporating enterprise architecture criteria into the regular process of developing joint IT investment proposals. In addition, the new E-Government Act should the identification and use of cross agency initiatives consistent with this approach. The process is premised on several critical success factors:

- The Director of OMB and the PMC work together to establish targets for consolidation of IT initiatives to achieve substantial cost and citizen service gains.
- Federal agencies analyze IT redundancies and gaps in order to achieve citizen outcome goals.
- Business line owners in agencies are identified and provided with the authority and resources to lead cross-agency consolidation efforts.
- Resources are committed by both the business line owners and the involved agencies to ensure that complete and accurate analysis of consolidation opportunities are conducted.

- OMB oversees the overall process, utilizing the FEA, of evaluating agency progress in eliminating redundancies and gaps through the budget process.
- Communication with key Congressional stakeholders, including GAO and the appropriate committees, occurs regularly.

The Administration has defined an annual cycle for identifying, analyzing and deploying opportunities to integrate and consolidate activities along business lines that cross agency boundaries. The policy of the Administration is that IT transformation will be based on consolidation along lines of business and citizen needs: agencies will have to make the business case for developing a unique solution.

As a result of deployment and use of the FEA BRM in evaluating 2004 agency IT budgets requests, OMB has been able to identify potential redundancies in six business lines:

**Financial Management**—involves the aggregate set of accounting practices and procedures that allow for the accurate, efficient, transparent, and effective handling of all government revenues, funding, and expenditures. This includes cost management, funds management, financial reporting, general ledger management, payment management and accounts receivable management. OMB identified over \$250 million in financial projects that are candidates for further analysis of potential savings.

**Data and Statistics**—includes activities performed in providing data and information pertaining to the current state of the nation in areas such as the economy, labor, weather, international trade, etc.

**Human Resources**—includes all activities associated with the recruitment, management and separation of employees. It includes recruitment, staffing, employee and labor relations, advancement and awards, benefit management, payroll management and expense reimbursement, resource training and development and security clearance management. Based upon a review of systems in the Human Resources business line, OMB identified systems requests of over \$50 million that should be further assessed for potential savings.

**Monetary Benefits**—involves the allocation of money to members of the public for retirement (e.g., Social Security), welfare, unemployment, medical services (e.g., Medicare, Medicaid), and other related services. Initial review revealed an estimated \$200 million in investments that require further assessment.

**Criminal Investigations**—includes the systems that support the federal government’s criminal investigation activities. Initial review revealed an estimated \$300 million in investments that require further assessment.

**Public Health Monitoring**—involves activities associated with monitoring the public health and tracking the spread of disease.

Funding for systems in these areas will be subject to review and potential integration or consolidation. Teams composed of representatives of each partner agency, the lead agency or “business line owner”, and

appropriate OMB officials would be established to conduct a thorough assessment of the potential redundancies in each business line. Based on these assessments, funding would be aligned; the funding would then be managed by the business line owners. A portion of the savings from eliminating redundant systems within these business lines could be re-allocated to higher priority activities, as appropriate, in coordination with the agency.

### **Conclusion**

E-Government is an integral part of the President's Management Agenda, making it easier for citizens and businesses to interact with their government, save taxpayer dollars and streamline citizen-to-government transactions. Table 22-1 summarizes the results of IT management processes at major agencies while Table 22-2 provides summary information on each of the Presidential E-Government initiatives. A copy of the President's E-Government strategy, which includes additional information on each of the E-Government Ini-

tiatives, is available on the OMB Web site at [www.omb.gov](http://www.omb.gov).

In conclusion, while the federal government has made significant progress in implementing E-Government to better serve the citizen efficiently, work remains. The federal government must further rationalize its architecture to eliminate redundant IT investments that are both costly and often create unnecessary burden to the citizen. OMB expects the number of interagency E-Government initiatives to grow significantly in the 2005 budget process as a result of the further deployment of other FEA Reference Models and the expansion of OMB's FEA governance processes, as discussed above. Agencies must continue to collaborate together to develop innovative solutions and work as one federal enterprise instead of individual agencies. OMB will continue to focus agencies on achieving measurable results from IT investments. Agencies must also continue to improve their workforce to better manage its IT investment and improve the security of these investments.



**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003  |
|--|--|---|--|--|
| <b>Agriculture</b>   |  |   |  |  |
| <p>USDA's CPIC process is used in concert with their Modernization Blueprint, EA, and their E-Gov Strategy throughout the budget process. The CPIC and EA are working toward full integration.</p> | <p>USDA's EA is continuing to focus on the business, data, application, and technology layers of the EA. USDA is also working to integrate the EA efforts throughout the department.</p> | <p>For the 2004 budget, USDA prepared 50 business cases. 48 made the business case. USDA will review its IT investments to ensure that projects and systems that meet the criteria for major projects provide business cases.</p> | <p>USDA continues to participate in many E-Gov initiatives including Safecom, Gov-Benefits, Geospatial, e-Loans, e-Grants, e-Payroll, e-Training, e-Travel, Integrated Acquisition, and e-Authentication. Starting in 2003, USDA will participate in the e-Grants pilot by using the new standard for grant applications and synopsis data. The USDA E-loans initiative must be aligned and coordinated with the government wide e-Loans initiative managed by the Department of Education. As a federal payroll provider, USDA is responsible for financing and migration strategies to ensure e-Payroll goals are met. USDA's progress in complying with GPEA has 58 percent (272) of its 469 total transactions projected to meet the deadline.</p> | <p>The Department should create an integrated EA effort that consolidates the myriad of EA efforts underway in the Department. All organizations within USDA should partner with the Department's Office of the CIO to eliminate the redundant EA efforts and to continually pursue opportunities for consolidating office automation.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects  | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|--|---|---|--|---|
| <b>Commerce</b>  |   |   |  |   |
| <p>All components (CIO, CFO, Procurement Executive) participate in the CPIC process. DOC has made progress toward integrating its CPIC and EA processes.</p> | <p>DOC's EA work is identifying key business modernization issues and has made progress on developing the 4 layers (Business, Data, Application, Technology). The EA is used to make budget decisions about IT investments.</p> | <p>Commerce provided business cases for all major systems and 60 percent of its total IT investments.</p> | <p>DOC's International Trade Administration is the managing partner of the International Trade Process Streamlining initiative (ITPS), and NOAA and Census are actively involved in the Geospatial One-Stop initiative. DOC is also participating in the integrated project team of Project SAFECOM and is involved in Rec-One Stop, e-Grants, e-Training, e-Travel, Integrated Acquisition and e-Authentication. DOC has made progress in meeting its GPEA requirements; only 11 significant transactions (transactions with over 5000 respondents) will be delayed beyond the end of 2003.</p> | <p>In 2003, Commerce should continue their efforts to align the agency EA with the Federal Enterprise Architecture. The department will continue and increase involvement in the development and deployment of the President's E-Government initiatives. By mid-February, the Department will update the Agency's IT Strategic Plan, tie to specific measurable results and identify 2-3 major modernization initiatives for the department that are also strongly linked to measurable outcomes/results. Commerce will submit a revised Enterprise Architecture that reflects these major modernization initiatives.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects   | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|--|--|---|--|
| <b>Department of Defense</b>   |  |  |   |  |
| <p>DoD operates a lengthy budget review process, the Planning, Programming and Budgeting System (PPBS), which serves as the capital planning and investment control process for DoD. The PPBS system often fails, however, to link budget and performance for Information Technology systems and to integrate Information Technology efforts with the mission of the department.</p> | <p>DoD’s Enterprise Architecture, the Global Infrastructure Grid (GIG), is a good start for developing an Enterprise Architecture. The newest version, Version 2.0, to be released in January 2003 for departmental coordination, is expected to expand the scope of the current version of the Enterprise Architecture. The DoD Chief Information Officer will work to ensure the Financial Management Architecture (FMA) effort is consistent with the department’s Enterprise Architecture, the Global Infrastructure Grid.</p> | <p>DoD submitted complete business cases for 184 major projects, as defined by DoD, totaling about \$14 billion. This shows a substantial improvement by the department to increase the visibility into the Information Technology portfolio. In addition, the quality of the business cases improved greatly.</p> | <p>DoD is involved in many of the E-Gov initiatives including, Online Rule-making Management, Disaster Assistance and Crisis Response, Project Safecom, e-Grants, Geospatial One-Stop, Integrated Acquisition, e-Authentication, and e-Records. DoD is commended for the work it has done with the E-Clearance and E-Authentication E-Gov projects. DoD is also working with other federal agencies in the e-Payroll initiative. DoD is improving the coordination and alignment of the medical care delivery systems in DoD and the Department of Veterans Affairs (VA). DoD continues to make progress implementing the requirements of GPEA. DoD projects that 69 percent (94) of 137 total transactions will meet the deadline to comply with GPEA.</p> | <p>DoD will release the newest version (version 2.0) of the department’s Enterprise Architecture, known as the Global Information Grid (GIG) in January 2003 for Departmental coordination. DoD will release the Financial Management “To-Be” Architecture in April 2003. DoD will continue to determine the most appropriate alignment of the department’s Enterprise Architecture and the Financial Management Architecture with the Federal Business Reference Model.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|---|---|---|--|
| <b>Education</b>   |   |   |   |  |
| <p>All components (CIO, CFO, PEC) participate in its CPIC process. The Department has developed an integrated CPIC process which will allow for analysis of IT investments for compliance with the EA.</p> | <p>Education's EA work has made progress on developing the 4 layers (business, data, application, and technology), but does not yet fully address security. ED has developed a draft Security Reference Model which addresses this shortfall. ED should continue its work to align FSA's EA with the Department's EA and the Federal Enterprise Architecture.</p> | <p>Many of ED's projects failed to make successful business cases because of security weaknesses and will be placed on the "At-Risk" list for monitoring. ED will report to OMB on a quarterly basis the progress made toward certifying and accrediting each system described in an "At-Risk" business case.</p> | <p>ED's E-Gov efforts are resulting in tangible efficiencies and improvements. ED has improved its business cases and investment review process and is significantly ahead of other agencies on GPEA requirements. The Department is involved in a number of the E-Gov initiatives including Gov-Benefits, e-Loans, e-Grants, e-Travel, e-Training, Integrated Acquisition and e-Authentication. The Department should begin implementation of the e-Loans initiative. ED has made progress in meeting GPEA requirements: 74 percent (126) of its transactions (representing 88 percent of the total respondent burden) are projected to have an electronic option. ED is developing a plan for the incorporation of the remaining relevant transactions.</p> | <p>In terms of EA, ED must develop a comprehensive strategy that clarifies:</p> <ul style="list-style-type: none"> <li>• the factors that will guide EA development prior to One-ED completion;</li> <li>• how IT decisions will be coordinated with both an "interim" EA and ongoing information provided by One-ED; and</li> <li>• how agency-wide IT decisions will be coordinated with FSA IT decisions prior to the completion of an integrated EA. ED should continue the implementation of system risk assessments and associated corrective action plans, and certify and accredit all major systems.</li> </ul> |

**Table 22–1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects   | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|--|---|--|--|---|
| <b>Energy</b>  |   |  |  |   |
| <p>The Department has a strong CPIC process that is integrated with both the EA efforts and the budget process.</p>  | <p>DOE has made significant progress on its EA efforts and should continue working on aligning its EA with the Federal Enterprise Architecture (FEA) effort.</p>                    | <p>The Department has made significant progress on providing business cases compliant with A–11 and A–130. However, many of DOE’s projects failed to make successful business cases and will be placed on the “At-Risk” list for monitoring. DOE must report to OMB on a quarterly basis on the progress made toward strengthening business cases for “At-Risk” projects and the management of the projects.</p> | <p>The Department should continue working on the E-Gov initiatives. It is currently a partner in including Gov-Benefits, E-Records, E-Grants, E-Training, E-Travel, Integrated Acquisition, and E-Authentication. DOE’s progress in complying with GPEA indicates three of the projected 19 transactions will meet the deadline of 10/03.</p>  | <p>The Department should create an integrated EA effort that accommodates the myriad of EA efforts underway in the Department. All organizations within DOE are directed to partner with the Department’s Office of the CIO to eliminate the redundant EA efforts and to continue to pursue opportunities for consolidating office automation and infrastructure buys by utilizing enterprise licenses and Departmental purchases. DOE is also reviewing all financial management systems and efforts to ensure alignment with the Department’s plans for I-MANAGE.</p> |
| <b>Health and Human Services</b>   |   |  |  |   |
| <p>HHS shows evidence of commitment to strengthening its central CPIC process. Progress must continue and produce results including a true integration of IT capital planning with the general budget decision-making process.</p> | <p>The departmental EA efforts are in the early stages, not addressing equally all parts of the Department, and manifested in several separate Enterprise Architecture efforts.</p> | <p>HHS’ IT projects are generally tracking well on cost, schedule, and performance. However, more than 50 percent of the HHS major system business cases (Ex. 300s) require improvement because they inadequately address security. HHS did not submit Ex. 300s for some large projects.</p>   | <p>HHS has continued to lead well on E-Grants and Consolidated Health Informatics (CHI). On the cross-agency E-Gov agenda front, HHS has moved forward on many detailed implementation issues encountered in E-Grants, filed the Ex. 300 for Consolidated Health Informatics, and increased commitment of resources. HHS’s progress report on complying with GPEA shows 63 percent (212) of its 337 total transactions projected to meet the deadline. Additional progress is dependent upon establishing a Public Key Infrastructure for electronic signatures, working with the E-Authentication initiative.</p> | <p>Improve coordination of HHS’s internal IT activities with E-Grants, Geospatial One-stop and E-Gov initiatives related to simplifying administrative systems. OMB notes that work on the Enterprise Architecture should progress quickly to an integrated and comprehensive departmental process for EA, to identify and reduce redundancies, and map the Departmental EA to the Federal Enterprise Architecture efforts of OMB.</p>  |

**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects   | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003   |
|--|--|--|---|---|
| <b>Housing and Urban Development</b>   |  |  |   |   |
| <p>HUD has a strong CPIC process that is integrated with both the EA efforts and the budget process.</p>                         | <p>HUD has made significant progress on their EA efforts and should continue working on aligning their EA with the Federal Enterprise Architecture (FEA) effort.</p>   | <p>HUD submitted business cases on 100 percent of major systems for the 2004 Budget and were operating within 90 percent of submitted cost, schedule, and performance targets.</p>   | <p>HUD has continued to be a partner in many of the 24 E-Gov initiatives, including: Gov-Benefits, Online Rule, E-Grants, E-Loans, E-Training, E-Travel, Integrated Acquisition, and E-Authentication. HUD delivered the New FHA module on time. Given HUD's number of transactions, it is recommended that HUD move to aggressively implement the requirements of GPEA.</p>  | <p>HUD will develop an Action Plan for meeting milestones in major systems. HUD must continue to make progress in delivering new working systems, including the FHA Ledger Project and other important delivery milestones to be laid out by HUD.</p>   |
| <b>Interior</b>  |  |  |   |   |
| <p>Interior's CPIC process and governance document was piloted in 2002, revised, and reissued to bureaus for implementation.</p> | <p>Interior is reviewing its many separate and uncoordinated EA efforts and creating an integrated and comprehensive departmental process for EA. OMB was briefed on the strategy and the agency is moving forward on these efforts.</p> | <p>Significant strides have been made to identify all IT investments and to use OMB's Exhibit 53 and 300s to display and track IT investments. The initial budget submission included business cases for 35 projects with 20 of them remaining on the "At-Risk" list. Interior has recently submitted additional business cases and strengthened business cases initially submitted. Interior will continue strengthening the business cases on the "At-Risk" list and the projects they represent. Interior will review its IT portfolio and ensure that all projects meeting the major project definition provide business cases. Interior and OMB will work together to improve the linkage between budget data and IT investment data from Exhibit 53.</p> | <p>Recreation One-Stop is making good progress and will expand to include enhanced links to reservation and other services. Geospatial One-stop is being coordinated with Federal agencies, states, and local governments. Interior hired a permanent Executive Director and established an intergovernmental Board of Directors for the project. Interior is making progress in complying with GPEA. OMB identified 271 eligible GPEA transactions for Interior to review. Of these, Interior identified an initial 80 eligible for conversion—50 percent will be completed by the deadline and Interior will make every effort to complete the others by the deadline. For the remaining possible eligible transactions, Interior is reviewing the transactions to determine the feasibility of making those transactions electronic in tandem with its information technology modernization.</p> | <p>The Department is creating an integrated and comprehensive departmental process for EA to identify and reduce redundancies of EA efforts across the department and working with OMB to develop a department-wide EA process. Interior continues its efforts to map the departmental EA to the Federal Enterprise Architecture efforts of OMB. OMB endorses the process used by Bureau of Land Management. The EA should be fully developed to a detail level that ensures the efficient management of Department IT resources, not merely a high-level overview. The Department will implement an inter-bureau IT consolidation. Interior's CPIC process will be implemented at the bureau level in 2003. The remaining 50 percent (40) of initial eligible GPEA transactions will have plans in place to be completed post 10/2003.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness           | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|---|---|---|--|
| <b>Justice</b>   |   |   |   |  |
| <p>All components (CIO, CFO, PEC) participate in the CPIC process.</p> | <p>DOJ has made progress toward integrating their CPIC and EA. Justice’s work on its EA shows progress in developing the 4 layers (business, data, application, and technology), but does not yet fully address security. Justice does use the EA to make decisions about IT investments. The Department appears to have many separate and uncoordinated Enterprise Architecture efforts.</p> | <p>DOJ prepared 2004 business cases for their major investments; however, many will be placed onto the “At-Risk” List due to deficiencies that must be addressed.</p> | <p>The Department issued its Strategic Plan in July of 2002. The Department was active in a number of E-Gov initiatives including E-Authentication and E-Grants. It was also involved in other E-Gov initiatives including Disaster, Safecom, e-Travel, e-Training, and Integrated Acquisition. It should continue to stay an active participant in these initiatives. As part of the e-Authentication Initiative, DOJ is requested to coordinate its E-Commerce Controlled Substances Ordering System effort with the e-authentication project and report its progress in Spring Review. DOJ’s progress in complying with GPEA has 63 percent (68) of its 108 total transactions projected to meet the deadline.</p> | <p>The Department will create an integrated and comprehensive departmental process for EA, including identifying and reducing redundancies in these separate approaches. Justice will work with OMB to develop a department wide EA process and continue its efforts to map the Departmental EA to the Federal Enterprise Architecture efforts of OMB. The Department should conduct an analysis to map its major system 300s to business, stakeholders, and selected other layers of the IT architecture.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects   | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|---|--|---|--|
| <b>Labor</b>   |   |  |   |  |
| <p>DOL’s CPIC process is used to implement the Modernization Blueprint and EA throughout the budget process. The CPIC and EA are fully integrated.</p> | <p>DOL’s EA is a Modernization Blueprint for improving agency mission performance and is consistent with the FEA BRM. It addresses the four layers (business, data, application, technology) and security. It is used to make budget decisions about IT. DOL should continue to work to ensure that its EA efforts are consistent with the Federal Enterprise Architecture.</p> | <p>Only 15 of DOL’s 55 business cases were evaluated as “At-Risk”. Most of these were for lack of security reviews that were already in progress but not complete. All of these business cases are scheduled for revision within the first quarter of CY 2003.</p> | <p>DOL was the first department with a central IT fund to promote cost-effective investments to serve its mission. The percentage of investments in this fund, while still small, increased from 13 percent in 2002 to 17 percent in 2003. DOL is the managing partner of GovBenefits, which was launched publicly April 29, 2002. DOL is a partner agency and active participant in 12 other E-Gov initiatives. DOL’s progress in complying with GPEA has 73 percent of their transactions projected to meet the deadline. In 2003, it should work toward ensuring the streamlining of all of its electronic transactions that had until recently been paper-based. In this way, DOL will move toward being an exemplar for converting paper to E-Government transactions.</p> | <p>GovBenefits should work with State governments to define virtual social services application forms. Labor should complete implementation of its common e-mail system, which is scheduled for 5/03. DOL should establish an integrated, publicly accessible website for Service Contract Act wage determination data. DOL should complete its IT improvements to its Davis-Bacon system.</p> |



**Table 22–1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness  | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects  | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|---|---|---|--|---|
| <b>State</b>  |   |   |  |   |
| <p>State is currently reviewing its CPIC process and has negotiated an improvement plan with OMB to address CPIC, EA, and E-Gov issues.</p> | <p>State’s initial EA is heavily focused on the technical aspects of the enterprise and does not provide a Modernization Blueprint for the agency. OMB received an EA Project Plan from State with milestones that clearly defines how the agency will move forward on their EA work.</p> | <p>Since September 30, 2001, State has markedly improved its business cases. None of the business cases submitted with the 2004 budget failed. 15 of 24 are on the “At-Risk” list, a big improvement over last year. State should continue strengthening those business cases on the “At-Risk” list and the projects they represent. State should also review its IT portfolio to ensure that all projects meeting the definition of “major” provide successful business cases.</p> | <p>State is a participating partner in several E-Gov initiatives; however, it seems that State is continuing to develop systems in isolation that would benefit from collaboration with other agencies, in particular USAID. State Department is beginning to partner with the E-Government e-Training project management team. State’s progress in complying with GPEA has 48 percent (45) of its 94 total transactions projected to meet the deadline.</p> | <p>State and USAID agreed to develop a joint Enterprise Architecture and identify opportunities for collaboration and consolidation of IT systems, beginning with financial management. State is launching a major new system, SMART, designed to replace many key functions (cables, messaging, document management). This project could be the lynchpin of State’s operations. We expect that State’s management team will diligently and carefully plan, design, and evaluate this new system. One key aspect that must be considered is how SMART meshes with the E-Gov initiatives and how it will function as a shared multi-agency tool. State’s new E-diplomacy office should work in concert with State’s Information Resource Management Office to assess how IT systems meet the Administration’s goals to unify, simplify, and reduce redundancy in IT systems government-wide.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects   | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|--|---|--|--|---|
| <b>Transportation</b>  |   |  |  |   |
| <p>DOT has made progress in the area of its CPIC process, including finalization of its overall IT CPIC policy and convening of the Departmental Investment Review Board, which resulted in the consolidation of multiple redundant systems. This consolidation effort is underway and will be reflected in the 2005 submission. The department should continue strengthening the process and ensure that the CPIC is fully integrated with the budget and EA.</p> | <p>DOT’s EA is still in the early stages of development. DOT needs to maintain its focus on a business driven EA that addresses all of the necessary security issues and an EA that is aligned with the Federal Enterprise Architecture effort.</p> | <p>The department has made tremendous progress in terms of providing business cases as part of the budget, though much work remains to be done in this area. The initial budget submission included business cases for 85 projects. 44 of these projects remain on the “At-Risk” list and Transportation should continue to strengthen the business cases and the projects they represent.</p> | <p>DOT is an active partner and continue to be in many of the E-Gov initiatives including Rec-One Stop, Disaster, Safecom, Online Rulemaking, Geospatial, e-Grants, e-Training, e-Travel, Integrated Acquisition. DOT’s progress in complying with GPEA has 90 percent (338) of its 375 total transactions projected to meet the deadline.</p> | <p>The Department will provide OMB an update on its progress at least quarterly and further integrate its EA into the budget process for future years. DOT should work with the Online Rulemaking Management Initiative managing partner (EPA) to develop and adopt a common rule-making solution. As part of E-Authentication, it should coordinate with the Common Access Architecture—Public Key Infrastructure (PKI) for Digital Signature project with the E-authentication team to determine if this system is redundant with e-authentication.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|--|---|---|--|
| <b>Treasury</b>  |  |   |   |  |
| <p>While Treasury’s CPIC process has existed within the Department it does not appear to be integrated with the budget process. The bureaus within the Department have independent CPIC processes that fail to be integrated into one Department wide process.</p> | <p>Treasury’s EA has a very strong technology layer with little business and data information. Treasury should continue work on their EA and provide information in the four layers (business, data, application, and technology) with a clear view of how Treasury will use the EA to modernize the agency.</p> | <p>The Department cannot demonstrate that its IT investments are achieving at least 70 percent of planned costs, schedule, and performance goals. The majority of its business cases for 2004 did not successfully make the business case and therefore will be placed on the “At-Risk” list.</p> | <p>Treasury is leading two E-Gov initiatives, Free Filing and Expanded Electronic Tax Products for Business and is actively supporting expansion of Pay.gov. It should deploy the Internet application for EINs as part of the One-Stop Business Compliance project. Treasury should carefully review the IT portfolios of its bureaus to ensure that the bureaus are investing in projects in a manner fully consistent with the government-wide E-Government initiatives and continue participating in such projects as Free Filing, Online Rule, Expanding Electronic Products for Business, e-Training, e-Travel, Integrated Acquisition, and e-Authentication. Treasury’s progress in complying with GPEA has 36 percent (256) of its 700 total transactions projected to meet the deadline. 86 percent of these transactions are from IRS, who should continue to make progress towards GPEA compliance and the goal established by the IRS Restructuring and Reform Act of 1998 (RRA98) of 80 percent of all tax and information returns being filed electronically by 2007.</p> | <p>Develop a project plan that describes how Treasury will achieve an integrated CPIC process across the Department during 2003 before publication of the President’s Budget. Create an integrated and comprehensive departmental process for Enterprise Architecture (EA). To do this, it would help to identify and reduce redundancies in the current separate bureau by bureau approaches. These architecture efforts should include efforts to map the Departmental EA to the Federal Enterprise Architecture. All bureau-specific EA efforts should be put on hold until a Department-wide EA plan, consistent with the Federal Enterprise Architecture efforts, is developed.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003  |
|--|--|---|--|--|
| <b>Veterans Affairs</b>  |  |   |  |  |
| <p>VA has implemented a CPIC process governed by its Senior Management Committee (SMC). VA has made progress toward integrating their CPIC and EA.</p> | <p>VA should continue its efforts to modernize IT using the EA effort and report quarterly progress on milestones to OMB. VA should continue looking for opportunities to unify, simplify, and consolidate around the needs of the veterans.</p> | <p>The 2004 budget submission demonstrates significant improvement in VA's business cases. While a number of the business cases were on the "At-Risk" list, the department has continued to strengthen these business cases and the projects they represent. There are opportunities for VA and DoD to expand collaboration on projects. VA should increase its coordination and alignment with VA's and DoD's medical care delivery systems. This effort will allow both Departments to better serve their beneficiaries, many of whom are dually eligible, while using Federal funds more efficiently and effectively. These efforts should be in addition to efforts currently underway.</p> | <p>VA has expanded its participation in E-Gov initiatives, including becoming a significant partner in at least one project in each of the four E-Gov portfolios. VA will continue participation in E-Gov initiatives, especially e-Payroll, e-Grants, e-Loans, e-Travel, e-Training, e-Authentication and Gov-Benefits. VA's progress in complying with GPEA has 88 percent (156) of its 177 total transactions projected to meet the deadline.</p> | <p>VA will continue to implement the centralization of IT authority under the CIO. VA will continue populating the One-VA Enterprise Architecture. It should complete the crosswalk of the VA EA with the Federal EA and Business Reference Model (BRM). VA and DoD collaboration milestones: VA and DoD should provide OMB with a joint draft site selection proposal three weeks prior to submission to Congress, quarterly reports detailing progress on development of the pilot projects (starting April 1, 2003), and a joint implementation plan before proceeding with operations at the pilot sites (by July 15, 2004).</p> |

**Table 22–1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness  | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects   | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|---|--|--|--|---|
| <b>Environmental Protection Agency</b>  |  |  |  |   |
| <p>EPA’s CPIC process has all the components (CIO, PEC, CFO) participating in the process. EPA has made progress toward integrating CPIC and EA. However, additional work remains to integrate the CPIC and budget processes.</p> | <p>EPA has provided a baseline “As Is” architecture and is rapidly creating a Modernization Blueprint and identifying key business modernization issues as part of their target architecture. It has made progress on developing the 4 layers of the Enterprise Architecture (business, data, application, and technology), but does not fully address security. EPA should continue its work to align agency EA efforts to the Federal Enterprise Architecture.</p> | <p>EPA submitted revised 2004 business cases as required. After final review, 100 percent of business cases received passing scores.</p> | <p>As the managing partner for the Online Rulemaking initiative, EPA has established a highly capable program management office for this project and is poised to deliver the rulemaking website ahead of schedule. Overall, EPA is currently participating in 14 of the 24 E-Government initiatives. EPA’s progress in complying with GPEA has 26 percent (131) of its 505 total transactions projected to meet the deadline.</p> | <p>EPA is already working to better integrate their budget planning and CPIC processes. The agency submitted its Target Architecture in December and is continuing to develop a robust Enterprise Architecture that will serve as the Agency’s Modernization Blueprint. EPA should also continue its involvement in all appropriate E-Government initiatives including e-Travel, Disaster Management, Geospatial, Integrated Acquisition, e-Records, and e-Authentication. To support this, the agency should continue its centralized mechanisms for ensuring its active participation in the initiatives.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness  | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects   | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003   |
|---|--|--|---|---|
| <b>General Services Administration</b>  |  |  |   |   |
| <p>GSA has all of the appropriate organizational components (CIO, PEC, CFO) participating in its CPIC process. GSA has made progress toward integrating its CPIC and Enterprise Architecture (EA). GSA issued a 5 year IT Strategic Plan in December, 2002.</p>   | <p>GSA has developed a satisfactory "As-Is" financial management architecture and recently submitted the "To-Be" architecture for its financial management functions. While GSA has made progress towards developing a modernized financial management architecture approach because these financial management functions constitute most but not all of the enterprise, the EA is still technology-driven, and not business driven.</p> | <p>GSA has made progress on providing business cases compliant with A-11 and A-130. However, many of GSA's projects failed to make successful business cases because of security weaknesses and will be placed on the "At-Risk" list for monitoring. GSA must report to OMB on a quarterly basis on the progress made toward strengthening business cases for "At-Risk" projects and the management of the projects.</p>   | <p>GSA continues to provide good support for the five E-Gov initiatives for which GSA is managing partner and OMB E-Gov activities generally. It should continue its participation in the E-Gov initiatives as managing partner of Federal Asset Sales, e-Travel, Integrated Acquisition, USA Services, and e-authentication. It should also continue its participation in e-Payroll and e-Records. By March 14th 2003, GSA should provide OMB a schedule for adding the Federal Acquisition Institute and the Applied Learning Center training activities to the e-Training website. GSA's recent GPEA report to OMB has all of GSA's remaining 48 transactions, which are not yet GPEA compliant projected to meet the October 2003 deadline.</p> | <p>GSA should demonstrate it is making IT decisions across the enterprise, with full service involvement (e.g. the work begun on Enterprise wide Infrastructure, web page content management, and Customer Relationship Management). GSA must continue to fully leverage its partner resources for the five E-Gov initiatives it manages; and actively participate in the internal efficiency initiatives where GSA currently has redundant or complementary systems (e-Training and Recruitment One Stop).</p> |
| <b>Agency for International Development</b>   |  |  |   |   |
| <p>USAID has made progress in updating its CPIC process since last year primarily through its Business Transformation Executive Committee (BTEC). It is in the process of defining requirements for its newly established Capital Investment Working Group. USAID will update its CPIC process to reflect the group's participation in the agency's CPIC process.</p> | <p>USAID EA has a very strong technology layer with some business and data information. USAID has been in the process of updating their EA. They should continue these activities and provide information in the four layers (business, data, application, and technology) with a clear view of how AID will use the EA to modernize the agency and collaborate with State.</p>  | <p>Since September 30, 2001, USAID has markedly improved its business cases. None of the business cases submitted with the 2004 budget failed, however all six of the business cases that were submitted were placed on the "At-Risk" List. USAID should continue strengthening those business cases on the "At-Risk" list and the projects they represent. USAID should also review its IT portfolio to ensure that all projects meeting the definition of "major" provide successful business cases.</p> | <p>USAID and State will develop a joint Enterprise Architecture and identify opportunities for collaboration and consolidation of IT systems, beginning with financial management. In addition, USAID has begun more active participation in government-wide initiatives, including e-Grants. USAID's GPEA plan shows that 92 percent of its transactions are projected to meet the deadline.</p>   | <p>State and USAID will develop a joint Enterprise Architecture and a plan for increased IT collaboration. USAID will also investigate potential collaboration with other agencies on their grants and acquisition systems. Finally, USAID will bring their business cases in compliance with A-11 requirements and be a full and active participant in relevant government-wide initiatives, including e-Grants and Integrated Acquisition.</p>  |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness  | Enterprise Architecture (EA) Effectiveness  | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|---|---|---|---|--|
| <b>National Aeronautics and Space Administration</b>  |   |   |   |  |
| <p>NASA's has all the appropriate stakeholders participating in the CPIC process (e.g., the CIO, Procurement Executive (PEC), and CFO).</p> | <p>NASA has aligned its Enterprise Architecture with the Federal Business Reference Model and discussed it with the OMB Chief Technology Officer.</p> | <p>NASA has made great strides in refining its plans and processes for monitoring and reporting on its IT investments. However, only two of NASA's 14 IT business cases were judged to be adequate and not "At-Risk". NASA and OMB will continue to review its IT portfolio to improve the information that NASA collects and to determine which IT investments require business cases.</p> | <p>NASA is aggressively increasing its integration of E-Government activities internally, and continues to participate in four inter-agency E-Gov initiatives. Additionally, NASA is providing informal support to five other interagency initiatives. NASA has a key role in cross-agency certification of Public Key Encryption. NASA should continue being an active participant in the following E-Gov initiatives: e-Travel, Geospatial, e-Training, Integrated Acquisition, and e-Authentication. NASA will take necessary steps to make its OneNASA Portal operational by February 2003. The NASA CIO and Comptroller have issued new guidance letters on the collection of information to address IT investments and their alignment with IT security. As NASA already provides online access to a majority of its transactions, the agency is making progress towards compliance with GPEA. However, NASA should concentrate its efforts on the information collections related to IFMP.</p> | <p>NASA should create an integrated CPIC process that incorporates the various centers and enterprises into one unified CPIC process. NASA has made some progress toward integrating its CPIC and Enterprise Architecture (EA). NASA needs to create an integrated EA effort that accommodates the various EA efforts underway in the agency. All centers and enterprises within NASA are directed to partner with NASA's Office of the CIO on these EA efforts, eliminate any redundant EA efforts, and continually pursue opportunities for consolidating office automation and infrastructure buys.</p> |

**Table 22–1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness  | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects   | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003   |
|---|--|--|--|---|
| <b>National Science Foundation</b>  |  |  |  |   |
| <p>NSF’s CPIC process is used to implement the agency’s Enterprise Architecture (EA) throughout its budget process. The CPIC and EA are fully integrated.</p> | <p>NSF’s EA is consistent with the Federal Enterprise Architecture Business Reference Model.</p>   | <p>NSF submitted 5 business cases. While some of them were initially placed on the “At-Risk” list, NSF has continued to strengthen these business cases and the projects they represent.</p>   | <p>NSF receives over 99 percent of its annual proposals electronically through its FASTLANE system. NSF continued as an active partner in e-Grants, it has paid its full share of e-Grants Phase I costs. It should continue its involvement in the E-Gov initiatives and seek additional opportunities to participate in the E-Gov initiatives. NSF’s progress in complying with GPEA is excellent. Of NSF’s nearly 25 transactions, it has only one transaction that lacks a date for GPEA compliance.</p> | <p>NSF should continue work to ensure that the agency’s EA efforts map to and support the Federal Enterprise Architecture. Based on its upcoming Business Analysis, NSF will develop its next generation Enterprise Architecture that supports and maps to the Federal Enterprise Architecture. It will include the development of a phased implementation plan for the identified new technologies. NSF should ensure that its five-year IT strategic plan is consistent with government-wide E-Gov efforts.</p> |
| <b>Office of Personnel Management</b>   |  |  |  |   |
| <p>OPM uses its CPIC process to implement the Modernization Blueprint and EA through the budget process.</p>  | <p>OPM’s EA is a Modernization Blueprint for improving agency mission performance. The next update will align OPM’s business lines to the Federal Enterprise Architecture and the governmentwide and agency E-Gov initiatives.</p> | <p>Business cases for major projects substantially comply with the requirements of OMB Circular No. A–11 and A–130. Major projects with approved cost, schedule &amp; performance goals are on time, within budget and meeting performance objectives.</p> | <p>OPM leads five of the 24 governmentwide E-Gov initiatives—Recruitment One-Stop, e-Training, e-Clearance, Enterprise HR Integration, and e-Payroll—that support the federal employee lifecycle and help to transform federal human capital management. At least 81 percent of OPM’s information transactions will meet the GPEA deadline for electronic options.</p>   | <p>Continue to achieve planned security remediation activities for 42 program systems and report progress quarterly.</p>  |



**Table 22-1. EFFECTIVENESS OF AGENCY'S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003  |
|--|--|---|---|--|
| <b>Small Business Administration</b>   |  |   |   |  |
| SBA's CPIC process has all the necessary components (CIO, PEC, CFO) participating in the decision making process. SBA has made progress toward integrating its CPIC and EA. SBA needs to improve IT program performance oversight. | Through SBA's EA work, the agency is currently identifying key business modernization issues, and has made progress on developing the 4 critical IT layers (business, data, application, technology). Nonetheless, the EA does not yet fully address security. SBA should continue aligning its EA efforts with the Federal Enterprise Architecture. | Submitted revised 2004 business cases as required. After final review, 100 percent of business cases received passing scores.         | Established BusinessLaw.gov to provide small businesses easy access to information on how to find, understand, and comply with government regulations. Citizen one-stop service delivery integrated through Firstgov.gov. SBA plans to enhance management and support of customers and partners through implementation of relationship models, including the elimination of program "stove-pipes" and better integration of all programs and delivery systems through one-stop shops and/or supply chain management techniques. SBA should continue its participation in e-Loans, One Stop Biz, e-Training, Integrated Acquisition, and e-Travel. SBA projects that 81 percent (47) of its 58 total transactions will meet the GPEA deadline. | SBA is steadily improving its IT processes and business cases have shown improvements. SBA must formally implement its EA process and ensure that CFO, procurement, and other officials partake in the investment decision and review process. |
| <b>Social Security Administration</b>  |  |   |   |  |
| SSA's CPIC process is integrated with business modernization plans and the budget process. The CPIC and EA are fully integrated.   | SSA's EA work is currently identifying key business modernization issues, has made progress on developing the 4 layers (business, data, application, technology), but does not yet fully address security.   | SSA provided business cases for all major projects but does not show that 90% of projects meet cost, schedule, and performance goals. | SSA remains a paper-driven agency but is building capacity to reduce reliance on paper-based processes and provide integrated service delivery in the future. SSA is the managing partner for e-Vital, which is on schedule, and participates in e-Authentication, e-Training and other cross-agency initiatives. SSA formulated performance indicators for customer Internet usage and established baseline data. SSA projects that 16 percent (32) of SSA's 201 total transactions will meet the GPEA deadline.   | SSA should continue working to align its EA efforts with the Federal Enterprise Architecture and actively pursue opportunities to collaborate with other agencies to design and deliver systems around the needs of the citizens.              |

**Table 22–1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness   | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress   | Process Improvement Milestones for Calendar Year 2003  |
|--|--|---|--|--|
| <b>National Archives and Record Administration</b>   |  |   |  |  |
| <p>NARA’s CPIC process has all of the components (CIO, PEC, CFO) participating. NARA has made progress toward integrating their CPIC and EA.</p> | <p>NARA’s EA work is currently identifying key business modernization issues, has made progress on developing the 4 layers (business, data, application, technology), but does not fully address security.</p>   | <p>NARA has made significant progress on providing business cases compliant with A–11 and A–130. However, most of NARA’s projects failed to make successful business cases and will be placed on the “At-Risk” list for monitoring. NARA is working to improve the business case for their “Electronic Records Archives.”</p> | <p>NARA serves as the Managing Partner for the E-Records E-Gov initiative. It should continue to be an active participant in the e-Travel and Integrated Acquisition projects. NARA’s progress in complying with GPEA has 6 percent (3) of its 50 total transactions projected to meet the deadline.</p> | <p>NARA should continue working to align its EA efforts with the Federal Enterprise Architecture. It should develop a strategy for using its EA as the Modernization Blueprint for the agency.</p>   |
| <b>Nuclear Regulatory Commission</b>   |  |   |  |  |
| <p>NRC uses its CPIC process to implement its Modernization Blueprint and EA throughout its budget process.</p>                                  | <p>NRC’s EA work is currently identifying key business modernization issues, has made progress on developing the four layers (business, data, application, technology), but does not fully address security.</p> | <p>NRC submitted business cases for its major IT investments and exceeded the performance goal of at least 60 percent of its IT budget request accompanied by business cases. However, many of the business cases did not successfully make the business case and therefore will be placed on the “At-Risk” list.</p>         | <p>NRC should continue participating in the e-Travel and Integrated Acquisition E-Gov initiatives. NRC should also work with the Online Rulemaking Management Initiative (OLRM) managing partner (EPA) to develop and adopt a common rulemaking solution.</p>  | <p>NRC should continue work to align its EA with the Federal Enterprise Architecture and continue working to ensure that its EA will serve as the agency’s Modernization Blueprint. NRC should continue working to ensure full alignment and integration of all NRC enterprise-wide IT policies and processes, to include best practices systems development, CPIC, EA, systems security certification and accreditation, and routine E-Gov reviews of existing and proposed IT investments.</p> |

**Table 22-1. EFFECTIVENESS OF AGENCY’S IT MANAGEMENT AND E-GOV PROCESSES—Continued**

| Capital Planning and Investment Control (CPIC) Effectiveness                              | Enterprise Architecture (EA) Effectiveness   | Business Cases for IT Projects  | E-Gov Progress  | Process Improvement Milestones for Calendar Year 2003   |
|---|--|---|---|---|
| <b>Corps of Engineers</b>   |  |   |   |   |
| <p>The Corps uses the CPIC process to implement its EA throughout the budget process.</p> | <p>The Corps conducted significant work to integrate its EA activities with the work of the Federal Enterprise Architecture. The Corps needs to develop a more robust EA that should serve as its Modernization Blueprint.</p> | <p>All of the business case the Corps submitted will be placed on the “At-Risk” List. Only 11 percent of the Corps 2004 IT budget request was accompanied with business cases and therefore it did not meet the performance goal of major projects accounting for at least 60 percent of the IT investment portfolio for 2004 reporting. (A-11, Section 53)</p> | <p>As part of Recreation One Stop, the Corps should have a plan for accommodating the Department of Interior in the National Recreation Reservation Service. The Corps should continue working on the other E-Gov initiatives they are currently involved with including Geospatial and Integrated Acquisition. Corps’ progress in complying with GPEA has all of its 17 transactions projected to meet the deadline.</p> | <p>The Corps will develop an action plan with milestones for developing an Enterprise Architecture that will serve as the agency’s Modernization Blueprint. The Corps will develop additional business cases for 2005 to increase the visibility of its IT Portfolio.</p> |

**Table 22–2. Government to Citizen—By Projects**

| Lead Agency & Project Website  | Description   | Performance Metrics   | Progress to Date   | Key Migration Milestones  |
|--|---|---|--|---|
| <b>GOVBENEFITS.GOV</b>   |   |   |  |   |
| DOL <a href="http://www.govbenefits.gov">www.govbenefits.gov</a>   | Provides a single point of access for citizens to locate and determine potential eligibility for government benefits and services.                                    | <ul style="list-style-type: none"> <li>Hits to site per month (Target: 350,000)</li> <li># of referrals to partner benefit sites (Target: 10% increase)</li> <li>Average time to find benefits and determine eligibility (Target: 20 minutes or less)</li> </ul>      | <ul style="list-style-type: none"> <li>Initial services locator launched on 04/29/02 as a screening tool to identify services citizens may qualify for (Now at 200 programs)</li> </ul>  | <ul style="list-style-type: none"> <li>03/31/03—Establish first iteration of virtual benefits data standards with states</li> <li>04/30/03—Online screening tool for 225 benefit programs from current 200</li> <li>Q1 2004—Make progress in migrating SSA and VA forms toward a single site, which may be maintained by one of these agencies</li> </ul> |
| <b>RECREATION ONE-STOP</b>   |   |   |  |   |
| DOI <a href="http://www.recreation.gov">www.recreation.gov</a><br><a href="http://www.volunteer.gov">www.volunteer.gov</a> | Provides citizens with a single-point of access to a web-based resource, offering information and access to government recreational sites in a user friendly format.  | <ul style="list-style-type: none"> <li># of partners sharing data via Recreation.gov (Target: 35 partners added)</li> <li># of facilities listed in Recreation.gov (Target: 25% increase)</li> <li># of online reservations</li> <li>Customer satisfaction</li> </ul> | <ul style="list-style-type: none"> <li>First county/state data added to Recreation.gov as part of intergovernmental “Government Without Boundaries” initiative, May 2002</li> <li>Recreation.gov relaunched with enhanced map interface and state data in September 2002</li> <li>Joined OASIS and initiated RecML data standard process December 2002</li> <li>Data provided in a consistent format for 2,471 recreation sites managed by 10 Federal organizations, 4 states, and 1 county, January 2002</li> </ul> | <ul style="list-style-type: none"> <li>4/30/03—Add new map capability</li> <li>09/30/03—Complete Recreation data standard (RecML)</li> <li>10/31/03—Online cross-government reservation system relaunches; Park Service reservation system de-activated</li> </ul>  |
| <b>IRS FREE FILING</b>   |   |   |  |   |
| TREAS <a href="http://www.irs.gov">www.irs.gov</a>   | Creates a single-point of access to free online preparation and electronic tax filing services provided by Industry Partners to reduce burden and costs to taxpayers. | <ul style="list-style-type: none"> <li>% coverage of tax filing public (Target: minimum of 60%)</li> <li># of citizens filing electronically (Target: 15% increase)</li> </ul>  | <ul style="list-style-type: none"> <li>Signed agreement with Industry Partners to offer free tax services for the 2003 tax season</li> </ul>   | <ul style="list-style-type: none"> <li>01/16/03—Deploy industry partnership for free online tax filing solution for 2003 tax season</li> </ul>  |

**Table 22–2. Government to Citizen—By Projects—Continued**

| Lead Agency & Project Website  | Description   | Performance Metrics   | Progress to Date   | Key Migration Milestones   |
|--------------------------------|---|---|--|--|
| <b>ONLINE ACCESS FOR LOANS</b> |   |   |  |  |
| DOED                           | Creates a single point of access for citizens to locate loans. Improves the efficiency and reduces burden of loan programs.   | <ul style="list-style-type: none"> <li>• # of clicks to access relevant loan information</li> <li>• Improve Agency access to risk mitigation data</li> <li>• Customer satisfaction</li> </ul>   | <ul style="list-style-type: none"> <li>• PMC endorsement of business case and loan program improvement opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>• 09/30/03—Release eLoans Gateway: a plain speak website that educates citizens on federal loan programs, with links to federal agencies and private sector resources</li> <li>• 09/30/03—Web enable risk mitigation data for agency access</li> </ul>  |
| <b>USA SERVICES</b>            |   |   |  |  |
| GSA                            | Develop and deploy government wide citizen customer service using industry best practices that will provide citizens with timely, consistent responses about government information and services. | <ul style="list-style-type: none"> <li>• Average time to respond to inquiries through Firstgov.gov and FCIC (Target: 100% of inquiries responded to within 24 hours)</li> <li>• Average time to resolve inquiries through Firstgov.gov and FCIC</li> <li>• # of government-wide inquiries call center and e-mail systems can handle (Target: 3.3M calls/year and 150,000 emails/year)</li> <li>• Customer satisfaction</li> </ul> | <ul style="list-style-type: none"> <li>• Created an Office of Citizen Services at GSA to provide cross-agency customer service for citizens</li> <li>• Integrated Federal Citizen Information Center's (FCIC) call center with Firstgov.gov to provide citizens with ability to contact the federal government via telephone, email, letters, or fax.</li> </ul> | <ul style="list-style-type: none"> <li>• Develop a pilot multi channel contact center by 06/03/03</li> <li>• 01/04—Develop and deploy a pilot government wide citizen customer service using industry best practices that will provide citizens with timely, consistent responses about government information and services</li> <li>• 11/30/03—Define call-center/email architecture</li> </ul> |

**Table 22–2. Government to Business—By Projects**

| Lead Agency & Project Website                                    | Description   | Performance Metrics   | Progress to Date  | Key Migration Milestones   |
|--|---|---|---|--|
| <b>E–RULEMAKING</b>  |   |   |   |  |
| EPA <a href="http://www.regulations.gov">www.regulations.gov</a> | Allows citizens to easily access and participate in high quality, efficient rule making process. Improves the access to, and quality of, the rulemaking process for individuals, businesses, and other government entities while streamlining and increasing the efficiency of internal agency processes. | <ul style="list-style-type: none"> <li>• # of electronic comments submitted through regulations.gov</li> <li>• # of online docket systems decommissioned with the associated cost savings and cost avoidance</li> <li>• # of downloads of rules and regulations</li> <li>• # of public participants in rulemaking process</li> </ul>                                | <ul style="list-style-type: none"> <li>• Developed a cross agency front-end web application for receiving public comments on proposed agency rules</li> <li>• Firstgov.gov links to all agency regulatory docket sites</li> <li>• Completed the benchmarking study and evaluation of existing agency websites</li> <li>• Clinger-Cohen letter issued to consolidate redundant and siloed agency websites</li> </ul> | <ul style="list-style-type: none"> <li>• 01/03—Launch of government-wide portal giving citizens the ability to find, view, and comment on all proposed rules</li> <li>• 02/03—Begin development of the E-Rulemaking back office tools</li> <li>• 07/03—Complete enhancement of EPA system</li> <li>• 07/03—Begin migration of legacy web-based system agencies to the federal-wide system</li> <li>• 07/03—Begin converting five non-web based system agencies to the federal-wide systems</li> <li>• 09/30/04—Complete migration and conversion of the identified Agencies</li> </ul> |
| <b>EXPANDING ELECTRONIC TAX PRODUCTS FOR BUSINESSES</b>          |   |   |   |  |
| TREAS  | Reduces the number of tax-related forms that businesses must file, provides timely and accurate tax information to businesses, increases the availability of electronic tax filing, and models simplified federal and state tax employment laws.  | <ul style="list-style-type: none"> <li>• Burden reduction for corporations per return and/or application filed</li> <li>• Administrative cost to Federal government per return filed</li> <li>• Cycle time to grant Employer Identification Number (EIN)—interim EIN granted immediately</li> <li>• # of electronic tax-related transactions (all forms)</li> </ul> | <ul style="list-style-type: none"> <li>• Completed development of the Employment Tax (Form 94x) and Internet EIN applications.</li> <li>• Completed a proof-of-concept for Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits (Form 8850)</li> </ul>   | <ul style="list-style-type: none"> <li>• 01/28/03—Deploy Phase 1 online EIN</li> <li>• 01/6/03—Deploy Form 94X—Employment tax form building in XML format to make business returns easier to file electronically</li> <li>• 01/04—Initial implementation of 1120 e-file for business to facilitate end to end tax administration (Modernizing E-File System)</li> </ul>  |
| <b>FEDERAL ASSET SALES</b>                                       |   |   |   |  |
| GSA <a href="http://www.firstgov.gov">www.firstgov.gov</a>       | Creates a single, one-stop access point for businesses to find and buy government assets.   | <ul style="list-style-type: none"> <li>• Cycle time reduction for asset disposition</li> <li>• \$ cost avoidance for personal property</li> <li>• Return on assets (ROA)</li> </ul>   | <ul style="list-style-type: none"> <li>• Migrated Fedsales.gov to Firstgov.gov and improved search capabilities for items that agencies are trying to sell</li> <li>• Released Request For Info (RFI)</li> </ul>  | <ul style="list-style-type: none"> <li>• 07/03—Vendor contract awarded</li> <li>• 12/03—First program federal asset sale</li> </ul>  |

**Table 22-2. Government to Business—By Projects—Continued**

| Lead Agency & Project Website                                    | Description  | Performance Metrics   | Progress to Date  | Key Migration Milestones   |
|--|--|---|---|--|
| <b>INTERNATIONAL TRADE PROCESS STREAMLINING</b>                  |  |   |   |  |
| DOC <a href="http://www.export.gov">www.export.gov</a>           | Makes it easy for Small and Medium Enterprises (SMEs) to obtain the information and documents needed to conduct business abroad.                   | <ul style="list-style-type: none"> <li>• Time to fill out export forms and locate information (Target: 10% annual reduction)</li> <li>• # of unique visitors to Export.gov (Target: 15% increase)</li> <li>• # of trade leads accessed by SMEs through Export.gov (Target: 10% increase)</li> <li>• # of registered businesses on Export.gov</li> </ul>   | <ul style="list-style-type: none"> <li>• Defined solution architecture for simplifying export processes</li> </ul>  | <ul style="list-style-type: none"> <li>• 03/03—further integrate EX-IM insurance filing processes and products into Export.gov</li> <li>• 02/27/03—Deploy online collaborative workspace that consolidates all information gathered by trade specialists and disseminates it through Export.gov to SMEs</li> <li>• 05/03—Automate NAFTA certificate of origin guidance</li> <li>• TBD—Migrate BuyUSA to GTN</li> </ul>                                       |
| <b>ONE-STOP BUSINESS COMPLIANCE</b>                              |  |   |   |  |
| SBA <a href="http://www.businesslaw.gov">www.businesslaw.gov</a> | Reduces the burden on businesses by making it easy to find, understand, and comply with relevant laws and regulations at all levels of government. | <ul style="list-style-type: none"> <li>• Time savings for business compliance and filing (Target: 50% reduction)</li> <li>• Regulatory agency savings through transition to compliance from enforcement through automated processes (Target: 25% increase)</li> <li>• # of days reduced for issuing permits and licenses</li> <li>• Cycle time to issue permits and licenses issued (Target: within 24 hours)</li> <li>• # of visitors/page views (Target: 10-20% increase)</li> <li>• Reduction in redundant IT investments</li> </ul> | <ul style="list-style-type: none"> <li>• Launched Businesslaw.gov (Dec 2002)</li> <li>• Piloted Portal Maximizer for improved navigation</li> <li>• Created two transactions online: 1) A national Business Registration for state identification and an IRS EIN and 2) a proof of concept Report Harmonization tool for coal miners that saves 25,000 hours annually in reporting burden to five federal and one state agency</li> </ul> | <ul style="list-style-type: none"> <li>• 02/03—Launch compliance portal for trucking industry</li> <li>• 05/03—Complete 30 expert tools (from multiple agencies, including OSHA, EPA, IRS, INS, DOT, DOE) designed to help businesses comply with relevant regulations in the environment, health and safety, employment, and taxes</li> <li>• 08/03—Design and implementation for five most common applications for the food processing vertical</li> </ul> |

**Table 22–2. Government to Government—By Projects**

| Lead Agency & Project Website                                       | Description   | Performance Metrics  | Progress to Date   | Key Migration Milestones   |
|---|---|--|--|--|
| <b>CONSOLIDATED HEALTH INFORMATICS</b>                              |   |  |  |  |
| HHS   | Adopts a portfolio of existing health information interoperability standards (health vocabulary and messaging) enabling all agencies in the federal health enterprise to speak the same language based on common enterprise-wide business and information technology architectures. | <ul style="list-style-type: none"> <li>• # of federal agencies &amp; systems using the standards to store and/or share health information</li> <li>• # of contracts requiring the standards</li> <li>• # Impact on patient service, public health and research</li> <li>• # increase in common data available to be shared by users</li> </ul> | <ul style="list-style-type: none"> <li>• # Government-wide health IT governance council established</li> <li>• # Resubmitted business case including full work breakdown structure and in-kind financing plan</li> <li>• # Proposed messaging and laboratory data standards under consideration by partners</li> </ul> | <ul style="list-style-type: none"> <li>• # 02/02—Establish &amp; institutionalize federal health data standards governance; announce council</li> <li>• # 02/03—Announce four messaging and one vocabulary standard including initial deployment efforts</li> <li>• # 02/03—Announce 25 target priority vocabulary domains for initiative and schedule for federal adoption</li> <li>• # 09/03—Begin deploying health informatics standards, including laboratory and messaging vocabularies in federal systems</li> <li>• # 09/03—Standards maintenance and ever greening processes in place</li> </ul> |
| <b>GEOSPATIAL INFORMATION ONE-STOP</b>                              |   |  |  |  |
| DOI   | Provides federal and state agencies with single-point of access to map-related data enabling consolidation of redundant data.   | <ul style="list-style-type: none"> <li>• # of data sets posted to portal</li> <li>• # of users</li> <li>• # of cost sharing partnerships for data collection activities</li> <li>• # of data-set hits</li> </ul>   | <ul style="list-style-type: none"> <li>• Created a draft standard to ensure consistency among data sets that describe transportation routes and allows governments to share data about transportation related issues</li> <li>• Kick started development of open standards based interoperable portal</li> </ul>       | <ul style="list-style-type: none"> <li>• 02/03—Complete draft standards for critical spatial data themes (framework data)</li> <li>• 02/03—First iteration of the planned metadata</li> <li>• 05/03—Deploy first iteration of the Geospatial One-Stop Portal</li> </ul>  |
| <b>DISASTER MANAGEMENT</b>  |   |  |  |  |
| FEMA <a href="http://www.disasterhelp.gov">www.disasterhelp.gov</a> | Provides federal, state, and local emergency managers online access to disaster management related information, planning and response tools.  | <ul style="list-style-type: none"> <li>• Reduce response recovery time by 15%</li> <li>• Improve situational awareness planning capability by 25%</li> <li>• Increase the number of first responders using DMIS tools by 10%</li> </ul>  | <ul style="list-style-type: none"> <li>• Pilot launch on 11/25/02</li> </ul>   | <ul style="list-style-type: none"> <li>• 10/1/03—Deploy an integrated channel for access to Disaster Management organizations, knowledge, services, and tools</li> </ul>   |



**Table 22-2. Government to Government—By Projects—Continued**

| Lead Agency & Project Website                                | Description   | Performance Metrics   | Progress to Date  | Key Migration Milestones   |
|--|---|---|---|--|
| <b>SAFECOM</b>   |   |   |   |  |
| FEMA   | Provides interoperable wireless solutions for federal, state and local public safety organizations and ensures they can communicate and share information as they respond to emergency incidents.                             | <ul style="list-style-type: none"> <li>• # of agencies that can communicate with one another</li> <li>• Response times for jurisdictions and disciplines to respond to an event</li> <li>• # of wireless grant programs that include Safecom-approved equipment</li> <li>• Voice, data and video convergence</li> </ul> | <ul style="list-style-type: none"> <li>• Identifying existing wireless network integration solutions fielded by federal, state, tribal, and local public safety agencies proven to provide interoperability. Solutions will be used as models to provide a baseline from which to further implement options for interoperability within the public safety community.</li> <li>• Modifying an existing web-based tool as a channel of distribution for the identified wireless network integration solutions</li> <li>• Developing process for grant funding to state, tribal, and local organizations</li> <li>• Plans in place to launch a requirements definition and analysis</li> </ul> | <ul style="list-style-type: none"> <li>• 02/03—Develop short-term interim solution for immediate integration of wireless networks</li> <li>• 07/03—Define the requirements for first responder interoperability at state, local, tribal, and federal levels to develop a long-term architecture</li> <li>• 09/03—Identify gaps between existing wireless systems and interoperability requirements</li> <li>• 10/03—Develop concept of operations for interoperability</li> <li>• 09/04—Develop national architecture</li> </ul> |
| <b>E-VITAL</b>   |   |   |   |  |
| SSA  | Establishes common electronic processes for federal and state agencies to collect, process, analyze, verify and share birth and death record information. Also promotes automating how deaths are registered with the States. | <ul style="list-style-type: none"> <li>• Time for state to report death to SSA (Target: 15 days)</li> <li>• # of verified death records</li> <li>• Time to verify birth and death entitlement factors (Target: 24 hours)</li> <li>• # of false identity cases</li> </ul>  | <ul style="list-style-type: none"> <li>• As of Dec 2002, birth and death information from eight states (CO, HI, MO, MS, MN, IA, CA, OK) is available online for Social Security to use</li> <li>• Three states (MN, MT, SD) and New York City have signed contracts to implement an improved death registration process</li> </ul>  | <ul style="list-style-type: none"> <li>• 06/1/04—Launch production EVVE hub</li> <li>• 10/31/03—Deploy an initial capability for Electronic Death Registration (EDR) records with DC, NJ, and NH</li> </ul>  |
| <b>E-GRANTS</b>  |   |   |   |  |
| HHS <a href="http://www.fedgrants.gov">www.fedgrants.gov</a> | Creates a single, online portal for all federal grant customers to access and apply for grants, thus making it easier for potential recipients to obtain information about federal grants.                                    | <ul style="list-style-type: none"> <li>• # of grant-making agencies publishing grant opps in portal</li> <li>• # of grant programs available for electronic application</li> <li>• % of reusable information per grant application</li> <li>• # of applications received electronically</li> </ul>                      | <ul style="list-style-type: none"> <li>• Launched on 8/30/02</li> <li>• Unified grant application standard completed 10/1/02</li> <li>• HHS reached an agreement with agencies, universities and nonprofits, setting data standards for grant applications</li> </ul>   | <ul style="list-style-type: none"> <li>• 10/1/03—Deploy simple, unified grant application mechanism</li> </ul>   |

**Table 22-2. Internal Efficiency and Effectiveness—By Projects**

| Lead Agency & Project Website   | Description   | Performance Metrics   | Progress to Date  | Key Migration Milestones  |
|---|---|---|---|---|
| <b>E-TRAINING</b>   |   |   |   |   |
| <p>OPM <a href="http://www.golearn.gov">www.golearn.gov</a></p>         | <p>Provides a single point of online training and strategic human capital development solutions for all federal employees, reducing instructor and travel costs and improving human capital management.</p>   | <ul style="list-style-type: none"> <li>• Cost avoidance: total tuition/travel cost reductions for participating agencies (Target: minimum of \$50M in reductions)</li> <li>• % of executive branch agencies receiving their e-training via golearn.gov</li> <li>• E-Training is supplier of choice to fulfill Human Capital training at all Cabinet-level agencies</li> </ul> | <ul style="list-style-type: none"> <li>• Launched on 07/23/02 and as of October has had over 35 million visitors with over 28,000 registered users</li> <li>• Variable training costs have been reduced to less than a penny per student</li> <li>• Recently launched IT security courses that map to the GISRA and NIST requirements (developed in collaboration with, and endorsed by NSA)</li> </ul> | <ul style="list-style-type: none"> <li>• 01/31/03—Launch Module 2 which includes additional free and fee-for-service course (contains user and managerial tools such as virtual classrooms and eval tools, FLECT CoP, KARTA)</li> <li>• 06/30/03—Launch Module 3 which establishes CoPs/ Knowledge Domains categorized by profession, linked to competencies, KSAs, and mapped to E-Training courses</li> <li>• 09/30/04—Interface to/ shutdown of existing on-line training systems</li> </ul> |
| <b>RECRUITMENT ONE-STOP</b>   |   |   |   |   |
| <p>OPM <a href="http://www.usajobs.opm.gov">www.usajobs.opm.gov</a></p> | <p>Outsources delivery of USAJOBS Federal Employment Information System to deliver state-of-the-art on-line recruitment services to job seekers that include intuitive job searching, on-line resume submission, applicant data mining, and on-line feedback on status and eligibility.</p> | <ul style="list-style-type: none"> <li>• Cost-per-hire</li> <li>• Time-to-fill vacancies</li> <li>• % of federal job applicants using Recruitment One-Stop (Target: 80%)</li> <li>• Availability of applicant status (Target: Real-time)</li> </ul> <p>Additional metrics can be captured based on market-based metrics incorporated in the Recruitment One-Stop solution</p> | <ul style="list-style-type: none"> <li>• An improved site was re-launched on 06/30/02</li> <li>• Evaluating vendor proposals</li> </ul>   | <ul style="list-style-type: none"> <li>• 01/03—Contract award</li> <li>• 3/10/03—Implement improved job application submission process, job searching, job vacancies / announcements and linkage to agency assessment tools</li> <li>• 08/29/03—Implement applicant database mining; full integration to agency assessment tools; applicant status tracking</li> <li>• 12/31/03—Shutdown of agency job search engines and resume builders</li> </ul>  |

**Table 22–2. Internal Efficiency and Effectiveness—By Projects—Continued**

| Lead Agency & Project Website    | Description  | Performance Metrics   | Progress to Date   | Key Migration Milestones   |
|----------------------------------|--|---|--|--|
| <b>ENTERPRISE HR INTEGRATION</b> |  |   |  |  |
| OPM                              | Streamlines and automates the exchange of federal employee human resources information. Replaces official paper employee records.  | <ul style="list-style-type: none"> <li>• Cost/cycle time savings per transaction due to reduction in manual paper processing</li> <li>• Time for inter-agency transfers</li> <li>• Usage of analytics by all Cabinet-level agencies in the Human Capital Planning process</li> </ul>                    | <ul style="list-style-type: none"> <li>• Gained agreement of federal human resource officers on common data standards</li> <li>• Demonstrated Workforce Analysis and Support System (WASS) and Civilian Forecasting (CIVFORS) tools to EHRI Partners</li> </ul>  | <ul style="list-style-type: none"> <li>• 02/11/03—Demonstrate analytics and forecasting</li> <li>• 05/1/03—Propose data standards and standard components to CIO Council Architecture Committee</li> <li>• 01/30/04—Deploy EHRI Repository to support CPDF replacement, E-Payroll and E-Clearance</li> <li>• 06/30/04—Establish standardization policy</li> <li>• 06/30/04—Deploy EHRI Repository to support Inter-Agency Employee Transfer Requirement</li> <li>• 06/30/04—Deploy EHRI Repository to support RSM</li> </ul> |
| <b>E-CLEARANCE</b>               |  |   |  |  |
| OPM                              | Streamlines and improves the quality of the current security clearance process.  | <ul style="list-style-type: none"> <li>• Cost per application</li> <li>• Reciprocation between agencies</li> <li>• Average time to process clearance forms</li> <li>• Average time to complete clearance forms</li> <li>• Time to locate and evaluate previous investigations and clearances</li> </ul> | <ul style="list-style-type: none"> <li>• Finalizing testing of federal security questions (SF86)</li> <li>• Consolidated clearance investigation results to a DOD and civilian database, May 2002</li> </ul>   | <ul style="list-style-type: none"> <li>• 01/31/03—Deploy Clearance Verification System (CVS)</li> <li>• 05/31/03—Imaging: All agencies begin imaging background investigation information</li> <li>• 06/30/03—Implement e-QIP</li> </ul>   |
| <b>E-PAYROLL</b>                 |  |   |  |  |
| OPM                              | Consolidates 22 federal payroll systems to simplify and standardize federal human resources/payroll policies and procedures to better integrate payroll, human resources, and finance functions. | <ul style="list-style-type: none"> <li>• Payroll cost per transaction/per employee (Target: in-line with industry averages)</li> <li>• Accuracy of Treasury Disbursements, Post Payroll Interfaces, and Periodic Reporting</li> </ul>   | <ul style="list-style-type: none"> <li>• Selected four qualified payroll providers; negotiating with the best qualified group on terms and conditions of Memorandum of Agreement</li> <li>• Customer education forum—12/5/02</li> <li>• Identified 87 opportunities to standardize policies affecting payroll</li> </ul> | <ul style="list-style-type: none"> <li>• 01/8/03—Agencies and OPM announce selection of payroll providers</li> <li>• 03/1/03—Start migration to move from the 22 existing providers to the two selected payroll partnerships</li> <li>• 07/28/03—Standardize payroll processes</li> <li>• 09/30/03—First consolidations (DOE, EPA, ...)</li> <li>• 09/30/04—Executive agencies migrated to 1 of 2 payroll partnerships</li> </ul>  |

**Table 22–2. Internal Efficiency and Effectiveness—By Projects—Continued**

| Lead Agency & Project Website             | Description  | Performance Metrics   | Progress to Date   | Key Migration Milestones  |
|---|--|---|--|---|
| <b>E-TRAVEL</b>                           |  |   |  |   |
| GSA                                       | Provides a common government wide end-to-end travel service that rationalizes, automates, and consolidates the travel process in a self-service web-centric environment, covering all aspects of travel planning, authorization and reservations, to expense reporting and reimbursement. Leverages administrative, financial and information technology best practices to realize significant cost savings and improved employee productivity in-line with industry averages. | <ul style="list-style-type: none"> <li>• Administrative cost per trip (Target: in-line with industry averages)</li> <li>• # trips serviced through E-Travel</li> <li>• # of agencies and users using E-Travel services</li> <li>• % of use of E-Travel services within each agency</li> <li>• % improvement of time for traveler to get reimbursed</li> </ul> | <ul style="list-style-type: none"> <li>• Developed government-wide inventory and business case defining cost/benefits and high-level agency migration requirements</li> <li>• In final stages of completing MOUs with 24 BRM agencies</li> <li>• Provided an online booking engine for interim use</li> <li>• Approved acquisition plan to consolidate and aggregate government-wide E-Travel services</li> <li>• Posted final RFP draft</li> <li>• Partnered with VA on benchmarking study of agency-specific end-to-end service</li> <li>• Issued Federal Travel Regulation guidance and mandates for use of the E-Travel service</li> </ul> | <ul style="list-style-type: none"> <li>• 06/30/03—Compete an acquisition and award to end-to-end service provider</li> <li>• 10/01/03—Establish Travel Management Office (TMO) for ongoing travel service management</li> <li>• 12/31/03—Complete pilot to deploy first full agency and initiate migration of all agencies to end-to-end service</li> <li>• 12/31/03—Begin agency capture of detailed travel and financial information in government-wide data warehouse</li> <li>• 12/31/04—All agencies fully committed to using end-to-end solution and replace all existing agency end-to-end travel systems</li> </ul> |
| <b>INTEGRATED ACQUISITION ENVIRONMENT</b> |  |   |  |   |
| GSA                                       | Creates a secure business environment that will facilitate and support cost-effective acquisition of goods and services by agencies, while eliminating inefficiencies in the current acquisition environment.  | <ul style="list-style-type: none"> <li>• % reduction in time for delivery of products and services</li> <li>• cost-per-spend</li> <li>• % of intragovernmental transactions going through IAE</li> <li>• % reduction in procurement transaction errors</li> <li>• % of vendors registered in central database</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Launched a Business Partner Network, a one-stop portal for vendor registration</li> <li>• Launched past performance information retrieval system (July 2002)</li> </ul>   | <ul style="list-style-type: none"> <li>• 07/01/03—Contract directory fully populated</li> <li>• 09/30/03—Publish standardized eTransactions for interface and data exchanges</li> <li>• 10/01/03—Deploy updated management information system</li> <li>• 10/01/03—Deploy initial intra-governmental exchange portal</li> <li>• 12/31/03—Implement online representations and certifications with new clauses</li> <li>• Consolidate/leverage contract writing systems</li> </ul>  |

**Table 22–2. Internal Efficiency and Effectiveness—By Projects—Continued**

| Lead Agency & Project Website | Description   | Performance Metrics  | Progress to Date  | Key Migration Milestones  |
|-------------------------------|---|--|---|---|
| <b>E-RECORDS MANAGEMENT</b>   |   |  |   |   |
| NARA                          | Provides policy guidance to help agencies to better manage their electronic records, so that records information can be effectively used to support timely and informed decision making, enhance service delivery, and ensure accountability. | <ul style="list-style-type: none"> <li>• % of eligible data items archived/preserved electronically</li> <li>• Consolidation of IT investments for correspondence systems</li> <li>• Document search/retrieval burden</li> <li>• Document recovery burden</li> </ul> | <ul style="list-style-type: none"> <li>• Issued guidance for transferring permanent email records and attachments to the National Archives (Sept 2002)</li> <li>• Adopted revised Department of Defense standard for common set of requirements for records management applications DoD-wide (June 2002)</li> </ul> | <ul style="list-style-type: none"> <li>• 12/30/02—Expand methods of transferring E-Records to NARA</li> <li>• 01/15/03—Announce adoption of records management application standard</li> <li>• 03/31/03—Complete E-Records transfer standards for three formats</li> <li>• 06/15/03—Deploy enterprise-wide ERM System guidance</li> <li>• 09/30/04—Establish policy for consistency in implementation of ERM</li> </ul> |

**Table 22–2. Cross-Cutting—By Projects**

| Lead Agency & Project Website | Description  | Performance Metrics  | Progress to Date   | Key Migration Milestones   |
|-------------------------------|--|--|--|--|
| <b>E-AUTHENTICATION</b>       |  |  |  |  |
| GSA                           | Minimizes the burden on businesses, public and government when obtaining services online by providing a secure infrastructure for online transactions, eliminating the need for separate processes for the verification of identity and electronic signatures. | <ul style="list-style-type: none"> <li>• Cost savings from IT expenditures a coordinated and streamlined approach to E-Authentication</li> <li>• % of GPEA burden using transactions that authenticate using the E-Authentication gateway</li> <li>• # of credentials by customer segment needed to interact with the federal government</li> <li>• % of citizens trusting transactions with the government (from existing surveys)</li> <li>• Time to access e-government applications</li> </ul> | <ul style="list-style-type: none"> <li>• Four agencies (DOD, TREAS, USDA, NASA) cross-certified with Federal PKI Bridge</li> <li>• Live interim gateway deployed (Oct 2002)</li> </ul> | <ul style="list-style-type: none"> <li>• 02/03—Certification and accreditation of interim E-Authentication gateway</li> <li>• 04/03—Government-wide authentication guidance</li> <li>• 05/03—Deployment of first applications to use the E-Authentication gateway, additional apps added throughout 2003 and 2004</li> <li>• 08/03—Establish list of trusted credential providers</li> <li>• 09/30/03—Full deployment of E-Authentication gateway</li> </ul> |



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**FEDERAL DRUG CONTROL FUNDING**

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## 23. FEDERAL DRUG CONTROL FUNDING

The FY 2004 Federal Drug Control Budget reflects a significant restructuring of past years' Drug Control Budgets, as outlined in the Fiscal Year 2003 Budget of the President. To the maximum extent possible, resources included in this, and future drug budgets, will now tie directly to identifiable line items in the Budget of the President or to agency budget justifications for Congress, accompanying the budget.

In addition, several accounts previously included in the Drug Control Budget have been dropped. Some accounts were dropped because drug funds in those accounts were either very small portions of the agency's budget; e.g., drug funding in the National Park Service represented about .4 percent of the agency's total budget. Others were dropped because the reported drug-related spending was simply a derivation from the

agency's budget, which provided a gross estimate of a secondary cost of drug use (e.g., approximately 60 percent of the Bureau of Prisons budget was previously reported as drug spending because that portion of Federal prisoners were serving sentence due to a drug conviction.)

The drug budget now reflects only those expenditures aimed at reducing drug use, rather than those associated with the consequences of drug use. These latter costs will continue to be periodically reported by ONDCP in the Economic Costs of Drug Abuse in the United States. Further, the modified drug budget provides a more realistic basis for policy makers to consider tradeoffs between spending for prevention, treatment and law enforcement programs.

**Table 23-1. FEDERAL DRUG CONTROL FUNDING, FY 2002-2004**

(Budget authority, in millions of dollars)

| Department/Agency   | 2002<br>Enacted | 2003<br>Estimate | 2004<br>Request |
|---|-----------------|------------------|-----------------|
| Department of Defense .....                               | 853             | 872              | 817             |
| Department of Education .....                             | 669             | 634              | 584             |
| Department of Health and Human Services .....             | 3,190           | 3,333            | 3,571           |
| National Institutes of Health .....                       | 885             | 960              | 996             |
| Substance Abuse and Mental Health Services Admin. ....    | 2,304           | 2,373            | 2,575           |
| Department of Homeland Security .....                     | 1,793           | 1,868            | 2,042           |
| Border and Transportation Security .....                  | 1,184           | 1,272            | 1,373           |
| U.S. Coast Guard .....                                    | 610             | 596              | 669             |
| Department of Justice .....                               | 2,942           | 2,460            | 2,566           |
| Bureau of Prisons .....                                   | 39              | 43               | 45              |
| Drug Enforcement Administration .....                     | 1,563           | 1,660            | 1,677           |
| Interagency Crime and Drug Enforcement <sup>1</sup> ..... | 446             | 470              | 542             |
| Office of Justice Programs .....                          | 893             | 287              | 301             |
| ONDCP .....   | 528             | 523              | 524             |
| Operations .....  | 25              | 25               | 27              |
| High Intensity Drug Trafficking Area Program .....        | 221             | 206              | 206             |
| Counterdrug Technology Assessment Center .....            | 42              | 40               | 40              |
| Other Federal Drug Control Programs .....                 | 239             | 251              | 250             |
| Department of State .....                                 | 872             | 878              | 877             |
| International Narcotics and Law Enforcement Affairs ..... | 227             | 147              | 146             |
| Andean Counterdrug Initiative .....                       | 645             | 731              | 731             |
| Department of Veterans Affairs .....                      | 636             | 664              | 690             |
| Other Presidential Initiatives <sup>2</sup> .....         | 3               | 8                | 8               |
| <b>Total Federal Drug Spending</b> .....                  | <b>11,485</b>   | <b>11,239</b>    | <b>11,679</b>   |

<sup>1</sup> The FY 2004 Budget proposes the merger of the Treasury Interagency Crime and Drug Enforcement (ICDE) account into Justice's ICDE account. Treasury and Justice funding is shown as combined for all three years, 2002-2004.

<sup>2</sup> Includes funding for the Corporation for National Service's Parents Drug Corps (\$5M), and the Small Business Administration's Drug-Free Workplace (\$3M) programs.



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## BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

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## 24. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means for the President and Congress to decide how much money to spend, what to spend it on, and how to raise the money they have decided to spend. Through the budget system, they determine the allocation of resources among the agencies of the Federal Government. 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 that 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 proposed 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 2004. (Fiscal year 2004 will begin on October 1, 2003 and end on September 30, 2004.) 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 2003, so that the reader can compare the President's budget proposals to the most recently enacted levels, and it includes data on the most recently completed fiscal year, in this case 2002, so that the reader can compare budget estimates to actual accounting data.

The President begins the process of formulating the budget by establishing general budget and fiscal policy guidelines, 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, reactions to the last proposed budget (which Congress is considering when the process of preparing the upcoming budget begins), and how programs are actually performing 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 2, "Economic Assumptions," provides more information on this subject.)

Statutory limitations on changes in receipts and outlays 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 agencies and functions of the Federal Government, the total outlays and receipts that are appropriate in rela-

tion 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 transmitted the Budget of the United States for Fiscal Year 2002 on April 9, 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.

### **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 is permanent. 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.

In the report on the budget resolution, the Budget Committees allocate the amounts of budget authority and outlays within the functional category totals to the House and Senate Appropriations Committees and the other committees that have jurisdiction over the programs in the functions. The Appropriations Committees are required, in turn, to allocate amounts of budget authority and outlays among their respective subcommittees. The subcommittees may not exceed their allocations in drafting spending bills. The other committees with jurisdiction over spending and receipts may make allocations among their subcommittees but are not required to. 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.

<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) and *Introduction to the Federal Budget Process* (Congressional Research Service Report 98-721 GOV, December 24, 2002).

For 2003, Congress did not enact a budget resolution. 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.

Once Congress approves the budget resolution, it turns its attention to enacting appropriations bills and authorizing legislation. 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.

For 21 of the last 22 years, including 2003, appropriations bills have not been enacted by the beginning of the fiscal year. When Congress does not complete action on one or more appropriations bills by the beginning of the fiscal year, it usually 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.

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. A distinctive feature of these laws is that they provide agencies with the authority to collect or to spend money without first requiring the Appropriations Committees to enact funding. This category of spending includes interest the Government pays on the public debt and 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 constrained legislation enacted through 2002 that would increase spending or decrease receipts. The BEA expired at the end of 2002. The Administration proposes to extend the BEA's mechanisms for limiting discretionary spending for 2004 and 2005 consistent with the levels proposed in the 2004 Budget and plans to announce a comprehensive discretionary cap proposal at a later date. The Administration also proposes to extend the pay-as-you-go requirements for two years. This chapter describes the BEA requirements under the Balanced Budget and Emergency Deficit Control Act.

The BEA divides spending into two types—discretionary spending and direct spending. Discretionary spending is controlled through annual appropriations acts. Funding for salaries and other operating expenses of Government agencies, for example, is usually discretionary because it is usually provided by appropriations acts. Direct spending is more commonly called mandatory spending. Mandatory spending is controlled by permanent laws. Medicare and Medicaid payments, unemployment insurance benefits, and farm price supports are examples of mandatory spending, because permanent laws authorize payments for those purposes. The BEA specifically defines funding for the Food Stamp program as mandatory spending, even though appropriations acts provide the funding. The BEA includes receipts under the same rules that apply to mandatory spending, because permanent laws generally control receipts. The BEA constrains discretionary spending differently from mandatory spending and receipts, as explained in the following paragraphs.

The BEA defines categories of discretionary spending and specifies dollar limits (“caps”) on the amount of spending in each category. The categories and their amounts are determined by negotiations 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. Laws enacted since the 1997 revision of the BEA added categories. The Transportation Equity Act for the 21st Century (TEA-21, Public Law 105-178) added categories for highways 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.<sup>2</sup>

Because the BEA itself expired 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, domestic spending, and violent crime reduction. The Historical Tables volume of the budget provides comparable data for the major BEA categories for 1962 through 2008.

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 adjustment was included in the BEA because it was determined that the reviews reduce overall spending by eliminating benefit payments to ineligible individuals.

The cap adjustments required for the highways and mass transit categories are designed to ensure that spending levels are consistent with the level of 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 reestimates 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.

If the BEA is extended, the Administration will support a number of cap adjustments to reserve additional spending for specific purposes. These potential adjustments would include funds to develop the nuclear waste repository at Yucca Mountain, continuation of adjust-

<sup>2</sup>In addition to specifying caps for this category, the BEA specifies minimum levels of spending for six subcategories. The subcategories are not binding and are not enforced by sequestration.



ments for Social Security Administration's program integrity activities and the earned income tax credit compliance initiative, as well as an adjustment for fully accruing pensions and retiree health benefits for Federal employees. (See BASIS FOR BUDGET FIGURES, later in this chapter, for more information on the accrual proposal.)

Chapter 14, "The President's Budget Reform Proposals," provides more information on the Administration's principles for new discretionary spending limits and cap adjustments.

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 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. In recent years, 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.

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 most mandatory spending, including Social Security, interest on the public debt, Federal employees 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 other special rules limit the size of a sequestration for other programs. As a result of exemptions and special rules, only about three percent of all mandatory spending is subject to sequestration, including the maximum amounts allowed under special rules.

The PAYGO rules do not apply to increases in mandatory spending or decreases in receipts that are not the result of new laws. For example, mandatory spending for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries

rises, and many benefit payments are automatically increased for inflation under existing laws. Likewise, tax receipts decrease when the profits of private businesses decline as the result of economic conditions.

The BEA requires OMB to make the estimates and calculations that determine whether there is to be a sequestration and report them to the President and Congress. It requires the Congressional Budget Office (CBO) to make the same estimates and calculations, and the Director of OMB to explain any differences between the OMB and CBO estimates. The BEA requires the President to issue a sequestration order without changing any of the particulars of the OMB report. It requires the General Accounting Office to prepare compliance reports.

The BEA requires OMB and CBO to publish three sequestration reports—a "preview" report at the time the President submits the budget, an "update" report in August, and a "final" report at the end of a session of Congress (usually in the fall of each year). The preview report discusses the status of discretionary and PAYGO sequestration, based on current law. This report also explains the adjustments that are required by law to the discretionary caps and publishes the revised caps. Since the BEA reporting requirements have expired, a Preview Report is not included in this budget. Instead, Chapter 14, "The President's Budget Reform Proposals" provides a number of policy ideas to reform the budget process and outlines a framework for BEA extension. The Administration plans to submit comprehensive legislation for BEA extension at a later date.

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' enforcement of the budget resolution within Congress. OMB provides advisory estimates on bills that might have significant consequences as they move through Congress.

From the end of a session of Congress through the following June 30th, discretionary sequestrations take place whenever an appropriations act for the current fiscal year causes a cap to be exceeded. Because a sequestration in the last quarter of a fiscal year might be too disruptive, the BEA specifies that a sequestration that otherwise would be required then is to be accomplished by reducing the cap for the next fiscal year. These requirements ensure that supplemental appropriations enacted during the fiscal year are subject to the budget enforcement provisions.

### Budget Execution

Government agencies may not spend more than Congress has appropriated, and they may use funds only for purposes specified in law. The Antideficiency Act prohibits them from spending or obligating the Government to spend in advance of an appropriation, unless specific authority to do so has been provided in law. Additionally, the Act requires the President to apportion the budgetary resources available for 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 re-apportion 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 supplemental appropriation.

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 2002, over \$1.9 billion in deferrals were proposed, 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 2002, no rescissions were proposed.

### Budget Calendar

The following timetable highlights the scheduled dates for significant budget events during the 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 report.  |
| 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. |

## COVERAGE OF THE BUDGET

### Federal Government and Budget Totals

**Table 24-1. TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT**

(In billions of dollars)

|                          | 2002<br>actual | Estimate |       |
|--------------------------|----------------|----------|-------|
|                          |                | 2003     | 2004  |
| <b>Budget authority:</b> |                |          |       |
| Unified .....            | 2,090          | 2,154    | 2,243 |
| On-budget .....          | 1,725          | 1,781    | 1,856 |
| Off-budget .....         | 365            | 374      | 387   |
| <b>Receipts:</b>         |                |          |       |
| Unified .....            | 1,853          | 1,836    | 1,922 |
| On-budget .....          | 1,338          | 1,305    | 1,366 |
| Off-budget .....         | 515            | 532      | 556   |
| <b>Outlays:</b>          |                |          |       |
| Unified .....            | 2,011          | 2,140    | 2,229 |
| On-budget .....          | 1,655          | 1,772    | 1,848 |
| Off-budget .....         | 356            | 368      | 382   |
| <b>Surplus:</b>          |                |          |       |
| Unified .....            | -158           | -304     | -307  |
| On-budget .....          | -318           | -468     | -482  |
| Off-budget .....         | 160            | 164      | 175   |

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.

The on-budget totals include the transactions of the Public Company Accounting Oversight Board (PCAOB), which was established this year pursuant to the Sarbanes-Oxley Act of 2002 (P.L. 107-204). Even though the statute says the PCAOB is not an agency or establishment of the Government, its sources of funding and activities are governmental in nature. The PCAOB has the authority to assess and collect mandatory fees from accounting firms and public companies to cover the costs of its operations. All public accounting firms are required to be registered with the PCAOB, pay its fees, and follow its regulations. The PCAOB is allowed to conduct investigations, bring charges, and levy sanctions against public accounting firms under the authority of the U.S. Government. These actions are reinforced by the Board's ability to request the Securities and Exchange Commission (SEC) to issue subpoenas on its behalf. The PCAOB's Board members are appointed by governmental officials, the SEC Commissioners, and all fundamental decisions by the PCAOB are subject to approval by the SEC. The classification

of the PCAOB as budgetary is therefore based on substance, not arbitrary designations.

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae). Federal laws established these enterprises for public policy purposes, but they are privately owned and operated corporations. Because of their close relationship to the Government, the budget discusses them and reports their financial data in the *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 within the Government. 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.

Chapter 25, "Detailed Functional Tables," provides detailed 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 re-

ceipts arrayed by Federal agency. Chapter 26, "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 fund also includes the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. General fund appropriations draw from general fund receipts and borrowing 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 16, "Trust Funds and Federal Funds," 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 7, "Federal Investment Spending and Capital Budgeting," 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.
- **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, regulatory fees, 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 Table 24-1, "Federal Government and Budget Totals," which appears

earlier in this chapter.) Chapter 4, "Federal Receipts," 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. These transactions are completely offsetting and do not affect the surplus or deficit. However, they are an important accounting mechanism for allocating costs to the programs and activities that cause the Government to incur the costs. 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 21, "Outlays to the Public, Net and Gross," shows the effect of offsetting collections and receipts on gross outlays for each major Federal agency.

Although offsetting collections and offsetting receipts offset gross budget authority and outlays, the budget accounts for them differently, 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. Simi-

larly, 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 misclassified 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. However, in two cases, agencies' payments as employers into employee retirement trust funds and interest received by trust funds, intragovernmental transactions are classified as undistributed offsetting receipts. They appear as special deductions in computing total budget authority and outlays for the Government rather than as offsets at the agency level. This special treatment is necessary because the amounts are large and would distort 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 misclassified as offsetting and are not authorized to be credited to expenditure accounts.

### User Charges

User charges are fees assessed on individuals or organizations 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). 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 charges are not necessarily earmarked for the activity they finance and may be credited to the general fund of the Treasury.

The term "user charge" does not refer to a separate budget category for collections. User charges are classified in the budget as receipts, offsetting receipts, or offsetting collections according to the principles explained above.

See Chapter 5, "User Charges and Other Collections," for a more detailed discussion of user charges, offsetting collections, and offsetting receipts.

## BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS

Budget authority, obligations, and outlays are the primary benchmarks and measures of the budget control system. Congress enacts laws that provide agencies with spending authority in the form of budget authority. Before agencies can use the resources, OMB must approve their spending plans. After the plans are approved, agencies can enter into binding agreements to purchase items or services. These agreements are recorded as obligations of the United States and deducted from the amount of budgetary resources available to the agency. When payments are made, the obligations are liquidated and outlays recorded. These concepts are discussed more fully below.

### 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 re-

source 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. A major exception to this rule is for the highway and mass transit programs financed by the Highway Trust Fund, where budget authority is measured as the amount of contract authority (described below) provided in authorizing statutes, even though the obligation limitations enacted in annual appropriations acts restrict the amount of contract authority that can be obligated.

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, agencies generally must request sufficient budget authority in the first year to fully fund an economically useful segment of a procurement or project, even though it may be obligated over several years. This full funding 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. The use of contract authority is traditionally limited to transportation programs.

Annual appropriations acts generally make budget authority available for obligation only during the fiscal year to which the act applies. However, they frequently allow budget authority for a particular purpose to remain available for obligation for a longer period or indefinitely (that is, until expended or until the program objectives have been attained). Typically, budget authority for current operations is made available for only one year, and budget authority for construction and some research projects is available for a specified number of years or indefinitely. Budget authority provided in authorizing statutes, such as for most trust funds, is available indefinitely. Only another law can extend a limited period of availability (see Reappropriation below).

Budget authority that is available for more than one year and not obligated in the year it becomes available is carried forward for obligation in a following year. In some cases, an account may carry 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>3</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 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 2004 appropriations act extends the availability of unobligated budget authority that otherwise would

<sup>3</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.

expire at the end of 2003, new budget authority would be recorded for 2004.

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 amount of budget authority recorded in the budget depends on whether the law provides budget authority in a specific amount or specifies a variable factor that determines the amount. It is considered definite if the legislation that provides it specifies a dollar amount (which may be an amount not to be exceeded). It is considered 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 a portion 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 action, Government agencies incur obligations to make payments (see earlier discussion under "Budget Execution"). 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.

Agency, function, and subfunction, and Government-wide 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 financed by an increase in agency debt. For example, the budget records the acquisition of physical assets through certain types of lease-purchase arrangements as though a cash disbursement 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, and 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. A small portion of this debt consists of inflation-indexed securities, which feature monthly adjustments to principal for inflation and semi-annual payments of interest on the inflation-adjusted principal. As with fixed-rate securities, the budget records interest outlays as the interest accrues. The monthly adjustment to principal is recorded, simultaneously, as an increase in debt outstanding and an outlay of interest.

Most Treasury debt securities held by trust funds and other Government accounts are in Government account series (special issues). The budget normally states the interest on these securities on a cash basis. When a Government account is invested in Federal debt securities, the purchase price is usually close or identical to the par (face) value of the security. The budget records the investment at par value and adjusts the interest paid by Treasury and collected by the account



by the difference between purchase price and par, if any. However, two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund, routinely have relatively large differences between purchase price and par. For these funds, the budget records the holdings of debt at par but records the differences between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security. The budget records interest as the amortization occurs.

For Federal credit programs, outlays are equal to the subsidy cost of direct loans and loan guarantees and are recorded as the underlying loans are disbursed (see FEDERAL CREDIT below).

The budget records refunds of receipts that result from overpayments (such as income taxes withheld in excess of tax liabilities) as reductions of receipts, rather than as outlays. The budget records payments to taxpayers for tax credits (such as earned income tax credits) that exceed the taxpayer's tax liability as outlays.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority provided in the same year or against unobligated balances of budget authority provided in prior years. Outlays,

therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. The ratio of the outlays resulting from budget authority enacted in 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 (\$734 billion in 2002) of total outlays for a fiscal year are discretionary and the rest (\$1,277 billion in 2002) consists of mandatory spending and net interest. Such a large portion of total spending is nondiscretionary because authorizing legislation determines net interest (\$171 billion in 2002) and the spending for a few programs with large amounts of spending each year, such as Social Security (\$452 billion in 2002) and Medicare (\$228 billion in 2002).

### 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 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. Under this treatment, the budget records the net cost to the Government (subsidy cost) 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>4</sup> As for most other kinds of programs, agencies can make loans or guarantee loans only if Congress has appropriated funds sufficient to cover the subsidy costs in annual appropriations acts.

When a Federal agency disburses a direct loan or when a non-Federal lender disburses a loan guaranteed by a Federal agency, the program account outlays an amount equal to the cost to a non-budgetary *credit financing account*. The financing accounts record the actual transactions with the public. For a few programs, the estimated cost is negative, because the present value of expected collections exceeds the present value of expected disbursements over the term of the loan. In such cases, the financing account makes a payment to the program's receipt account, where it is recorded as an offsetting receipt. 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, each year. If the estimated cost increases, the program account makes an additional payment to the financing account. If the estimated cost decreases, the financing account makes a payment to the program's receipt account, where it is recorded as an offsetting receipt. The FCRA provides permanent indefinite appropriations to pay for upward 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 program account records obligations for an additional amount equal to the increased cost and outlays the amount to the financing account. As with the original

<sup>4</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.

cost, agencies may incur modification costs only if Congress has appropriated funds to cover them. Modification may also reduce costs, in which case the financing account makes a payment 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 interest from the public, the receipt of subsidy cost payments from program accounts, and interest paid to or received from Treasury. Separate financing accounts record the cash flows of direct loans and of loan guarantees for programs that provide both types of credit. 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, which was enacted in 1990, grandfathered direct loan obligations and loan guarantee commitments made prior to fiscal year 1992. The budget records these on a cash basis in credit liquidating accounts, the same as they were recorded before FCRA was enacted. 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 fiscal year 1992 or later.

## BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

When outlays exceed receipts, the difference is a deficit, which the Government finances primarily by borrowing. When receipts exceed outlays, the difference is a surplus, and the Government uses the surplus to reduce debt. The Government's debt (debt held by the public) is approximately the cumulative amount of borrowing to finance deficits, less repayments from surpluses. Borrowing is not exactly equal to the deficit, and debt repayment is not exactly equal to the surplus, because of the other means of financing such as those discussed under this heading. Some, such as the premium on debt buybacks, normally increase the Government's borrowing needs or decrease its ability to repay debt; others normally have the opposite effect or may be either positive or negative. In some years, such as 2002, the net effect of the other means of financing may be significant relative to the borrowing or debt repayment.

### 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 2002, the Government borrowed \$221 billion from the public. This was primarily to finance the \$158 billion deficit in that year. The rest of the borrowing was mainly needed to finance direct loans disbursed in credit financing accounts, which are discussed below, and the accumulation of operating cash balances and compensating balances in financial institutions. At the end of 2002, the debt held by the public was \$3,540 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 13, "Federal Borrowing and Debt," for a fuller discussion of this topic.)

### Debt Buyback Premiums

From 2000 through April 2002, the Treasury Department bought back outstanding U.S. Treasury bonds as part of its efforts to manage efficiently the publicly held debt. Because interest rates 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. This buyback premium is recorded as a means of financing, not as outlays. Chapter 24, "Budget System and Concepts and Glossary," pages 457-58 in the *Analytical Perspectives* volume of the 2001 budget, discusses the basis for this treatment in more detail, including an examination of the alternatives that were considered.

### 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 and the public's desire to hold financial assets in the form of coins. Therefore, the budget excludes seigniorage from receipts and treats it as a means of financing other than borrowing from the public. The budget also 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. They are excluded from the budget because they are not allocations of resources by the Government (see FEDERAL CREDIT above). However, even though they do not affect the surplus or deficit, they can either increase or decrease the Government's need to borrow. Therefore, they are recorded as a means of financing.

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 non-budgetary accounts, called deposit funds, to record cash 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. To the extent that they are not invested, changes in the balances are available to finance expenditures and are recorded as a means of financing other than borrowing from the public. To the extent that they are invested in Federal debt, changes in the balances are reflected as borrowing from the public in lieu of borrowing from other parts of the public.

### **Exchanges with the International Monetary Fund (IMF)**

Under the terms of its participation in the IMF, the U.S. transfers dollars to the IMF and receives Special Drawing Rights (SDR's) 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, where the government exchanges one type of financial asset (cash) for another (bank deposit), with no change in total financial assets. Following a recommendation of the 1967 President's Commission on Budget Concepts, the budget excludes these transfers from budget outlays or receipts. In contrast, the budget records interest paid by the IMF on U.S. deposits as an offsetting receipt in the General Fund of the Treasury. It also records outlays for foreign currency exchanges to the extent there is a realized loss in dollars terms and offsetting receipts to the extent there is a realized gain in dollar terms.

### **Railroad Retirement Board Investments**

Under longstanding rules, the budget treats investments in non-Federal securities as a purchase of an asset, recording an obligation and an outlay in an amount equal to the purchase price in the year of the purchase. Since investments in non-Federal securities consume cash, fund balances (of funds available for obligation) normally exclude the value of non-Federal securities. However, the Railroad Retirement and Survivors' Improvement Act of 2001 (Public Law 107-90) requires purchases or sales of non-Federal assets by the National Railroad Retirement Investment Trust to be treated as a means of financing in the budget.

Earnings on investments by National Railroad Retirement Investment Trust in private assets pose special challenges for budget projections. Equities and private bonds earn a higher return on average than the Treasury rate, but that return is subject to greater uncertainty. Sound budgeting principles require that estimates of future trust fund balances reflect both the average return and the cost of risk associated with the uncertainty of that return. (The latter is particularly true in cases where individual beneficiaries have not made a voluntary choice to assume additional risk.) Estimating both of these separately is quite difficult. While the additional returns that these assets have received in the past are known, it is quite possible that these premiums will differ in the future. Furthermore, there is no existing procedure for the budget to record separately the cost of risk from such an investment, even if it could be estimated accurately. Economic theory suggests, however, that the difference between the expected return of a risky liquid asset and the Treasury rate is equal to the cost of the asset's additional risk as priced by the market. Following through on this insight, the best way to project the rate of return on the Fund's balances is to use a Treasury rate. This will mean that assets with equal economic value as measured by market prices will be treated equivalently, avoiding the appearance that the budget could benefit if the Government bought private sector assets.

The actual and estimated returns to private securities will be recorded in subfunction 909, other investment income. The actual year returns will include interest, dividends, and capital gains and losses on private equities and other securities. The Fund's portfolio of these assets will be revalued at market prices at the end of the actual year to determine capital gains or losses. As a result, the Fund's end-of-year balance will reflect the current market value of resources available to the Government to finance benefits. Earnings for the current and future years will be estimated using the 10-year Treasury rate and the value of the Fund's portfolio at the end of the actual year. No estimates will be made of gains and losses for the current year or subsequent years.

### **Federal Communications Commission Monetary Credit**

In June 2000, the Federal Communications Commission (FCC) issued a transferrable monetary credit of \$125 million in the form of an Auction Discount Voucher to Qualcomm, Incorporated in satisfaction of the court's ruling in litigation brought by Qualcomm against the FCC. The monetary credit was structured to work in a manner similar to that of an auction bidding credit and could be used to bid on spectrum licenses in future FCC auctions. Consistent with the budgetary treatment of other monetary credits, the budget recorded an outlay and borrowing from the public in 2000.

Qualcomm transferred \$11 million of the monetary credit in 2002, and the transferee used it as an auction bidding credit. In November 2002, the FCC revised its Order governing the ADV to allow Qualcomm to transfer the remaining \$114 million to a debtor to repay outstanding direct loans issued for the purpose of purchasing spectrum licenses at previous FCC auctions. Qualcomm is expected to redeem the voucher in this manner before June 2003, when the voucher will expire.

The \$11 million used as an auction bidding credit in 2002 was recorded as an offsetting collection in FCC's Pioneer's Preference Account and then applied to extinguish \$11 million of the \$125 million FCC debt that was recorded when the Qualcomm voucher was originally issued. The \$114 million that is expected to be used to repay outstanding loans will be recorded as offsetting collections in the Spectrum Auction Direct Loan Financing Account and then applied to repay outstanding debt of the financing account to Treasury. Simultaneously, \$114 million in general fund auction receipts will be applied to extinguish the remaining outstanding FCC debt to the public.

### **Reclassification of Guaranty Agencies Reserves**

Beginning in the late 1960's and continuing into the 1980's, about \$800 million was appropriated to the Department of Health, Education, and Welfare (later the Department of Education) and then outlayed to public and non-profit guaranty agencies participating in the Guaranteed Student Loan program (now called the Federal Family Education Loan program). The guaranty agencies invested the funds and used them as reserves for default claims.

The Higher Education Amendments of 1998 (20 U.S.C. 1072(g)(1)) clarified that these reserve funds, along with any accumulated interest, are Federal assets, even though they were being held and invested outside Treasury. As such, the budget should not have recorded outlays when the funds were disbursed to the guaranty agencies; it should have recorded receipts each year as the reserves earned interest; and it should have recorded outlays when payments for default claims were made. Correcting the actual data for these errors would require significant investment of resources with little value. Alternatively, an adjustment to outlays for all past errors could be recorded in a single year, but this would distort that year's reported outlays. OMB and Treasury agreed that correcting for the past errors should not distort current year budget totals. In 2000, these amounts (about \$2.2 billion) were presented in the budget as Federal assets (unobligated balances). Treasury made a corresponding accounting adjustment and recorded the same amount as funds held by the Government outside Treasury. This adjustment is reflected as a means of financing in 2000 and as an adjustment to balances, without any outlay or deficit impact.

## **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 2,096 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 11, "Federal Employment and Compensation," provides more information on this subject.)

## **BASIS FOR BUDGET FIGURES**

### **Data for the Past Year**

The past year column (2002) 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 (see Chapter 18, "Comparison of Actual to Estimated totals for 2002" for a summary of these differences).

### **Data for the Current Year**

The current year column (2003) generally 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.

At the time this budget was prepared, only two of the regular fiscal year 2003 thirteen appropriations bills had been enacted (Department of Defense and Military Construction), and funding for programs covered by the other appropriations acts was provided by a continuing resolution (P.L. 107-229, as amended). For discretionary accounts funded by continuing resolution, the current year policy amounts reflect the Administration's 2003 policy proposals. The baseline amounts for discretionary accounts were calculated based on the continuing resolution rates, except for appropriated entitlements, which are reported at the current law level. (See Baseline below.)

### Data for the Budget Year

The budget year column (2004) includes estimates of transactions and balances based on the amounts of budgetary resources that are estimated to be available, including new budget authority requested under current authorizing legislation, and amounts estimated to result from changes in authorizing legislation and tax laws.

The budget *Appendix* generally includes the appropriations language for the amounts proposed to be appropriated under current authorizing legislation. In a few cases, this language is transmitted later because the exact requirements are unknown when the budget is transmitted. The *Appendix* generally does not include appropriations language for the amounts that will be requested under proposed legislation; that language is usually transmitted later, after the legislation is enacted. Some tables in the budget identify the items for later transmittal and the related outlays separately. Estimates of the total requirements for the budget year include both the amounts requested with the transmittal of the budget and the amounts planned for later transmittal.

### Data for the Outyears

The budget presents estimates for each of the four years beyond the budget year (2005 through 2008) in order to reflect the effect of budget decisions on longer term objectives and plans.

### Federal Employee Pensions and Annuitant Health Benefits

In order to link the full cost of resources used with results achieved in support of budgeting and managing for performance, the Administration proposes to pay the full share of accruing employee pensions and annuitant health benefits for Federal employees. The additional funding for this conceptual change would not constitute additional program level and would not change total budget outlays and the deficit; instead, it would ensure that the budget recognizes and accurately measures the full costs of employees. The budget presents information by account on the net budget au-

thority and outlay impact of this change. The data are displayed as memoranda entries in the budget *Appendix* on a three-year comparable basis (i.e., for 2002 through 2004). Unlike the 2003 budget, the amounts are not included in the budget request and baseline estimates. (See Chapter 1, "Budget Performance Integration" and Chapter 14, "The President's Budget Reform Proposals" for more information on this topic.)

### Department of Homeland Security

On November 25, 2002, the President signed into law the Homeland Security Act of 2002. The Act merges twenty-two Federal agencies and programs to create the new Department of Homeland Security (DHS). The budget presents the DHS as a freestanding agency with comparable estimates for all years including 2002 and 2003. All budget data associated with the DHS components are displayed in the DHS chapter of the budget *Appendix*. The other budget volumes treat DHS similarly, with the data for and discussion of DHS components included in the DHS sections. The only exception is the Management Scorecard, which displays the most recent agency scores including the DHS components.

### 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. For accounts that are funded by a continuing resolution for fiscal year 2003, the baseline amounts for discretionary programs were calculated based on the amounts provided by the continuing resolution, except for appropriated entitlements, which are reported at the current law level. This is required by section 257(b) of the BEA.

The baseline represents the amount of resources, in real terms, that would be used by the Government over the period covered by the budget on the basis of laws currently enacted. (Chapter 15, "Current Services Estimates," 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.
- 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 pro-

posals 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 (includ-

ing "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. The BEA expired at the end of 2002.
- **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 outlaid.

**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 for each fiscal year on the budget authority and outlays 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 or the cash does not accurately measure the cost of the transaction. (For examples, see the section on Outlays earlier in this chapter.)

**Collections** mean money collected by the Government that the budget records as either a receipt, an offsetting collection, or an offsetting receipt.

**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 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 spending** 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 through accounts 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 moneys.

**Intragovernmental fund**—See *revolving fund*.

**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. The term does not include 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 uses the term direct spending to mean this, mandatory spending is commonly used instead. (Cf. discretionary spending.)

**Means of financing** refers to borrowing, the change in cash balances, and certain other transactions involved in financing a deficit. The term is also used to refer to the debt repayment, the change in cash balances, and certain other transactions involved in using a surplus. By definition, the means of financing are not treated as receipts or outlays.

**Obligated balance** means the cumulative amount of budget authority that has been obligated but not yet outlaid. (Cf. unobligated balance.)

**Obligation** means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

**Off-budget**—See *budget totals*.

**Offsetting collections** mean collections that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, they are 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 credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or 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, undistributed offsetting receipts, and offsetting collections.)

**On-budget**—See *budget totals*.

**Outlay** means a payment to liquidate an obligation (other than the repayment of debt principal). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public 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 set by the Budget Enforcement Act 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 account for receipts or offsetting receipts earmarked for specific purposes and the expenditure of these receipts. (Cf. trust fund.)

**Subsidy** means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays.

**Surplus** means the amount by which receipts exceed outlays in a fiscal year. It may refer to the on-budget, off-budget, or unified budget surplus.

**Supplemental appropriation** means an appropriation enacted subsequent to a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

**Trust fund** refers to a type of account, designated by law as a trust fund, for receipts or offsetting 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.)

**Undistributed offsetting receipts** mean offsetting receipts that are deducted from the Government-wide totals for budget authority and outlays instead of offset against a specific agency and function. (Cf. offsetting receipts.)

**Unobligated balance** means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law.



***User charges*** are charges 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 custom duties).



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## DETAILED FUNCTIONAL TABLES

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## 25. DETAILED FUNCTIONAL TABLES

**Table 25–1. Budget Authority by Function, Category and Program**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>050 National defense:</b>                                     |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>                           |                |                |                |                |                |                |                |
| Military personnel .....   | 86,929         | 93,436         | 98,565         | 102,692        | 107,041        | 110,600        | 114,218        |
| Proposed Legislation (non-PAYGO) .....                           |                |                | 12             |                |                |                |                |
| Subtotal, Military personnel .....                               | 86,929         | 93,436         | 98,577         | 102,692        | 107,041        | 110,600        | 114,218        |
| Operation and maintenance .....                                  | 132,702        | 129,373        | 133,228        | 139,075        | 145,006        | 150,094        | 157,353        |
| Proposed Legislation (non-PAYGO) .....                           |                |                | 7              |                |                |                |                |
| Subtotal, Operation and maintenance .....                        | 132,702        | 129,373        | 133,235        | 139,075        | 145,006        | 150,094        | 157,353        |
| Procurement .....  | 62,739         | 71,403         | 74,396         | 78,644         | 85,760         | 96,077         | 105,280        |
| Research, development, test and evaluation .....                 | 48,713         | 56,798         | 61,827         | 67,103         | 64,345         | 64,621         | 66,952         |
| Military construction .....                                      | 6,631          | 6,288          | 5,018          | 6,093          | 10,381         | 13,192         | 12,162         |
| Family housing .....   | 4,048          | 4,204          | 4,016          | 4,771          | 5,070          | 4,776          | 3,803          |
| Revolving, management, and trust funds and other .....           | 2,645          | 3,132          | 2,837          | 1,454          | 2,217          | 1,136          | 2,020          |
| Proposed Legislation (non-PAYGO) .....                           |                |                | -8             |                |                |                |                |
| Subtotal, Revolving, management, and trust funds and other ..... | 2,645          | 3,132          | 2,829          | 1,454          | 2,217          | 1,136          | 2,020          |
| Total, Department of Defense—Military .....                      | 344,407        | 364,634        | 379,898        | 399,832        | 419,820        | 440,496        | 461,788        |
| <b>Atomic energy defense activities:</b>                         |                |                |                |                |                |                |                |
| Department of Energy .....                                       | 14,910         | 15,582         | 16,604         | 17,062         | 17,136         | 16,659         | 15,726         |
| Department of Homeland Security .....                            | 109            | 95             | 92             | 94             | 95             | 97             | 99             |
| Formerly utilized sites remedial action .....                    | 140            | 140            | 140            | 143            | 146            | 149            | 153            |
| Defense nuclear facilities safety board .....                    | 18             | 19             | 20             | 20             | 21             | 21             | 22             |
| Total, Atomic energy defense activities .....                    | 15,177         | 15,836         | 16,856         | 17,319         | 17,398         | 16,926         | 16,000         |
| <b>Defense-related activities:</b>                               |                |                |                |                |                |                |                |
| Discretionary programs .....                                     | 1,232          | 1,755          | 2,419          | 2,464          | 2,514          | 2,569          | 2,636          |
| Proposed Legislation (non-PAYGO) .....                           |                |                | 8              | 8              | 8              | 8              | 9              |
| Total, Defense-related activities .....                          | 1,232          | 1,755          | 2,427          | 2,472          | 2,522          | 2,577          | 2,645          |
| <b>Total, Discretionary</b> .....                                | <b>360,816</b> | <b>382,225</b> | <b>399,181</b> | <b>419,623</b> | <b>439,740</b> | <b>459,999</b> | <b>480,433</b> |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>                           |                |                |                |                |                |                |                |
| Military personnel .....   | 27             | 53             | 379            | 379            | 379            | 379            | 379            |
| Revolving, trust and other DoD mandatory .....                   | 2,402          | 267            | 292            | 303            | 288            | 319            | 332            |
| Offsetting receipts .....  | -1,852         | -986           | -942           | -921           | -922           | -886           | -882           |
| Total, Department of Defense—Military .....                      | 577            | -666           | -271           | -239           | -255           | -188           | -171           |
| <b>Atomic energy defense activities:</b>                         |                |                |                |                |                |                |                |
| Energy employee occupational illness compensation program .....  | 157            | 756            | 440            | 331            | 265            | 214            | 193            |
| <b>Defense-related activities:</b>                               |                |                |                |                |                |                |                |
| Radiation exposure compensation trust fund .....                 | 172            | 143            | 107            | 65             | 47             | 29             | 29             |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Mandatory programs .....  | 384            | 223            | 226            | 239            | 247            | 255            | 263            |
| Total, Defense-related activities .....                                 | 556            | 366            | 333            | 304            | 294            | 284            | 292            |
| <b>Total, Mandatory</b> .....   | <b>1,290</b>   | <b>456</b>     | <b>502</b>     | <b>396</b>     | <b>304</b>     | <b>310</b>     | <b>314</b>     |
| <b>Total, National defense</b> .....                                    | <b>362,106</b> | <b>382,681</b> | <b>399,683</b> | <b>420,019</b> | <b>440,044</b> | <b>460,309</b> | <b>480,747</b> |
| <b>150 International affairs:</b>                                       |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>International development, humanitarian assistance:</b>              |                |                |                |                |                |                |                |
| Development assistance, child survival, and disease programs .....      | 2,580          | 2,840          | 2,819          | 2,872          | 2,930          | 2,995          | 3,071          |
| Food aid .....  | 864            | 1,185          | 1,235          | 1,258          | 1,284          | 1,312          | 1,345          |
| Refugee programs .....  | 720            | 720            | 800            | 815            | 832            | 849            | 872            |
| Millennium challenge corporation (Proposed Legislation non-PAYGO) ..... |                |                | 1,300          | 1,324          | 1,351          | 1,381          | 1,416          |
| Andean counter-drug initiative .....                                    | 645            | 731            | 731            | 745            | 760            | 777            | 796            |
| Multilateral development banks (MDB's) .....                            | 1,026          | 1,437          | 1,555          | 1,584          | 1,615          | 1,651          | 1,694          |
| Assistance for the independent states of the former Soviet Union .....  | 624            | 755            | 576            | 587            | 599            | 612            | 627            |
| Peace Corps .....   | 275            | 317            | 359            | 366            | 373            | 381            | 391            |
| International narcotics control and law enforcement .....               | 376            | 197            | 285            | 290            | 297            | 302            | 310            |
| Assistance for Central and Eastern Europe .....                         | 461            | 495            | 435            | 444            | 452            | 462            | 474            |
| USAID operations .....  | 567            | 667            | 750            | 763            | 780            | 796            | 817            |
| Voluntary contributions to international organizations .....            | 295            | 310            | 315            | 321            | 327            | 335            | 343            |
| Other development and humanitarian assistance .....                     | 514            | 254            | 1,309          | 2,123          | 2,693          | 3,316          | 3,544          |
| Total, International development, humanitarian assistance .....         | 8,947          | 9,908          | 12,469         | 13,492         | 14,293         | 15,169         | 15,700         |
| <b>International security assistance:</b>                               |                |                |                |                |                |                |                |
| Foreign military financing grants and loans .....                       | 4,007          | 4,107          | 4,414          | 4,496          | 4,587          | 4,689          | 4,809          |
| Economic support fund .....   | 2,670          | 2,490          | 2,535          | 2,582          | 2,635          | 2,693          | 2,762          |
| Nonproliferation, antiterrorism, demining, and related programs .....   | 398            | 372            | 385            | 392            | 401            | 409            | 419            |
| Other security assistance .....   | 234            | 188            | 187            | 190            | 194            | 199            | 204            |
| Proposed Legislation (non-PAYGO) .....                                  |                |                | 100            | 102            | 104            | 106            | 109            |
| Subtotal, Other security assistance .....                               | 234            | 188            | 287            | 292            | 298            | 305            | 313            |
| Total, International security assistance .....                          | 7,309          | 7,157          | 7,621          | 7,762          | 7,921          | 8,096          | 8,303          |
| <b>Conduct of foreign affairs:</b>                                      |                |                |                |                |                |                |                |
| State Department operations .....                                       | 3,876          | 4,114          | 4,321          | 4,401          | 4,490          | 4,590          | 4,707          |
| Embassy security, construction, and maintenance .....                   | 1,474          | 1,305          | 1,514          | 1,542          | 1,574          | 1,609          | 1,650          |
| Assessed contributions to international organizations .....             | 899            | 891            | 1,010          | 1,029          | 1,050          | 1,073          | 1,100          |
| Assessed contributions for international peacekeeping .....             | 825            | 726            | 550            | 560            | 572            | 584            | 599            |
| Other conduct of foreign affairs .....                                  | 137            | 155            | 149            | 151            | 154            | 159            | 163            |
| Total, Conduct of foreign affairs .....                                 | 7,211          | 7,191          | 7,544          | 7,683          | 7,840          | 8,015          | 8,219          |
| <b>Foreign information and exchange activities:</b>                     |                |                |                |                |                |                |                |
| International broadcasting .....  | 515            | 508            | 563            | 575            | 586            | 600            | 614            |
| Russian Leadership Development Center trust fund .....                  | 9              | 10             | 15             | 15             | 16             | 16             | 16             |
| Other information and exchange activities .....                         | 440            | 305            | 405            | 412            | 421            | 431            | 441            |
| Total, Foreign information and exchange activities .....                | 964            | 823            | 983            | 1,002          | 1,023          | 1,047          | 1,071          |
| <b>International financial programs:</b>                                |                |                |                |                |                |                |                |
| Export-Import Bank .....  | 738            | 596            | -37            | 23             | 434            | 463            | 494            |
| Special defense acquisition fund .....                                  | -2             |                |                |                |                |                |                |
| Total, International financial programs .....                           | 736            | 596            | -37            | 23             | 434            | 463            | 494            |
| <b>Total, Discretionary</b> .....                                       | <b>25,167</b>  | <b>25,675</b>  | <b>28,580</b>  | <b>29,962</b>  | <b>31,511</b>  | <b>32,790</b>  | <b>33,787</b>  |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>International development, humanitarian assistance:</b>              |                |                |                |                |                |                |                |
| Credit liquidating accounts .....                                       | -1,180         | -1,347         | -1,172         | -970           | -996           | -934           | -866           |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Receipts and other .....  | -52            | 83       | -7     | -7     | -7     | -7     | -7     |
| Total, International development, humanitarian assistance .....       | -1,232         | -1,264   | -1,179 | -977   | -1,003 | -941   | -873   |
| <b>International security assistance:</b>                             |                |          |        |        |        |        |        |
| Foreign military loan reestimates .....                               | 150            | -522     |        |        |        |        |        |
| Foreign military loan liquidating account .....                       | -532           | -420     | -287   | -267   | -265   | -230   | -196   |
| Total, International security assistance .....                        | -382           | -942     | -287   | -267   | -265   | -230   | -196   |
| <b>Foreign affairs and information:</b>                               |                |          |        |        |        |        |        |
| Conduct of foreign affairs .....                                      | 35             | 7        | 7      | 6      | 6      | 5      | 5      |
| Japan-U.S. Friendship Commission .....                                | 3              | 3        | 3      | 3      | 3      | 3      | 3      |
| Vietnam debt repayment fund, transfers from liquidating fund .....    | 2              | -2       |        |        |        |        |        |
| Total, Foreign affairs and information .....                          | 40             | 8        | 10     | 9      | 9      | 8      | 8      |
| <b>International financial programs:</b>                              |                |          |        |        |        |        |        |
| Foreign military sales trust fund (net) .....                         | 1,989          | 1,073    | -2,897 | -273   | 755    | 769    | 783    |
| Credit liquidating account (Ex-Im) .....                              |                | -487     | -348   | -311   | -290   | -254   | -157   |
| Export-Import Bank—subsidy reestimates .....                          | -367           | -3,467   |        |        |        |        |        |
| Other international financial programs .....                          | -71            | -85      | -88    | -94    | -108   | -25    | -28    |
| Total, International financial programs .....                         | 1,551          | -2,966   | -3,333 | -678   | 357    | 490    | 598    |
| <b>Total, Mandatory</b> .....   | -23            | -5,164   | -4,789 | -1,913 | -902   | -673   | -463   |
| <b>Total, International affairs</b> .....                             | 25,144         | 20,511   | 23,791 | 28,049 | 30,609 | 32,117 | 33,324 |
| <b>250 General science, space, and technology:</b>                    |                |          |        |        |        |        |        |
| <b>Discretionary:</b>   |                |          |        |        |        |        |        |
| <b>General science and basic research:</b>                            |                |          |        |        |        |        |        |
| National Science Foundation programs .....                            | 4,753          | 4,960    | 5,413  | 5,538  | 5,638  | 5,746  | 5,896  |
| Department of Energy general science programs .....                   | 3,263          | 3,256    | 3,311  | 3,373  | 3,442  | 3,518  | 3,607  |
| Department of Homeland Security science and technology programs ..... | 5              | 23       | 273    | 278    | 284    | 290    | 297    |
| Total, General science and basic research .....                       | 8,021          | 8,239    | 8,997  | 9,189  | 9,364  | 9,554  | 9,800  |
| <b>Space flight, research, and supporting activities:</b>             |                |          |        |        |        |        |        |
| Science, aeronautics, and technology .....                            | 7,104          | 7,858    | 7,782  | 7,746  | 7,881  | 8,066  | 8,247  |
| Human space flight .....  | 6,773          | 6,131    | 6,668  | 7,336  | 7,807  | 8,267  | 8,611  |
| Other NASA programs .....   | 24             | 25       | 26     | 28     | 29     | 30     | 31     |
| Total, Space flight, research, and supporting activities .....        | 13,901         | 14,014   | 14,476 | 15,110 | 15,717 | 16,363 | 16,889 |
| <b>Total, Discretionary</b> .....                                     | 21,922         | 22,253   | 23,473 | 24,299 | 25,081 | 25,917 | 26,689 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>General science and basic research:</b>                            |                |          |        |        |        |        |        |
| National Science Foundation donations .....                           | 94             | 107      | 27     | 36     | 37     | 37     | 37     |
| <b>Total, General science, space, and technology</b> .....            | 22,016         | 22,360   | 23,500 | 24,335 | 25,118 | 25,954 | 26,726 |
| <b>270 Energy:</b>  |                |          |        |        |        |        |        |
| <b>Discretionary:</b>   |                |          |        |        |        |        |        |
| <b>Energy supply:</b>   |                |          |        |        |        |        |        |
| Research and development .....  | 1,286          | 1,216    | 1,274  | 1,364  | 1,430  | 1,508  | 1,551  |
| Naval petroleum reserves operations .....                             | 17             | 21       | 17     | 17     | 18     | 18     | 19     |
| Uranium enrichment decontamination .....                              | -420           | -442     | -34    | -49    | -82    | -145   | 268    |
| Nuclear waste program .....   | 95             | 276      | 161    | 515    | 424    | 419    | 962    |
| Federal power marketing .....   | 208            | 176      | 186    | 191    | 194    | 196    | 202    |
| Elk Hills school lands fund .....                                     | 36             | 72       | 36     | 37     | 37     | 38     | 39     |
| Rural electric and telephone discretionary loans .....                | 16             | 24       | 19     | -19    | -30    | -42    | -55    |
| Non-defense environmental management and other .....                  | 652            | 548      | 491    | 487    | 460    | 404    | 328    |
| Total, Energy supply .....  | 1,890          | 1,891    | 2,150  | 2,543  | 2,451  | 2,396  | 3,314  |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Energy conservation and preparedness:</b>                                |                |               |               |               |               |               |               |
| Energy conservation .....   | 896            | 912           | 876           | 892           | 910           | 931           | 954           |
| Emergency energy preparedness .....   | 179            | 188           | 175           | 178           | 182           | 186           | 191           |
| Total, Energy conservation and preparedness .....                           | 1,075          | 1,100         | 1,051         | 1,070         | 1,092         | 1,117         | 1,145         |
| <b>Energy information, policy, and regulation:</b>                          |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....                                   | 83             | 85            | 80            | 82            | 82            | 84            | 87            |
| Federal Energy Regulatory Commission fees and recoveries, and other .....   |                | -18           | -18           | -18           | -18           | -19           | -19           |
| Department of Energy departmental management, OIG, EIA administration ..... | 200            | 281           | 301           | 307           | 313           | 319           | 328           |
| Total, Energy information, policy, and regulation .....                     | 283            | 348           | 363           | 371           | 377           | 384           | 396           |
| <b>Total, Discretionary</b> .....   | <b>3,248</b>   | <b>3,339</b>  | <b>3,564</b>  | <b>3,984</b>  | <b>3,920</b>  | <b>3,897</b>  | <b>4,855</b>  |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Naval petroleum reserves oil and gas sales .....                            | -7             | -7            | -7            | -7            | -6            | -6            | -4            |
| Federal power marketing .....   | -392           | -610          | -582          | -703          | -863          | -761          | -656          |
| Proposed Legislation (PAYGO) .....  |                | 149           | 145           | 233           | 581           | 339           | 158           |
| Subtotal, Federal power marketing .....                                     | -392           | -461          | -437          | -470          | -282          | -422          | -498          |
| Tennessee Valley Authority .....  | 126            | -112          | -271          | -130          | -151          | -498          | -612          |
| Nuclear waste fund program .....  | -712           | -736          | -743          | -749          | -754          | -756          | -767          |
| Rural electric and telephone liquidating accounts .....                     | -1,814         | -1,348        | -1,219        | -932          | -957          | -921          | -818          |
| Rural electric and telephone loan subsidy reestimates .....                 | -49            |               |               |               |               |               |               |
| <b>Total, Mandatory</b> .....   | <b>-2,848</b>  | <b>-2,664</b> | <b>-2,677</b> | <b>-2,288</b> | <b>-2,150</b> | <b>-2,603</b> | <b>-2,699</b> |
| <b>Total, Energy</b> .....  | <b>400</b>     | <b>675</b>    | <b>887</b>    | <b>1,696</b>  | <b>1,770</b>  | <b>1,294</b>  | <b>2,156</b>  |
| <b>300 Natural resources and environment:</b>                               |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Water resources:</b>   |                |               |               |               |               |               |               |
| Corps of Engineers .....  | 4,509          | 4,025         | 4,054         | 4,077         | 4,161         | 4,246         | 4,347         |
| Proposed Legislation (non-PAYGO) .....                                      |                | -149          | -145          | -148          | -151          | -154          | -158          |
| Subtotal, Corps of Engineers .....  | 4,509          | 3,876         | 3,909         | 3,929         | 4,010         | 4,092         | 4,189         |
| Bureau of Reclamation .....   | 1,069          | 815           | 847           | 863           | 881           | 901           | 923           |
| Watershed, flood prevention, and other .....                                | 301            | 149           | 95            | 98            | 99            | 106           | 109           |
| Total, Water resources .....  | 5,879          | 4,840         | 4,851         | 4,890         | 4,990         | 5,099         | 5,221         |
| <b>Conservation and land management:</b>                                    |                |               |               |               |               |               |               |
| Forest Service .....  | 4,393          | 3,940         | 4,060         | 4,137         | 4,220         | 4,313         | 4,424         |
| Management of public lands (BLM) .....                                      | 1,669          | 1,647         | 1,688         | 1,719         | 1,754         | 1,793         | 1,839         |
| Conservation of agricultural lands .....                                    | 833            | 940           | 927           | 944           | 964           | 985           | 1,010         |
| Fish and Wildlife Service .....   | 1,135          | 1,147         | 1,162         | 1,197         | 1,220         | 1,245         | 1,279         |
| Other conservation and land management programs .....                       | 716            | 715           | 710           | 723           | 737           | 753           | 776           |
| Total, Conservation and land management .....                               | 8,746          | 8,389         | 8,547         | 8,720         | 8,895         | 9,089         | 9,328         |
| <b>Recreational resources:</b>  |                |               |               |               |               |               |               |
| Operation of recreational resources .....                                   | 2,382          | 2,363         | 2,366         | 2,417         | 2,469         | 2,523         | 2,585         |
| Other recreational resources activities .....                               | 23             | 21            | 21            | 21            | 23            | 22            | 23            |
| Total, Recreational resources .....   | 2,405          | 2,384         | 2,387         | 2,438         | 2,492         | 2,545         | 2,608         |
| <b>Pollution control and abatement:</b>                                     |                |               |               |               |               |               |               |
| Regulatory, enforcement, and research programs .....                        | 2,986          | 2,838         | 3,073         | 3,130         | 3,194         | 3,264         | 3,346         |
| State and tribal assistance grants .....                                    | 3,738          | 3,464         | 3,121         | 3,179         | 3,243         | 3,316         | 3,400         |
| Hazardous substance superfund .....   | 1,310          | 1,273         | 1,390         | 1,416         | 1,445         | 1,477         | 1,514         |
| Other control and abatement activities .....                                | 146            | 145           | 146           | 148           | 152           | 155           | 160           |



**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Environmental services (Proposed Legislation non-PAYGO) .....         |                | –4       | –4     | –8     | –8     | –8     | –8     |
| Total, Pollution control and abatement .....                          | 8,180          | 7,716    | 7,726  | 7,865  | 8,026  | 8,204  | 8,412  |
| <b>Other natural resources:</b>                                       |                |          |        |        |        |        |        |
| NOAA .....  | 3,337          | 3,210    | 3,399  | 3,462  | 3,535  | 3,611  | 3,703  |
| Other natural resource program activities .....                       | 1,067          | 1,032    | 1,083  | 1,103  | 1,127  | 1,148  | 1,179  |
| Total, Other natural resources .....                                  | 4,404          | 4,242    | 4,482  | 4,565  | 4,662  | 4,759  | 4,882  |
| <b>Total, Discretionary</b> .....                                     | 29,614         | 27,571   | 27,993 | 28,478 | 29,065 | 29,696 | 30,451 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>Water resources:</b>   |                |          |        |        |        |        |        |
| Offsetting receipts and other mandatory water resource programs ..... | 4              | –75      | –56    | –51    | –60    | –59    | –59    |
| <b>Conservation and land management:</b>                              |                |          |        |        |        |        |        |
| Conservation Programs .....   | 3,179          | 4,029    | 4,417  | 5,035  | 5,188  | 5,299  | 5,402  |
| Proposed Legislation (PAYGO) .....                                    |                |          | 10     | –143   | –238   | –345   | –488   |
| Subtotal, Conservation Programs .....                                 | 3,179          | 4,029    | 4,427  | 4,892  | 4,950  | 4,954  | 4,914  |
| Offsetting receipts .....   | –2,128         | –2,688   | –2,471 | –2,539 | –2,520 | –2,484 | –2,467 |
| Proposed Legislation (PAYGO) .....                                    |                |          | –10    | –16    | –25    | –33    | –41    |
| Subtotal, Offsetting receipts .....                                   | –2,128         | –2,688   | –2,481 | –2,555 | –2,545 | –2,517 | –2,508 |
| Total, Conservation and land management .....                         | 1,051          | 1,341    | 1,946  | 2,337  | 2,405  | 2,437  | 2,406  |
| <b>Recreational resources:</b>  |                |          |        |        |        |        |        |
| Operation of recreational resources .....                             | 925            | 939      | 959    | 885    | 910    | 941    | 977    |
| Proposed Legislation (PAYGO) .....                                    |                |          |        | 133    | 135    | 137    | 139    |
| Subtotal, Operation of recreational resources .....                   | 925            | 939      | 959    | 1,018  | 1,045  | 1,078  | 1,116  |
| Offsetting receipts .....   | –293           | –306     | –317   | –140   | –142   | –143   | –146   |
| Proposed Legislation (PAYGO) .....                                    |                |          |        | –85    | –99    | –101   | –107   |
| Subtotal, Offsetting receipts .....                                   | –293           | –306     | –317   | –225   | –241   | –244   | –253   |
| Total, Recreational resources .....                                   | 632            | 633      | 642    | 793    | 804    | 834    | 863    |
| <b>Pollution control and abatement:</b>                               |                |          |        |        |        |        |        |
| Superfund resources and other mandatory .....                         | –172           | –124     | –133   | –133   | –133   | –133   | –133   |
| <b>Other natural resources:</b>                                       |                |          |        |        |        |        |        |
| Fees and mandatory programs .....                                     | –3             | 11       | 8      | 8      | 9      | 10     | 10     |
| <b>Total, Mandatory</b> .....   | 1,512          | 1,786    | 2,407  | 2,954  | 3,025  | 3,089  | 3,087  |
| <b>Total, Natural resources and environment</b> .....                 | 31,126         | 29,357   | 30,400 | 31,432 | 32,090 | 32,785 | 33,538 |
| <b>350 Agriculture:</b>   |                |          |        |        |        |        |        |
| <b>Discretionary:</b>   |                |          |        |        |        |        |        |
| <b>Farm income stabilization:</b>                                     |                |          |        |        |        |        |        |
| Agriculture credit loan program .....                                 | 458            | 496      | 505    | 515    | 525    | 537    | 550    |
| P.L.480 market development activities .....                           | 148            | 129      | 136    | 139    | 141    | 144    | 148    |
| Discretionary changes to CCC programs .....                           |                | –175     | –50    | –51    | –52    | –53    | –54    |
| Administrative expenses .....   | 1,019          | 1,000    | 1,035  | 1,054  | 1,076  | 1,099  | 1,127  |
| Outreach for socially disadvantaged farmers .....                     | 3              | 3        | 4      | 4      | 4      | 4      | 4      |
| Total, Farm income stabilization .....                                | 1,628          | 1,453    | 1,630  | 1,661  | 1,694  | 1,731  | 1,775  |
| <b>Agricultural research and services:</b>                            |                |          |        |        |        |        |        |
| Research and education programs .....                                 | 1,800          | 1,555    | 1,555  | 1,584  | 1,617  | 1,652  | 1,694  |
| Discretionary changes to mandatory research programs .....            | –120           | –120     | –120   |        |        |        |        |
| Integrated research, education, and extension programs .....          | 43             | 45       | 63     | 64     | 66     | 67     | 68     |
| Extension programs .....  | 439            | 418      | 422    | 430    | 439    | 448    | 460    |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Marketing programs .....                                 | 72             | 76            | 77            | 78            | 80            | 82            | 84            |
| Animal and plant inspection programs .....               | 947            | 747           | 751           | 765           | 780           | 798           | 818           |
| Proposed Legislation (non-PAYGO) .....                   |                |               | -8            | -8            | -8            | -8            | -9            |
| Subtotal, Animal and plant inspection programs .....     | 947            | 747           | 743           | 757           | 772           | 790           | 809           |
| Economic intelligence .....                              | 182            | 214           | 213           | 217           | 221           | 226           | 232           |
| Grain inspection and packers program .....               | 33             | 40            | 42            | 43            | 44            | 45            | 46            |
| Proposed Legislation (non-PAYGO) .....                   |                | -27           | -29           | -30           | -30           | -31           | -32           |
| Subtotal, Grain inspection and packers program .....     | 33             | 13            | 13            | 13            | 14            | 14            | 14            |
| Foreign agricultural service .....                       | 134            | 131           | 141           | 144           | 147           | 150           | 154           |
| Other programs and unallocated overhead .....            | 530            | 619           | 635           | 647           | 658           | 673           | 692           |
| Total, Agricultural research and services .....          | 4,060          | 3,698         | 3,742         | 3,934         | 4,014         | 4,102         | 4,207         |
| <b>Total, Discretionary</b> .....                        | <b>5,688</b>   | <b>5,151</b>  | <b>5,372</b>  | <b>5,595</b>  | <b>5,708</b>  | <b>5,833</b>  | <b>5,982</b>  |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                        |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                       | 14,672         | 13,702        | 12,750        | 15,669        | 14,975        | 13,643        | 11,848        |
| Agricultural credit insurance subsidy reestimate .....   | 1,233          | -105          |               |               |               |               |               |
| Crop insurance and other farm credit activities .....    | 2,764          | 1,643         | 3,372         | 3,099         | 3,237         | 3,389         | 3,518         |
| Credit liquidating accounts (ACIF and FAC) .....         | -800           | -800          | -767          | -536          | -472          | -429          | -390          |
| Total, Farm income stabilization .....                   | 17,869         | 14,440        | 15,355        | 18,232        | 17,740        | 16,603        | 14,976        |
| <b>Agricultural research and services:</b>               |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                   | 435            | 622           | 579           | 607           | 634           | 682           | 689           |
| Offsetting receipts .....                                | -171           | -163          | -167          | -165          | -166          | -167          | -167          |
| Total, Agricultural research and services .....          | 264            | 459           | 412           | 442           | 468           | 515           | 522           |
| <b>Total, Mandatory</b> .....                            | <b>18,133</b>  | <b>14,899</b> | <b>15,767</b> | <b>18,674</b> | <b>18,208</b> | <b>17,118</b> | <b>15,498</b> |
| <b>Total, Agriculture</b> .....                          | <b>23,821</b>  | <b>20,050</b> | <b>21,139</b> | <b>24,269</b> | <b>23,916</b> | <b>22,951</b> | <b>21,480</b> |
| <b>370 Commerce and housing credit:</b>                  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                    |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                  |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs ..... | -2,349         | -2,785        | -2,852        | -2,578        | -2,131        | -2,059        | -2,247        |
| Government National Mortgage Association (GNMA) .....    | -345           | -388          | -394          | -402          | -410          | -418          | -429          |
| Other housing and urban development .....                | 7              | 6             | 2             | 1             | 2             |               | 2             |
| Rural housing insurance fund .....                       | 664            | 692           | 696           | 709           | 723           | 739           | 759           |
| Total, Mortgage credit .....                             | -2,023         | -2,475        | -2,548        | -2,270        | -1,816        | -1,738        | -1,915        |
| <b>Postal service:</b>                                   |                |               |               |               |               |               |               |
| Payments to the Postal Service fund (On-budget) .....    | 683            | 77            | 60            | 66            | 66            | 66            | 66            |
| <b>Deposit insurance:</b>                                |                |               |               |               |               |               |               |
| National credit union administration .....               | 1              | 1             | 1             | 1             | 2             | 1             | 1             |
| <b>Other advancement of commerce:</b>                    |                |               |               |               |               |               |               |
| Small and minority business assistance .....             | 658            | 614           | 629           | 641           | 654           | 669           | 686           |
| Science and technology .....                             | 707            | 588           | 525           | 534           | 546           | 559           | 571           |
| Economic and demographic statistics .....                | 541            | 778           | 747           | 937           | 901           | 932           | 1,282         |
| Regulatory agencies .....                                | -371           | -638          | -570          | -841          | -1,155        | -104          | -108          |
| Proposed Legislation (non-PAYGO) .....                   |                | -33           |               |               |               |               |               |
| Subtotal, Regulatory agencies .....                      | -371           | -671          | -570          | -841          | -1,155        | -104          | -108          |
| International Trade Administration .....                 | 355            | 364           | 382           | 389           | 397           | 406           | 416           |
| Patent and trademark salaries and expenses .....         | -22            | -193          | -100          |               |               |               |               |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate     |               |               |               |               |               |
|--|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003         | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other discretionary .....                                | 96             | 27           | -105          | -77           | -71           | -68           | -63           |
| Total, Other advancement of commerce .....               | 1,964          | 1,507        | 1,508         | 1,583         | 1,272         | 2,394         | 2,784         |
| <b>Total, Discretionary</b> .....                        | <b>625</b>     | <b>-890</b>  | <b>-979</b>   | <b>-620</b>   | <b>-476</b>   | <b>723</b>    | <b>936</b>    |
| <b>Mandatory:</b>  |                |              |               |               |               |               |               |
| <b>Mortgage credit:</b>                                  |                |              |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs ..... | 3,588          | 3,962        | 4,168         | 3,613         | 3,236         | 3,031         | 3,170         |
| Government National Mortgage Association .....           | 91             | 40           | 40            | 40            | 40            | 40            | 40            |
| Other HUD mortgage credit .....                          | -463           | -519         | -558          | -521          | -521          | -351          | -351          |
| Other mortgage credit activities .....                   | -1,477         | -1,995       | -1,290        | -1,201        | -1,194        | -1,124        | -1,042        |
| Total, Mortgage credit .....                             | 1,648          | 1,539        | 2,360         | 1,931         | 1,561         | 1,596         | 1,817         |
| <b>Postal service:</b>                                   |                |              |               |               |               |               |               |
| Postal Service (Off-budget) .....                        | 3,071          | 51           | 877           | 751           | 927           | 1,545         | 695           |
| <b>Deposit insurance:</b>                                |                |              |               |               |               |               |               |
| Bank Insurance Fund .....                                | -27            | -25          | -24           | -25           | -25           | -26           | -26           |
| Proposed Legislation (PAYGO) .....                       |                |              | 24            | 25            | 25            | 26            | 26            |
| Subtotal, Bank Insurance Fund .....                      | -27            | -25          |               |               |               |               |               |
| FSLIC Resolution Fund .....                              | -2             | -3           | -3            | -3            | -3            | -3            | -3            |
| Savings Association Insurance Fund .....                 | -3             | -3           | -3            | -3            | -3            | -3            | -3            |
| Proposed Legislation (PAYGO) .....                       |                |              | -24           | -25           | -25           | -26           | -26           |
| Subtotal, Savings Association Insurance Fund .....       | -3             | -3           | -27           | -28           | -28           | -29           | -29           |
| Other deposit insurance activities .....                 | 32             | 31           | 30            | 30            | 31            | 31            | 32            |
| Total, Deposit insurance .....                           |                |              |               | -1            |               | -1            |               |
| <b>Other advancement of commerce:</b>                    |                |              |               |               |               |               |               |
| Universal service fund .....                             | 5,472          | 6,329        | 6,651         | 6,733         | 6,856         | 6,987         | 7,125         |
| Payments to copyright owners .....                       | 220            | 219          | 234           | 240           | 254           | 265           | 276           |
| Spectrum auction subsidy .....                           | 142            | 511          | 13            | 13            | 13            | 13            | 13            |
| Regulatory fees .....                                    | -20            | -44          | -78           | -99           | -102          | -106          | -110          |
| Credit liquidating accounts .....                        | 3              | 3            | 3             | 1             | 1             | 1             |               |
| SBA business loan program and subsidy reestimate .....   | -297           | 435          |               |               |               |               |               |
| Continued dumping and subsidy offset .....               | 312            | 321          | 331           | 341           | 351           | 362           | 373           |
| Other mandatory .....                                    | 122            | 68           | 163           | 186           | 184           | 187           | 192           |
| Total, Other advancement of commerce .....               | 5,954          | 7,842        | 7,317         | 7,415         | 7,557         | 7,709         | 7,869         |
| <b>Total, Mandatory</b> .....                            | <b>10,673</b>  | <b>9,432</b> | <b>10,554</b> | <b>10,096</b> | <b>10,045</b> | <b>10,849</b> | <b>10,381</b> |
| <b>Total, Commerce and housing credit</b> .....          | <b>11,298</b>  | <b>8,542</b> | <b>9,575</b>  | <b>9,476</b>  | <b>9,569</b>  | <b>11,572</b> | <b>11,317</b> |
| <b>400 Transportation:</b>                               |                |              |               |               |               |               |               |
| <b>Discretionary:</b>                                    |                |              |               |               |               |               |               |
| <b>Ground transportation:</b>                            |                |              |               |               |               |               |               |
| Highways .....   | 316            |              |               |               |               |               | -1            |
| Highway safety .....                                     | 165            | 188          | 130           | 132           | 135           | 138           | 141           |
| Mass transit .....                                       | 3,272          | 1,445        | 1,290         | 1,314         | 1,341         | 1,371         | 1,405         |
| Railroads .....  | 1,046          | 710          | 1,089         | 1,109         | 1,131         | 1,156         | 1,186         |
| Proposed Legislation (non-PAYGO) .....                   |                | -59          |               |               |               |               |               |
| Subtotal, Railroads .....                                | 1,046          | 651          | 1,089         | 1,109         | 1,131         | 1,156         | 1,186         |
| Regulation .....   | 17             | 18           | 19            | 19            | 20            | 20            | 21            |
| State infrastructure banks .....                         | -6             |              |               |               |               |               |               |
| Total, Ground transportation .....                       | 4,810          | 2,302        | 2,528         | 2,574         | 2,627         | 2,684         | 2,752         |
| <b>Air transportation:</b>                               |                |              |               |               |               |               |               |
| Airports and airways (FAA) .....                         | 10,503         | 10,186       | 10,611        | 10,808        | 11,029        | 11,270        | 11,558        |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Transportation security administration .....             | 2,557          | 2,817         | 2,334         | 2,377         | 2,426         | 2,480         | 2,543         |
| Air transportation stabilization program account .....   |                | 6             | 3             | 3             | 3             | 3             | 3             |
| Aeronautical research and technology .....               | 991            | 986           | 993           | 931           | 940           | 934           | 915           |
| Payments to air carriers .....                           | 63             |               |               |               |               |               |               |
| <b>Total, Air transportation .....</b>                   | <b>14,114</b>  | <b>13,995</b> | <b>13,941</b> | <b>14,119</b> | <b>14,398</b> | <b>14,687</b> | <b>15,019</b> |
| <b>Water transportation:</b>                             |                |               |               |               |               |               |               |
| Marine safety and transportation .....                   | 4,107          | 4,763         | 5,252         | 5,349         | 5,461         | 5,580         | 5,719         |
| Ocean shipping .....                                     | 146            | 139           | 151           | 153           | 157           | 160           | 164           |
| <b>Total, Water transportation .....</b>                 | <b>4,253</b>   | <b>4,902</b>  | <b>5,403</b>  | <b>5,502</b>  | <b>5,618</b>  | <b>5,740</b>  | <b>5,883</b>  |
| <b>Other transportation:</b>                             |                |               |               |               |               |               |               |
| Departmental administration and other .....              | 260            | 308           | 406           | 412           | 375           | 383           | 394           |
| <b>Total, Discretionary .....</b>                        | <b>23,437</b>  | <b>21,507</b> | <b>22,278</b> | <b>22,607</b> | <b>23,018</b> | <b>23,494</b> | <b>24,048</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Ground transportation:</b>                            |                |               |               |               |               |               |               |
| Highways .....   | 34,034         | 31,120        | 30,332        | 30,911        | 32,007        | 32,927        | 33,855        |
| Proposed Legislation (PAYGO) .....                       |                |               | 100           | 100           | 100           | 100           | 100           |
| <b>Subtotal, Highways .....</b>                          | <b>34,034</b>  | <b>31,120</b> | <b>30,432</b> | <b>31,011</b> | <b>32,107</b> | <b>33,027</b> | <b>33,955</b> |
| Highway safety .....                                     | 610            | 612           | 982           | 992           | 1,002         | 1,014         | 1,025         |
| Mass transit .....                                       | 6,573          | 5,781         | 5,936         | 6,055         | 6,180         | 6,319         | 6,475         |
| Offsetting receipts and credit subsidy reestimates ..... | -143           | -105          | -295          | -33           | -33           | -33           | -33           |
| Credit liquidating accounts .....                        | -21            | -23           | -20           | -20           | -14           | -14           | -14           |
| <b>Total, Ground transportation .....</b>                | <b>41,053</b>  | <b>37,385</b> | <b>37,035</b> | <b>38,005</b> | <b>39,242</b> | <b>40,313</b> | <b>41,408</b> |
| <b>Air transportation:</b>                               |                |               |               |               |               |               |               |
| Airports and airways (FAA) .....                         | 3,026          | 3,400         | 3,400         | 3,400         | 3,400         | 3,400         | 3,400         |
| Payments to air carriers .....                           |                | 30            | 33            | 30            | 40            | 40            | 40            |
| Air transportation stabilization loan subsidies .....    | 172            | 500           |               |               |               |               |               |
| <b>Total, Air transportation .....</b>                   | <b>3,198</b>   | <b>3,930</b>  | <b>3,433</b>  | <b>3,430</b>  | <b>3,440</b>  | <b>3,440</b>  | <b>3,440</b>  |
| <b>Water transportation:</b>                             |                |               |               |               |               |               |               |
| Coast Guard retired pay .....                            | 876            | 889           | 1,020         | 1,020         | 1,040         | 1,060         | 1,081         |
| MARAD ocean freight differential .....                   | 157            | -119          | 83            | 94            | 96            | 98            | 98            |
| Other water transportation programs .....                | 177            | -14           | -28           | -29           | -30           | -31           | -32           |
| <b>Total, Water transportation .....</b>                 | <b>1,210</b>   | <b>756</b>    | <b>1,075</b>  | <b>1,085</b>  | <b>1,106</b>  | <b>1,127</b>  | <b>1,147</b>  |
| <b>Other transportation:</b>                             |                |               |               |               |               |               |               |
| Sale of transportation assets .....                      |                | -10           |               |               |               |               |               |
| Other mandatory transportation programs .....            | -11            | 7             | 7             | 7             | 7             | -1            | -1            |
| <b>Total, Other transportation .....</b>                 | <b>-11</b>     | <b>-3</b>     | <b>7</b>      | <b>7</b>      | <b>7</b>      | <b>-1</b>     | <b>-1</b>     |
| <b>Total, Mandatory .....</b>                            | <b>45,450</b>  | <b>42,068</b> | <b>41,550</b> | <b>42,527</b> | <b>43,795</b> | <b>44,879</b> | <b>45,994</b> |
| <b>Total, Transportation .....</b>                       | <b>68,887</b>  | <b>63,575</b> | <b>63,828</b> | <b>65,134</b> | <b>66,813</b> | <b>68,373</b> | <b>70,042</b> |
| <b>450 Community and regional development:</b>           |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                    |                |               |               |               |               |               |               |
| <b>Community development:</b>                            |                |               |               |               |               |               |               |
| Community development block grant .....                  | 7,783          | 4,716         | 4,716         | 4,804         | 4,902         | 5,010         | 5,137         |
| Proposed Legislation (non-PAYGO) .....                   |                | 16            | 16            | 16            | 17            | 17            | 17            |
| <b>Subtotal, Community development block grant .....</b> | <b>7,783</b>   | <b>4,732</b>  | <b>4,732</b>  | <b>4,820</b>  | <b>4,919</b>  | <b>5,027</b>  | <b>5,154</b>  |
| Community development loan guarantees .....              | 15             | 7             |               |               |               |               |               |
| Community development financial institutions .....       | 80             | 68            | 51            | 52            | 53            | 54            | 56            |
| Brownfields redevelopment .....                          | 25             | 25            |               |               |               |               |               |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Other community development programs .....                       | 163            | 606      | 387    | 424    | 434    | 443    | 477    |
| Total, Community development .....                               | 8,066          | 5,438    | 5,170  | 5,296  | 5,406  | 5,524  | 5,687  |
| <b>Area and regional development:</b>                            |                |          |        |        |        |        |        |
| Rural development .....  | 1,049          | 944      | 626    | 638    | 663    | 679    | 756    |
| Economic Development Administration .....                        | 366            | 348      | 364    | 371    | 378    | 387    | 397    |
| Indian programs .....  | 1,484          | 1,482    | 1,521  | 1,549  | 1,581  | 1,615  | 1,659  |
| Appalachian Regional Commission .....                            | 71             | 66       | 33     | 34     | 34     | 35     | 36     |
| Denali Commission .....  | 49             | 41       | 21     | 21     | 21     | 23     | 23     |
| Delta Regional Authority .....                                   | 10             | 10       | 2      | 2      | 2      | 2      | 2      |
| Total, Area and regional development .....                       | 3,029          | 2,891    | 2,567  | 2,615  | 2,679  | 2,741  | 2,873  |
| <b>Disaster relief and insurance:</b>                            |                |          |        |        |        |        |        |
| Disaster relief .....  | 10,131         | 1,800    | 1,934  | 1,970  | 2,010  | 2,055  | 2,107  |
| Small Business Administration disaster loans .....               | 282            | 194      | 198    | 202    | 206    | 210    | 216    |
| National flood insurance fund .....                              | 78             | 89       | 90     | 92     | 93     | 96     | 98     |
| State and local preparedness assistance (DHS) .....              | 262            | 3,564    | 3,058  | 3,115  | 3,178  | 3,249  | 3,331  |
| Other disaster assistance programs .....                         | 913            | 1,097    | 876    | 891    | 910    | 929    | 954    |
| Total, Disaster relief and insurance .....                       | 11,666         | 6,744    | 6,156  | 6,270  | 6,397  | 6,539  | 6,706  |
| <b>Total, Discretionary</b> .....                                | 22,761         | 15,073   | 13,893 | 14,181 | 14,482 | 14,804 | 15,266 |
| <b>Mandatory:</b>  |                |          |        |        |        |        |        |
| <b>Community development:</b>                                    |                |          |        |        |        |        |        |
| Mandatory programs .....   |                | 23       | 23     | 23     | 23     | 23     |        |
| <b>Area and regional development:</b>                            |                |          |        |        |        |        |        |
| Indian programs .....  | 411            | 429      | 447    | 461    | 482    | 503    | 525    |
| Rural development programs .....                                 | 687            | 177      | 75     | 76     | 66     | 66     | 6      |
| Credit liquidating accounts .....                                | -201           | -204     | -274   | -315   | -286   | -270   | -254   |
| Offsetting receipts .....  | -468           | -428     | -437   | -455   | -473   | -493   | -516   |
| Total, Area and regional development .....                       | 429            | -26      | -189   | -233   | -211   | -194   | -239   |
| <b>Disaster relief and insurance:</b>                            |                |          |        |        |        |        |        |
| National flood insurance fund .....                              | -105           | -109     | -110   | -112   | -115   | -118   | -121   |
| SBA disaster loans program account .....                         |                | 468      |        |        |        |        |        |
| SBA disaster loan subsidy reestimates .....                      | -14            | -42      |        |        |        |        |        |
| Disaster loan program negative subsidies .....                   |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Disaster assistance, downward reestimates .....                  | -10            | -9       |        |        |        |        |        |
| Total, Disaster relief and insurance .....                       | -129           | 307      | -111   | -113   | -116   | -119   | -122   |
| <b>Total, Mandatory</b> .....                                    | 300            | 304      | -277   | -323   | -304   | -290   | -361   |
| <b>Total, Community and regional development</b> .....           | 23,061         | 15,377   | 13,616 | 13,858 | 14,178 | 14,514 | 14,905 |
| <b>500 Education, training, employment, and social services:</b> |                |          |        |        |        |        |        |
| <b>Discretionary:</b>  |                |          |        |        |        |        |        |
| <b>Elementary, secondary, and vocational education:</b>          |                |          |        |        |        |        |        |
| Education for the disadvantaged .....                            | 11,722         | 13,385   | 14,184 | 14,459 | 14,756 | 15,085 | 15,463 |
| Impact aid .....   | 1,144          | 1,141    | 1,016  | 1,035  | 1,056  | 1,079  | 1,107  |
| School improvement .....   | 7,846          | 6,784    | 5,373  | 5,139  | 5,244  | 5,361  | 5,495  |
| English language acquisition .....                               | 664            | 665      | 665    | 677    | 691    | 706    | 724    |
| Special education .....  | 8,673          | 9,688    | 10,690 | 10,896 | 11,120 | 11,365 | 11,653 |
| Vocational and adult education .....                             | 1,934          | 1,898    | 791    |        |        |        |        |
| Proposed Legislation (non-PAYGO) .....                           |                |          | 800    | 1,622  | 1,655  | 1,691  | 1,734  |
| Subtotal, Vocational and adult education .....                   | 1,934          | 1,898    | 1,591  | 1,622  | 1,655  | 1,691  | 1,734  |
| Indian education .....   | 735            | 755      | 775    | 743    | 757    | 771    | 792    |
| Innovation and improvement .....                                 |                |          | 807    | 822    | 839    | 857    | 879    |
| Safe schools and citizenship education .....                     |                |          | 426    | 771    | 787    | 804    | 824    |
| Reading excellence .....   | 195            |          |        |        |        |        |        |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other .....  | 14             | 14            | 14            | 14            | 15            | 15            | 15            |
| Total, Elementary, secondary, and vocational education .....   | 32,927         | 34,330        | 35,541        | 36,178        | 36,920        | 37,734        | 38,686        |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Student financial assistance .....   | 13,286         | 12,768        | 14,519        | 14,790        | 15,091        | 15,424        | 15,816        |
| Higher education .....   | 2,028          | 1,883         | 1,904         | 1,940         | 1,979         | 2,023         | 2,074         |
| Federal family education loan program .....  | 49             |               |               |               |               |               |               |
| Federal direct student loan program account .....  |                | -795          | -795          | -795          | -795          | -795          | -795          |
| Other higher education programs .....  | 413            | 1,340         | 1,352         | 1,377         | 1,405         | 1,436         | 1,472         |
| Total, Higher education .....  | 15,776         | 15,196        | 16,980        | 17,312        | 17,680        | 18,088        | 18,567        |
| <b>Research and general education aids:</b>  |                |               |               |               |               |               |               |
| Library of Congress .....  | 388            | 408           | 453           | 461           | 472           | 482           | 493           |
| Public broadcasting .....  | 427            | 434           | 383           | 391           | 399           | 408           | 418           |
| Smithsonian institution and related agencies .....   | 650            | 664           | 710           | 721           | 737           | 755           | 772           |
| Education research, statistics, and assessment .....   | 435            | 433           | 376           | 383           | 391           | 399           | 409           |
| Other .....  | 911            | 873           | 951           | 969           | 989           | 1,009         | 1,037         |
| Total, Research and general education aids .....   | 2,811          | 2,812         | 2,873         | 2,925         | 2,988         | 3,053         | 3,129         |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Training and employment services .....   | 5,484          | 5,036         | 4,952         | 5,048         | 5,152         | 5,266         | 5,398         |
| Proposed Legislation (non-PAYGO) .....   |                |               | 797           | 812           | 828           | 847           | 868           |
| Subtotal, Training and employment services .....   | 5,484          | 5,036         | 5,749         | 5,860         | 5,980         | 6,113         | 6,266         |
| Older Americans employment .....   | 445            | 440           | 440           | 448           | 457           | 467           | 479           |
| State employment services and national activities .....  | 1,292          | 1,270         | 1,332         | 1,355         | 1,384         | 1,414         | 1,451         |
| Proposed Legislation (non-PAYGO) .....   |                |               | -797          | -811          | -828          | -846          | -868          |
| Subtotal, State employment services and national activities .....  | 1,292          | 1,270         | 535           | 544           | 556           | 568           | 583           |
| Other employment and training .....  | 112            | 116           | 116           | 118           | 120           | 123           | 126           |
| Total, Training and employment .....   | 7,333          | 6,862         | 6,840         | 6,970         | 7,113         | 7,271         | 7,454         |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Labor law, statistics, and other administration .....  | 1,528          | 1,515         | 1,536         | 1,564         | 1,596         | 1,632         | 1,673         |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Rehabilitation services .....  | 464            | 386           | 334           | 340           | 347           | 355           | 364           |
| Corporation for National and Community Service—AmeriCorps .....  | 407            | 636           | 598           | 609           | 621           | 635           | 651           |
| Corporation for National and Community Service—Senior Corps .....  | 329            | 396           | 365           | 372           | 379           | 388           | 399           |
| Children and families services programs .....  | 8,427          | 8,479         | 8,547         | 8,681         | 8,829         | 8,992         | 9,186         |
| Head Start transfer from Department of Health and Human Services (Proposed<br>Legislation non-PAYGO) ..... |                | 30            | 30            | -6,887        | -6,998        | -7,122        | -7,267        |
| Head Start transfer to Department of Education (Proposed Legislation non-PAYGO) .....                      |                |               |               | 6,945         | 7,087         | 7,245         | 7,427         |
| Aging services program .....   | 1,200          | 1,341         | 1,344         | 1,369         | 1,397         | 1,428         | 1,464         |
| Other .....  | 73             | 311           | 253           | 258           | 263           | 268           | 275           |
| Total, Social services .....   | 10,900         | 11,579        | 11,471        | 11,687        | 11,925        | 12,189        | 12,499        |
| <b>Total, Discretionary .....</b>  | <b>71,275</b>  | <b>72,294</b> | <b>75,241</b> | <b>76,636</b> | <b>78,222</b> | <b>79,967</b> | <b>82,008</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>  |                |               |               |               |               |               |               |
| Education tax credit (Proposed Legislation PAYGO) .....  |                |               | 213           | 543           | 714           | 796           | 886           |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Federal family education loan program .....  | 4,312          | 3,422         | 6,131         | 4,958         | 4,822         | 4,860         | 4,993         |
| Proposed Legislation (PAYGO) .....   |                |               | 141           | 38            | 42            | 44            | 44            |
| Subtotal, Federal family education loan program .....  | 4,312          | 3,422         | 6,272         | 4,996         | 4,864         | 4,904         | 5,037         |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Federal direct loan program .....  | 58             | 4,898    | -124   | -633   | -992   | -1,262 | -1,443 |
| Proposed Legislation (PAYGO) .....   |                |          | 53     | 14     | 15     | 16     | 16     |
| Subtotal, Federal direct loan program .....  | 58             | 4,898    | -71    | -619   | -977   | -1,246 | -1,427 |
| Other higher education programs .....  | -75            | -74      | -69    | -68    | -67    | -65    | -62    |
| Credit liquidating account (Family education loan program) .....   | -528           | -673     | -549   | -414   | -290   | -191   | -120   |
| Total, Higher education .....  | 3,767          | 7,573    | 5,583  | 3,895  | 3,530  | 3,402  | 3,428  |
| <b>Research and general education aids:</b>  |                |          |        |        |        |        |        |
| Mandatory programs .....   | 20             | 19       | 18     | 17     | 16     | 16     | 16     |
| <b>Training and employment:</b>  |                |          |        |        |        |        |        |
| Trade adjustment assistance .....  | 132            | 259      | 259    | 259    | 259    | 260    | 260    |
| Reemployment accounts (Proposed Legislation PAYGO) .....   |                | 3,600    |        |        |        |        |        |
| Advance appropriations and other mandatory .....   | 151            | 98       |        |        |        |        |        |
| Total, Training and employment .....   | 283            | 3,957    | 259    | 259    | 259    | 260    | 260    |
| <b>Other labor services:</b>   |                |          |        |        |        |        |        |
| Other labor services .....   | 10             | 10       |        |        |        |        |        |
| <b>Social services:</b>  |                |          |        |        |        |        |        |
| Social services block grant .....  | 1,700          | 1,700    | 1,700  | 1,700  | 1,700  | 1,700  | 1,700  |
| Rehabilitation services .....  | 2,482          | 2,616    | 2,669  | 2,720  | 2,776  | 2,832  | 2,894  |
| Promoting safe and stable families .....   | 305            | 305      | 305    | 305    | 305    | 305    | 305    |
| Other social services .....  | 19             | 10       | 14     | 11     | 8      | 7      | 7      |
| Total, Social services .....   | 4,506          | 4,631    | 4,688  | 4,736  | 4,789  | 4,844  | 4,906  |
| <b>Total, Mandatory</b> .....  | 8,586          | 16,190   | 10,761 | 9,450  | 9,308  | 9,318  | 9,496  |
| <b>Total, Education, training, employment, and social services</b> .....                                 | 79,861         | 88,484   | 86,002 | 86,086 | 87,530 | 89,285 | 91,504 |
| <b>550 Health:</b>   |                |          |        |        |        |        |        |
| <b>Discretionary:</b>  |                |          |        |        |        |        |        |
| <b>Health care services:</b>   |                |          |        |        |        |        |        |
| Substance abuse and mental health services .....   | 3,136          | 3,195    | 3,393  | 3,418  | 3,439  | 3,516  | 3,605  |
| Indian health .....  | 2,758          | 2,817    | 2,889  | 2,943  | 3,003  | 3,069  | 3,147  |
| Health Resources and Services Administration .....   | 5,446          | 5,070    | 5,369  | 5,621  | 5,879  | 6,009  | 6,161  |
| Disease control, research, and training .....  | 3,935          | 3,839    | 3,948  | 4,021  | 4,104  | 4,194  | 4,301  |
| Proposed Legislation (non-PAYGO) .....   |                |          | -110   | -112   | -114   | -117   | -120   |
| Subtotal, Disease control, research, and training .....  | 3,935          | 3,839    | 3,838  | 3,909  | 3,990  | 4,077  | 4,181  |
| Public health preparedness (DHS) .....   | 1,232          | 504      | 1,344  | 1,352  | 1,240  | 917    | 930    |
| Public health preparedness—create mandatory procurement authority (Proposed Legislation non-PAYGO) ..... |                |          | -890   | -890   | -768   | -435   | -435   |
| Departmental management and other .....  | 2,165          | 2,317    | 2,417  | 2,463  | 2,513  | 2,569  | 2,633  |
| Proposed Legislation (non-PAYGO) .....   |                |          | 13     | 13     | 14     | 14     | 14     |
| Subtotal, Departmental management and other .....  | 2,165          | 2,317    | 2,430  | 2,476  | 2,527  | 2,583  | 2,647  |
| Total, Health care services .....  | 18,672         | 17,742   | 18,373 | 18,829 | 19,310 | 19,736 | 20,236 |
| <b>Health research and training:</b>   |                |          |        |        |        |        |        |
| National Institutes of Health .....  | 23,182         | 27,244   | 27,742 | 28,260 | 28,835 | 29,471 | 30,220 |
| Clinical training .....  | 676            | 313      | 310    | 316    | 322    | 329    | 337    |
| Other health research and training .....   | 394            | 327      | 319    | 325    | 332    | 339    | 347    |
| Total, Health research and training .....  | 24,252         | 27,884   | 28,371 | 28,901 | 29,489 | 30,139 | 30,904 |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>Consumer and occupational health and safety:</b>                           |                |                |                |                |                |                |                |
| Food safety and inspection .....  | 730            | 756            | 797            | 812            | 829            | 847            | 868            |
| Proposed Legislation (non-PAYGO) .....  |                |                | -122           | -124           | -127           | -130           | -133           |
| Subtotal, Food safety and inspection .....                                    | 730            | 756            | 675            | 688            | 702            | 717            | 735            |
| Occupational safety and health .....  | 713            | 708            | 735            | 748            | 762            | 781            | 802            |
| FDA and Consumer Product Safety Commission salaries and expenses .....        | 1,423          | 1,442          | 1,466          | 1,492          | 1,523          | 1,557          | 1,597          |
| Total, Consumer and occupational health and safety .....                      | 2,866          | 2,906          | 2,876          | 2,928          | 2,987          | 3,055          | 3,134          |
| <b>Total, Discretionary</b> .....   | <b>45,790</b>  | <b>48,532</b>  | <b>49,620</b>  | <b>50,658</b>  | <b>51,786</b>  | <b>52,930</b>  | <b>54,274</b>  |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>Health care services:</b>  |                |                |                |                |                |                |                |
| Medicaid grants .....   | 147,341        | 162,359        | 176,753        | 192,773        | 209,840        | 227,529        | 246,896        |
| Proposed Legislation (non-PAYGO) .....  |                | -50            | -55            | -60            | -63            | -65            | -68            |
| Proposed Legislation (PAYGO) .....  |                | 225            | 5,844          | 4,269          | 5,529          | 5,041          | 5,671          |
| Subtotal, Medicaid grants .....   | 147,341        | 162,534        | 182,542        | 196,982        | 215,306        | 232,505        | 252,499        |
| State children's health insurance fund .....                                  | 5,934          | 5,382          | 3,175          | 4,082          | 4,082          | 5,040          | 5,040          |
| Proposed Legislation (PAYGO) .....  |                |                | -2,433         | -2,853         | -3,745         | -3,749         | -3,873         |
| Subtotal, State children's health insurance fund .....                        | 5,934          | 5,382          | 742            | 1,229          | 337            | 1,291          | 1,167          |
| Health care tax credit .....  |                | 4              | 212            | 420            | 518            | 584            | 644            |
| Proposed Legislation (PAYGO) .....  |                |                |                | 3,546          | 8,166          | 9,251          | 9,827          |
| Subtotal, Health care tax credit .....  |                | 4              | 212            | 3,966          | 8,684          | 9,835          | 10,471         |
| Federal employees' and retired employees' health benefits .....               | 6,047          | 6,732          | 7,430          | 8,092          | 8,788          | 9,520          | 10,323         |
| DoD Medicare-eligible retiree health care fund .....                          |                | 4,445          | 4,765          | 5,006          | 5,324          | 5,661          | 6,016          |
| Biodefense countermeasures procurement (Proposed Legislation PAYGO) .....     |                |                | 890            | 890            | 768            | 435            | 435            |
| UMWA Funds (coal miner retiree health) .....                                  | 238            | 208            | 175            | 164            | 155            | 146            | 137            |
| Other mandatory health services activities .....                              | 605            | 655            | 684            | 668            | 689            | 669            | 691            |
| Proposed Legislation (PAYGO) .....  |                | 25             | 50             | 50             | 50             | 50             |                |
| Subtotal, Other mandatory health services activities .....                    | 605            | 680            | 734            | 718            | 739            | 719            | 691            |
| Total, Health care services .....   | 160,165        | 179,985        | 197,490        | 217,047        | 240,101        | 260,112        | 281,739        |
| <b>Health research and safety:</b>  |                |                |                |                |                |                |                |
| Health research and training .....  | 125            | 127            | 172            | 152            | 151            | 151            | 151            |
| Consumer and occupational health and safety .....                             |                |                | -1             | -1             | -1             | -1             | -1             |
| Total, Health research and safety .....                                       | 125            | 127            | 171            | 151            | 150            | 150            | 150            |
| <b>Total, Mandatory</b> .....   | <b>160,290</b> | <b>180,112</b> | <b>197,661</b> | <b>217,198</b> | <b>240,251</b> | <b>260,262</b> | <b>281,889</b> |
| <b>Total, Health</b> .....  | <b>206,080</b> | <b>228,644</b> | <b>247,281</b> | <b>267,856</b> | <b>292,037</b> | <b>313,192</b> | <b>336,163</b> |
| <b>570 Medicare:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Medicare:</b>  |                |                |                |                |                |                |                |
| Hospital insurance (HI) administrative expenses .....                         | 1,607          | 1,515          | 1,574          | 1,604          | 1,635          | 1,672          | 1,715          |
| Proposed Legislation (non-PAYGO) .....  |                | -25            | -38            | -38            | -38            | -38            | -38            |
| Subtotal, Hospital insurance (HI) administrative expenses .....               | 1,607          | 1,490          | 1,536          | 1,566          | 1,597          | 1,634          | 1,677          |
| Supplementary medical insurance (SMI) administrative expenses .....           | 2,198          | 2,273          | 2,360          | 2,404          | 2,452          | 2,506          | 2,571          |
| Proposed Legislation (non-PAYGO) .....  |                | -105           | -163           | -163           | -163           | -163           | -163           |
| Subtotal, Supplementary medical insurance (SMI) administrative expenses ..... | 2,198          | 2,168          | 2,197          | 2,241          | 2,289          | 2,343          | 2,408          |
| <b>Total, Discretionary</b> .....   | <b>3,805</b>   | <b>3,658</b>   | <b>3,733</b>   | <b>3,807</b>   | <b>3,886</b>   | <b>3,977</b>   | <b>4,085</b>   |



**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) .....  | 146,602        | 151,688        | 160,613        | 168,660        | 173,235        | 183,393        | 193,862        |
| Supplementary medical insurance (SMI) .....                                    | 106,987        | 117,902        | 119,239        | 126,188        | 129,664        | 138,069        | 147,152        |
| Proposed Legislation (non-PAYGO) .....   |                | 50             | 55             | 60             | 63             | 65             | 68             |
| Subtotal, Supplementary medical insurance (SMI) .....                          | 106,987        | 117,952        | 119,294        | 126,248        | 129,727        | 138,134        | 147,220        |
| Allowance for medicare modernization (Proposed Legislation PAYGO) .....        |                |                | 6,000          | 10,000         | 33,000         | 38,000         | 43,000         |
| HI premiums and collections .....  | -1,525         | -1,568         | -1,681         | -1,772         | -1,870         | -1,977         | -2,085         |
| SMI premiums and collections .....   | -24,428        | -26,701        | -29,317        | -31,089        | -32,664        | -34,362        | -36,670        |
| Proposed Legislation (non-PAYGO) .....   |                |                |                | 35             | 12             |                |                |
| Subtotal, SMI premiums and collections .....                                   | -24,428        | -26,701        | -29,317        | -31,054        | -32,652        | -34,362        | -36,670        |
| Medicare interfunds .....  | 2,987          | -8             | -150           |                |                |                |                |
| Proposed Legislation (non-PAYGO) .....   |                |                | 150            |                |                |                |                |
| Subtotal, Medicare interfunds .....  | 2,987          | -8             |                |                |                |                |                |
| <b>Total, Mandatory</b> .....  | <b>230,623</b> | <b>241,363</b> | <b>254,909</b> | <b>272,082</b> | <b>301,440</b> | <b>323,188</b> | <b>345,327</b> |
| <b>Total, Medicare</b> .....   | <b>234,428</b> | <b>245,021</b> | <b>258,642</b> | <b>275,889</b> | <b>305,326</b> | <b>327,165</b> | <b>349,412</b> |
| <b>600 Income security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>General retirement and disability insurance:</b>                            |                |                |                |                |                |                |                |
| Railroad retirement .....  | 250            | 236            | 226            | 230            | 235            | 239            | 247            |
| Pension Benefit Guaranty Corporation .....                                     | 12             | 13             | 17             | 17             | 18             | 18             | 19             |
| Pension and Welfare Benefits Administration and other .....                    | 112            | 119            | 131            | 133            | 136            | 139            | 142            |
| Total, General retirement and disability insurance .....                       | 374            | 368            | 374            | 380            | 389            | 396            | 408            |
| <b>Federal employee retirement and disability:</b>                             |                |                |                |                |                |                |                |
| Civilian retirement and disability program administrative expenses .....       | 105            | 110            | 124            | 126            | 129            | 131            | 135            |
| Federal workers' compensation (FECA) surcharge, offset for discretionary ..... |                | -86            | -88            | -90            | -91            | -93            | -96            |
| Armed forces retirement home .....   | 71             | 67             | 65             | 66             | 67             | 69             | 71             |
| Tax Court judges survivors annuity fund .....                                  | 1              | 1              | 1              | 1              | 1              | 1              | 1              |
| Total, Federal employee retirement and disability .....                        | 177            | 92             | 102            | 103            | 106            | 108            | 111            |
| <b>Unemployment compensation:</b>  |                |                |                |                |                |                |                |
| Unemployment programs administrative expenses .....                            | 2,734          | 2,745          | 2,657          | 2,707          | 2,761          | 2,822          | 2,895          |
| Proposed Legislation (non-PAYGO) .....   |                |                |                |                |                | -857           | -1,847         |
| Total, Unemployment compensation .....   | 2,734          | 2,745          | 2,657          | 2,707          | 2,761          | 1,965          | 1,048          |
| <b>Housing assistance:</b>   |                |                |                |                |                |                |                |
| Public housing operating fund .....  | 3,495          | 3,530          | 3,574          | 3,641          | 3,715          | 3,797          | 3,893          |
| Public housing capital fund .....  | 2,843          | 2,426          | 2,641          | 2,690          | 2,745          | 2,806          | 2,878          |
| Subsidized, public, homeless and other HUD housing .....                       | 19,801         | 22,584         | 23,003         | 23,438         | 23,917         | 24,448         | 25,065         |
| Proposed Legislation (non-PAYGO) .....   |                |                | 50             | 51             | 52             | 53             | 54             |
| Subtotal, Subsidized, public, homeless and other HUD housing .....             | 19,801         | 22,584         | 23,053         | 23,489         | 23,969         | 24,501         | 25,119         |
| Rural housing assistance .....   | 806            | 823            | 851            | 867            | 884            | 904            | 928            |
| Total, Housing assistance .....  | 26,945         | 29,363         | 30,119         | 30,687         | 31,313         | 32,008         | 32,818         |
| <b>Food and nutrition assistance:</b>  |                |                |                |                |                |                |                |
| Special supplemental food program for women, infants, and children (WIC) ..... | 4,462          | 4,726          | 4,769          | 4,858          | 4,957          | 5,066          | 5,195          |
| Other nutrition programs .....   | 595            | 460            | 494            | 503            | 515            | 525            | 538            |
| Total, Food and nutrition assistance .....                                     | 5,057          | 5,186          | 5,263          | 5,361          | 5,472          | 5,591          | 5,733          |
| <b>Other income assistance:</b>  |                |                |                |                |                |                |                |
| Refugee assistance .....   | 460            | 486            | 462            | 471            | 480            | 491            | 503            |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Low income home energy assistance .....                             | 2,000          | 1,700         | 2,000         | 2,038         | 2,079         | 2,125         | 2,179         |
| Child care and development block grant .....                        | 2,100          | 2,100         | 2,100         | 2,139         | 2,183         | 2,231         | 2,288         |
| Foster care and adoption assistance .....                           | .....          | 60            | 60            | 61            | 62            | 64            | 65            |
| Supplemental security income (SSI) administrative expenses .....    | 2,857          | 2,849         | 3,057         | 3,109         | 3,167         | 3,231         | 3,309         |
| Total, Other income assistance .....                                | 7,417          | 7,195         | 7,679         | 7,818         | 7,971         | 8,142         | 8,344         |
| <b>Total, Discretionary</b> .....                                   | <b>42,704</b>  | <b>44,949</b> | <b>46,194</b> | <b>47,056</b> | <b>48,012</b> | <b>48,210</b> | <b>48,462</b> |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General retirement and disability insurance:</b>                 |                |               |               |               |               |               |               |
| Railroad retirement .....   | 4,884          | 4,954         | 4,869         | 5,248         | 5,571         | 5,558         | 5,765         |
| Special benefits for disabled coal miners .....                     | 886            | 857           | 803           | 753           | 707           | 661           | 618           |
| Pension Benefit Guaranty Corporation .....                          | -12            | -12           | -17           | -17           | -18           | -18           | -19           |
| District of Columbia pension funds .....                            | 459            | 488           | 496           | 500           | 511           | 522           | 982           |
| Special workers' compensation program .....                         | 147            | 149           | 150           | 148           | 148           | 149           | 149           |
| Total, General retirement and disability insurance .....            | 6,364          | 6,436         | 6,301         | 6,632         | 6,919         | 6,872         | 7,495         |
| <b>Federal employee retirement and disability:</b>                  |                |               |               |               |               |               |               |
| Federal civilian employee retirement and disability .....           | 49,659         | 51,766        | 53,422        | 55,802        | 58,179        | 60,596        | 63,026        |
| Proposed Legislation (PAYGO) .....                                  | .....          | .....         | 3             | 8             | 14            | 20            | 27            |
| Subtotal, Federal civilian employee retirement and disability ..... | 49,659         | 51,766        | 53,425        | 55,810        | 58,193        | 60,616        | 63,053        |
| Military retirement .....   | 35,188         | 36,056        | 36,870        | 37,818        | 38,787        | 39,797        | 40,833        |
| Federal employees workers' compensation (FECA) .....                | 124            | 167           | 166           | 246           | 274           | 273           | 271           |
| Proposed Legislation (PAYGO) .....                                  | .....          | .....         | -8            | -7            | -13           | -15           | -14           |
| Subtotal, Federal employees workers' compensation (FECA) .....      | 124            | 167           | 158           | 239           | 261           | 258           | 257           |
| Federal employees life insurance fund .....                         | 32             | 32            | 33            | 33            | 33            | 34            | 34            |
| Total, Federal employee retirement and disability .....             | 85,003         | 88,021        | 90,486        | 93,900        | 97,274        | 100,705       | 104,177       |
| <b>Unemployment compensation:</b>                                   |                |               |               |               |               |               |               |
| Unemployment insurance programs .....                               | 50,533         | 52,697        | 39,392        | 38,376        | 39,300        | 41,565        | 43,723        |
| Proposed Legislation (PAYGO) .....                                  | .....          | .....         | .....         | .....         | .....         | 718           | 1,712         |
| Subtotal, Unemployment insurance programs .....                     | 50,533         | 52,697        | 39,392        | 38,376        | 39,300        | 42,283        | 45,435        |
| Trade adjustment assistance .....                                   | 284            | 612           | 1,079         | 1,036         | 974           | 940           | 972           |
| Total, Unemployment compensation .....                              | 50,817         | 53,309        | 40,471        | 39,412        | 40,274        | 43,223        | 46,407        |
| <b>Housing assistance:</b>  |                |               |               |               |               |               |               |
| Mandatory housing assistance programs .....                         | 25             | 40            | 30            | 30            | 40            | 40            | 40            |
| <b>Food and nutrition assistance:</b>                               |                |               |               |               |               |               |               |
| Food stamps (including Puerto Rico) .....                           | 22,832         | 26,233        | 27,729        | 28,219        | 28,461        | 28,859        | 29,713        |
| Proposed Legislation (PAYGO) .....                                  | .....          | .....         | .....         | .....         | -25           | -34           | -36           |
| Subtotal, Food stamps (including Puerto Rico) .....                 | 22,832         | 26,233        | 27,729        | 28,219        | 28,436        | 28,825        | 29,677        |
| State child nutrition programs .....                                | 10,083         | 10,572        | 11,408        | 11,843        | 12,281        | 12,822        | 13,327        |
| Funds for strengthening markets, income, and supply (Sec.32) .....  | 908            | 992           | 1,162         | 1,162         | 1,162         | 1,162         | 1,162         |
| Total, Food and nutrition assistance .....                          | 33,823         | 37,797        | 40,299        | 41,224        | 41,879        | 42,809        | 44,166        |
| <b>Other income support:</b>  |                |               |               |               |               |               |               |
| Supplemental security income (SSI) .....                            | 29,090         | 32,428        | 34,305        | 38,385        | 37,195        | 35,739        | 39,872        |
| Proposed Legislation (PAYGO) .....                                  | .....          | .....         | 1             | -8            | -18           | -26           | -40           |
| Subtotal, Supplemental security income (SSI) .....                  | 29,090         | 32,428        | 34,306        | 38,377        | 37,177        | 35,713        | 39,832        |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Child support and family support programs .....  | 3,846          | 4,037          | 4,393          | 4,711          | 5,033          | 5,686          | 5,627          |
| Proposed Legislation (PAYGO) .....   |                |                | -47            | -17            | -18            | -17            | -20            |
| Subtotal, Child support and family support programs .....                                  | 3,846          | 4,037          | 4,346          | 4,694          | 5,015          | 5,669          | 5,607          |
| Federal share of child support collections .....   | -1,235         | -1,117         | -1,137         | -1,163         | -1,198         | -1,233         | -1,270         |
| Proposed Legislation (PAYGO) .....   |                |                | -14            | -30            | 56             | 109            | 114            |
| Subtotal, Federal share of child support collections .....                                 | -1,235         | -1,117         | -1,151         | -1,193         | -1,142         | -1,124         | -1,156         |
| Temporary assistance for needy families and related programs .....                         | 18,967         | 18,840         | 17,690         | 16,690         | 16,690         | 16,690         | 18,690         |
| Proposed Legislation (PAYGO) .....   |                | 169            | -81            | 419            | 419            | 419            | 419            |
| Subtotal, Temporary assistance for needy families and related programs .....               | 18,967         | 19,009         | 17,609         | 17,109         | 17,109         | 17,109         | 19,109         |
| Child care entitlement to states .....   | 2,758          | 2,717          | 2,717          | 2,717          | 2,717          | 2,717          | 2,717          |
| Foster care and adoption assistance .....  | 6,622          | 6,496          | 6,779          | 7,071          | 7,487          | 7,909          | 8,408          |
| Proposed Legislation (PAYGO) .....   |                |                | 35             | 218            | 78             | -60            | -271           |
| Subtotal, Foster care and adoption assistance .....  | 6,622          | 6,496          | 6,814          | 7,289          | 7,565          | 7,849          | 8,137          |
| Earned income tax credit (EITC) .....  | 27,826         | 30,606         | 31,375         | 32,092         | 33,450         | 34,484         | 35,383         |
| Child tax credit .....   | 5,060          | 5,870          | 5,863          | 5,699          | 7,627          | 7,626          | 7,497          |
| Proposed Legislation (PAYGO) .....   |                | 300            | 1,074          | 4,783          | 4,272          | 4,195          | 4,142          |
| Subtotal, Child tax credit .....   | 5,060          | 6,170          | 6,937          | 10,482         | 11,899         | 11,821         | 11,639         |
| Other assistance .....   | 37             | 50             | 50             | 50             | 51             | 52             | 53             |
| SSI recoveries and receipts .....  | -2,040         | -4,450         | -3,893         | -2,182         | -2,064         | -2,137         | -2,209         |
| Total, Other income support .....  | 90,931         | 95,946         | 99,110         | 109,435        | 111,777        | 112,153        | 119,112        |
| <b>Total, Mandatory</b> .....  | <b>266,963</b> | <b>281,549</b> | <b>276,697</b> | <b>290,633</b> | <b>298,163</b> | <b>305,802</b> | <b>321,397</b> |
| <b>Total, Income security</b> .....  | <b>309,667</b> | <b>326,498</b> | <b>322,891</b> | <b>337,689</b> | <b>346,175</b> | <b>354,012</b> | <b>369,859</b> |
| <b>650 Social security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .....          | 1,902          | 2,120          | 2,271          | 2,314          | 2,360          | 2,412          | 2,474          |
| Disability insurance (DI) administrative expenses (Off-budget) .....                       | 1,602          | 1,717          | 1,986          | 2,024          | 2,064          | 2,110          | 2,164          |
| Office of the Inspector General—Social Security Adm. (On-budget) .....                     | 19             | 21             | 25             | 25             | 26             | 27             | 27             |
| <b>Total, Discretionary</b> .....  | <b>3,523</b>   | <b>3,858</b>   | <b>4,282</b>   | <b>4,363</b>   | <b>4,450</b>   | <b>4,549</b>   | <b>4,665</b>   |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                                   | 389,894        | 401,664        | 415,980        | 432,058        | 449,476        | 469,435        | 491,621        |
| Disability insurance (DI)(Off-budget) .....  | 68,521         | 74,391         | 78,582         | 81,090         | 85,780         | 91,881         | 98,326         |
| Intragovernmental transactions (On-budget) .....   | 13,978         | 13,046         | 13,379         | 14,415         | 15,344         | 16,645         | 18,156         |
| Compensation for military wage credits (On-budget) (Proposed Legislation non-PAYGO) .....  |                |                | 628            |                |                |                |                |
| Intragovernmental transactions (Off-budget) .....  | -13,553        | -13,046        | -13,379        | -14,415        | -15,344        | -16,645        | -18,156        |
| Compensation for military wage credits (Off-budget) (Proposed Legislation non-PAYGO) ..... |                |                | -628           |                |                |                |                |
| <b>Total, Mandatory</b> .....  | <b>458,840</b> | <b>476,055</b> | <b>494,562</b> | <b>513,148</b> | <b>535,256</b> | <b>561,316</b> | <b>589,947</b> |
| <b>Total, Social security</b> .....  | <b>462,363</b> | <b>479,913</b> | <b>498,844</b> | <b>517,511</b> | <b>539,706</b> | <b>565,865</b> | <b>594,612</b> |
| <b>700 Veterans benefits and services:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 603            | 610            | 621            | 632            | 645            | 660            | 676            |
| Veterans pensions .....  | 156            | 155            | 152            | 155            | 158            | 161            | 165            |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Veterans insurance .....   | 4              | 4             | 4             | 4             | 4             | 4             | 4             |
| Special benefits for certain World War II veterans .....             | 2              | 2             | 2             | 2             | 2             | 2             | 2             |
| <b>Total, Income security for veterans .....</b>                     | <b>765</b>     | <b>771</b>    | <b>779</b>    | <b>793</b>    | <b>809</b>    | <b>827</b>    | <b>847</b>    |
| <b>Veterans education, training, and rehabilitation:</b>             |                |               |               |               |               |               |               |
| Discretionary change to readjustment benefits account .....          | 75             | 97            | 99            | 101           | 103           | 105           | 107           |
| Veterans employment and training .....                               | 146            | 157           | 162           | 164           | 168           | 171           | 177           |
| <b>Total, Veterans education, training, and rehabilitation .....</b> | <b>221</b>     | <b>254</b>    | <b>261</b>    | <b>265</b>    | <b>271</b>    | <b>276</b>    | <b>284</b>    |
| <b>Hospital and medical care for veterans:</b>                       |                |               |               |               |               |               |               |
| Medical care and hospital services .....                             | 22,485         | 24,431        | 27,547        | 28,062        | 28,631        | 29,262        | 30,007        |
| Medical and prosthetic research .....                                | 756            | 794           | 822           | 837           | 854           | 873           | 895           |
| Collections for medical care .....                                   | -985           | -1,616        | -2,141        | -2,241        | -2,425        | -2,644        | -2,883        |
| <b>Total, Hospital and medical care for veterans .....</b>           | <b>22,256</b>  | <b>23,609</b> | <b>26,228</b> | <b>26,658</b> | <b>27,060</b> | <b>27,491</b> | <b>28,019</b> |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan administrative expenses .....                   | 168            | 171           | 159           | 162           | 165           | 168           | 173           |
| Proposed Legislation (non-PAYGO) .....                               |                |               | 48            | 49            | 50            | 51            | 52            |
| <b>Total, Veterans housing .....</b>                                 | <b>168</b>     | <b>171</b>    | <b>207</b>    | <b>211</b>    | <b>215</b>    | <b>219</b>    | <b>225</b>    |
| <b>Other veterans benefits and services:</b>                         |                |               |               |               |               |               |               |
| General administration .....   | 252            | 271           | 284           | 289           | 295           | 301           | 308           |
| Other operating expenses .....                                       | 381            | 381           | 404           | 411           | 419           | 428           | 439           |
| <b>Total, Other veterans benefits and services .....</b>             | <b>633</b>     | <b>652</b>    | <b>688</b>    | <b>700</b>    | <b>714</b>    | <b>729</b>    | <b>747</b>    |
| <b>Total, Discretionary .....</b>                                    | <b>24,043</b>  | <b>25,457</b> | <b>28,163</b> | <b>28,627</b> | <b>29,069</b> | <b>29,542</b> | <b>30,122</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Income security for veterans:</b>                                 |                |               |               |               |               |               |               |
| Veterans compensation .....  | 22,772         | 25,530        | 26,335        | 28,800        | 30,365        | 31,865        | 33,366        |
| Proposed Legislation (PAYGO) .....                                   |                |               | -124          | -298          | -388          | -456          | -497          |
| <b>Subtotal, Veterans compensation .....</b>                         | <b>22,772</b>  | <b>25,530</b> | <b>26,211</b> | <b>28,502</b> | <b>29,977</b> | <b>31,409</b> | <b>32,869</b> |
| Veterans pensions .....  | 3,177          | 3,300         | 3,391         | 3,479         | 3,575         | 3,683         | 3,797         |
| Proposed Legislation (PAYGO) .....                                   |                |               | 1             | 1             | 1             | 1             | 1             |
| <b>Subtotal, Veterans pensions .....</b>                             | <b>3,177</b>   | <b>3,300</b>  | <b>3,392</b>  | <b>3,480</b>  | <b>3,576</b>  | <b>3,684</b>  | <b>3,798</b>  |
| Veterans burial benefits .....                                       | 134            | 157           | 157           | 154           | 156           | 158           | 161           |
| Proposed Legislation (PAYGO) .....                                   |                |               | 5             | 4             | 3             | 2             | 1             |
| <b>Subtotal, Veterans burial benefits .....</b>                      | <b>134</b>     | <b>157</b>    | <b>162</b>    | <b>158</b>    | <b>159</b>    | <b>160</b>    | <b>162</b>    |
| Special benefits for certain World War II veterans .....             | 7              | 10            | 10            | 10            | 9             | 8             | 8             |
| National service life insurance trust fund .....                     | 1,219          | 1,236         | 1,235         | 1,230         | 1,231         | 1,226         | 1,217         |
| Proposed Legislation (PAYGO) .....                                   |                |               |               |               | 5             | 4             | 3             |
| <b>Subtotal, National service life insurance trust fund .....</b>    | <b>1,219</b>   | <b>1,236</b>  | <b>1,235</b>  | <b>1,230</b>  | <b>1,236</b>  | <b>1,230</b>  | <b>1,220</b>  |
| All other insurance programs .....                                   | 28             | 46            | 57            | 64            | 76            | 90            | 104           |
| Proposed Legislation (PAYGO) .....                                   |                |               |               |               | 1             | 1             | 1             |
| <b>Subtotal, All other insurance programs .....</b>                  | <b>28</b>      | <b>46</b>     | <b>57</b>     | <b>64</b>     | <b>77</b>     | <b>91</b>     | <b>105</b>    |
| Insurance program receipts .....                                     | -186           | -184          | -172          | -156          | -142          | -129          | -116          |
| <b>Total, Income security for veterans .....</b>                     | <b>27,151</b>  | <b>30,095</b> | <b>30,895</b> | <b>33,288</b> | <b>34,892</b> | <b>36,453</b> | <b>38,046</b> |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Veterans education, training, and rehabilitation:</b>                         |                |               |               |               |               |               |               |
| Education benefits (Montgomery GI Bill and related programs) .....               | 1,584          | 1,672         | 1,905         | 2,248         | 2,332         | 2,402         | 2,480         |
| Proposed Legislation (PAYGO) .....   |                |               | 1             | 1             | 1             | 1             | 1             |
| Subtotal, Education benefits (Montgomery GI Bill and related programs) .....     | 1,584          | 1,672         | 1,906         | 2,249         | 2,333         | 2,403         | 2,481         |
| Vocational rehabilitation and employment .....                                   | 487            | 525           | 561           | 588           | 616           | 646           | 678           |
| All-volunteer force educational assistance trust fund .....                      | -184           | -267          | -347          | -355          | -375          | -392          | -409          |
| Total, Veterans education, training, and rehabilitation .....                    | 1,887          | 1,930         | 2,120         | 2,482         | 2,574         | 2,657         | 2,750         |
| <b>Hospital and medical care for veterans:</b>                                   |                |               |               |               |               |               |               |
| Fees, charges and other mandatory medical care .....                             | -28            |               |               |               |               |               |               |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan subsidies .....   | 779            | 1,077         | 331           | 324           | 328           | 333           | 338           |
| Housing program loan reestimates .....   | -1,798         | -878          |               |               |               |               |               |
| Total, Veterans housing .....  | -1,019         | 199           | 331           | 324           | 328           | 333           | 338           |
| <b>Other veterans programs:</b>  |                |               |               |               |               |               |               |
| National homes, Battle Monument contributions and other .....                    | 61             | 43            | 47            | 39            | 40            | 41            | 42            |
| <b>Total, Mandatory</b> .....  | <b>28,052</b>  | <b>32,267</b> | <b>33,393</b> | <b>36,133</b> | <b>37,834</b> | <b>39,484</b> | <b>41,176</b> |
| <b>Total, Veterans benefits and services</b> .....                               | <b>52,095</b>  | <b>57,724</b> | <b>61,556</b> | <b>64,760</b> | <b>66,903</b> | <b>69,026</b> | <b>71,298</b> |
| <b>750 Administration of justice:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                                       |                |               |               |               |               |               |               |
| Criminal investigations (DEA, FBI, DHS, FinCEN, ICDE) .....                      | 5,712          | 5,718         | 6,297         | 6,414         | 6,544         | 6,691         | 6,860         |
| Alcohol, tobacco, firearms, and explosives investigations (ATF) .....            | 781            | 802           | 852           | 869           | 892           | 912           | 936           |
| Border and transportation security directorate activities .....                  | 7,131          | 7,155         | 7,481         | 7,697         | 7,853         | 8,026         | 8,233         |
| Equal Employment Opportunity Commission .....                                    | 311            | 320           | 335           | 341           | 348           | 356           | 365           |
| Tax law, criminal investigations (IRS) .....                                     | 429            | 467           | 476           | 485           | 495           | 506           | 519           |
| United States Secret Service .....   | 1,022          | 1,007         | 1,124         | 1,145         | 1,186         | 1,212         | 1,243         |
| Other law enforcement activities .....   | 1,221          | 1,181         | 1,084         | 1,102         | 1,127         | 1,152         | 1,180         |
| Total, Federal law enforcement activities .....                                  | 16,607         | 16,650        | 17,649        | 18,053        | 18,445        | 18,855        | 19,336        |
| <b>Federal litigative and judicial activities:</b>                               |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....                          | 3,540          | 3,046         | 3,167         | 3,228         | 3,291         | 3,365         | 3,451         |
| Representation of indigents in civil cases .....                                 | 329            | 329           | 329           | 335           | 342           | 350           | 358           |
| Federal judicial and other litigative activities .....                           | 4,435          | 4,955         | 5,139         | 5,247         | 5,367         | 5,494         | 5,647         |
| Total, Federal litigative and judicial activities .....                          | 8,304          | 8,330         | 8,635         | 8,810         | 9,000         | 9,209         | 9,456         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                        | 4,618          | 5,869         | 5,917         | 6,220         | 6,344         | 6,486         | 6,650         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 68             |               | -1,081        | 175           | 225           | 275           | 325           |
| High-intensity drug trafficking areas program .....                              | 187            | 206           | 206           | 210           | 214           | 219           | 224           |
| Law enforcement assistance, community policing, and other justice programs ..... | 4,259          | 2,649         | 2,322         | 2,365         | 2,414         | 2,466         | 2,529         |
| Terrorism prevention initiative (DHS) .....                                      | 633            |               | 500           | 509           | 520           | 531           | 545           |
| Total, Criminal justice assistance .....   | 5,147          | 2,855         | 1,947         | 3,259         | 3,373         | 3,491         | 3,623         |
| Corrections to meet FY03 policy .....  |                | -1,261        |               |               |               |               |               |
| <b>Total, Discretionary</b> .....  | <b>34,676</b>  | <b>32,443</b> | <b>34,148</b> | <b>36,342</b> | <b>37,162</b> | <b>38,041</b> | <b>39,065</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                                       |                |               |               |               |               |               |               |
| Border and transportation security directorate activities .....                  | 2,419          | 2,606         | 2,692         | 2,570         | 2,587         | 2,604         | 2,622         |
| Immigration fees .....   | -1,852         | -2,583        | -2,261        | -2,321        | -2,384        | -2,449        | -2,514        |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Customs fees .....   | -1,229         | -1,314        | -5            | -5            | -6            | -6            | -7            |
| Proposed Legislation (PAYGO) .....   |                |               | -1,398        | -1,490        | -1,588        | -1,692        | -1,804        |
| Subtotal, Customs fees .....   | -1,229         | -1,314        | -1,403        | -1,495        | -1,594        | -1,698        | -1,811        |
| Treasury forfeiture fund .....   | 178            | 221           | 221           | 221           | 221           | 221           | 221           |
| Proposed Legislation (PAYGO) .....   |                |               | -221          | -221          | -221          | -221          | -221          |
| Subtotal, Treasury forfeiture fund .....   | 178            | 221           |               |               |               |               |               |
| Other mandatory law enforcement programs .....                                     | 217            | 210           | 205           | 185           | 188           | 188           | 188           |
| Total, Federal law enforcement activities .....                                    | -267           | -860          | -767          | -1,061        | -1,203        | -1,355        | -1,515        |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Treasury forfeiture fund .....   | 345            | 422           | 377           | 380           | 387           | 395           | 402           |
| Proposed Legislation (PAYGO) .....   |                |               | 221           | 221           | 221           | 221           | 221           |
| Subtotal, Treasury forfeiture fund .....   | 345            | 422           | 598           | 601           | 608           | 616           | 623           |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 630            | 628           | 664           | 604           | 631           | 646           | 663           |
| Total, Federal litigative and judicial activities .....                            | 975            | 1,050         | 1,262         | 1,205         | 1,239         | 1,262         | 1,286         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | -3             | -3            | -3            | -3            | -3            | -3            | -3            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 606            | 605           | 1,706         | 500           | 500           | 500           | 500           |
| September 11 victim compensation .....   | 60             | 2,700         | 2,361         |               |               |               |               |
| Public safety officers' benefits .....   | 198            | 49            | 49            | 50            | 51            | 52            | 53            |
| Mandatory programs .....   | -68            |               |               |               |               |               |               |
| Total, Criminal justice assistance .....   | 796            | 3,354         | 4,116         | 550           | 551           | 552           | 553           |
| <b>Total, Mandatory</b> .....  | <b>1,501</b>   | <b>3,541</b>  | <b>4,608</b>  | <b>691</b>    | <b>584</b>    | <b>456</b>    | <b>321</b>    |
| <b>Total, Administration of justice</b> .....                                      | <b>36,177</b>  | <b>35,984</b> | <b>38,756</b> | <b>37,033</b> | <b>37,746</b> | <b>38,497</b> | <b>39,386</b> |
| <b>800 General government:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Legislative branch discretionary programs .....                                    | 2,816          | 2,966         | 3,247         | 3,307         | 3,376         | 3,448         | 3,538         |
| <b>Executive direction and management:</b>   |                |               |               |               |               |               |               |
| Drug control programs .....  | 232            | 251           | 250           | 255           | 260           | 266           | 272           |
| Executive Office of the President .....  | 330            | 330           | 340           | 347           | 352           | 360           | 369           |
| Other programs .....   | 3              | 3             | 70            | 71            | 73            | 73            | 77            |
| Total, Executive direction and management .....                                    | 565            | 584           | 660           | 673           | 685           | 699           | 718           |
| <b>Central fiscal operations:</b>  |                |               |               |               |               |               |               |
| Tax administration .....   | 9,056          | 9,450         | 9,961         | 10,147        | 10,353        | 10,582        | 10,850        |
| Other fiscal operations .....  | 898            | 938           | 927           | 942           | 962           | 986           | 1,010         |
| Total, Central fiscal operations .....   | 9,954          | 10,388        | 10,888        | 11,089        | 11,315        | 11,568        | 11,860        |
| <b>General property and records management:</b>                                    |                |               |               |               |               |               |               |
| Records management .....   | 285            | 265           | 297           | 302           | 307           | 315           | 323           |
| Other government-wide information technology and property management .....         | 668            | 786           | 543           | 551           | 567           | 576           | 591           |
| Total, General property and records management .....                               | 953            | 1,051         | 840           | 853           | 874           | 891           | 914           |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Central personnel management:</b>   |                |               |               |               |               |               |               |
| Discretionary central personnel management programs .....                            | 180            | 213           | 211           | 215           | 219           | 224           | 229           |
| Proposed Legislation (non-PAYGO) .....   |                |               | 500           | 509           | 520           | 531           | 545           |
| Total, Central personnel management .....  | 180            | 213           | 711           | 724           | 739           | 755           | 774           |
| <b>General purpose fiscal assistance:</b>  |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                                 | 444            | 208           | 237           | 241           | 246           | 252           | 258           |
| Payments to States and counties from Federal land management activities .....        | 14             | 14            | 14            | 14            | 15            | 15            | 15            |
| Other .....  | 385            | 167           | 200           | 204           | 208           | 212           | 217           |
| Total, General purpose fiscal assistance .....                                       | 843            | 389           | 451           | 459           | 469           | 479           | 490           |
| <b>Other general government:</b>   |                |               |               |               |               |               |               |
| Election assistance commission .....   |                | 400           | 500           | 600           | 10            | 10            | 10            |
| Discretionary programs .....   | 291            | 338           | 474           | 483           | 492           | 503           | 516           |
| Total, Other general government .....  | 291            | 738           | 974           | 1,083         | 502           | 513           | 526           |
| <b>Total, Discretionary</b> .....  | <b>15,602</b>  | <b>16,329</b> | <b>17,771</b> | <b>18,188</b> | <b>17,960</b> | <b>18,353</b> | <b>18,820</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Congressional members compensation and other .....                                   | 110            | 114           | 120           | 118           | 118           | 118           | 118           |
| <b>Central fiscal operations:</b>  |                |               |               |               |               |               |               |
| Federal financing bank .....   | 51             | 50            | 58            | 67            | 69            | 71            | 73            |
| Proposed Legislation (non-PAYGO) .....   |                | 2             | 5             | 9             | 11            | 11            | 10            |
| Subtotal, Federal financing bank .....   | 51             | 52            | 63            | 76            | 80            | 82            | 83            |
| Payment for financial services (Proposed Legislation non-PAYGO) .....                |                |               | 386           | 396           | 400           | 408           | 416           |
| Other mandatory programs .....   | -104           | -57           | -46           | -32           | -30           | -27           | -24           |
| Proposed Legislation (PAYGO) .....   |                |               | 2             | 96            | 146           | 146           | 146           |
| Subtotal, Other mandatory programs .....   | -104           | -57           | -44           | 64            | 116           | 119           | 122           |
| Total, Central fiscal operations .....   | -53            | -5            | 405           | 536           | 596           | 609           | 621           |
| <b>General property and records management:</b>                                      |                |               |               |               |               |               |               |
| Mandatory programs .....   | 23             | 30            | 28            | 25            | 24            | 22            | 23            |
| Offsetting receipts .....  | -22            | -39           | -30           | -31           | -31           | -32           | -32           |
| Total, General property and records management .....                                 | 1              | -9            | -2            | -6            | -7            | -10           | -9            |
| <b>General purpose fiscal assistance:</b>  |                |               |               |               |               |               |               |
| Payments to States and counties .....  | 1,137          | 1,293         | 1,285         | 1,303         | 1,309         | 1,284         | 1,301         |
| Tax revenues for Puerto Rico (Treasury, BATF) .....                                  | 426            | 442           | 396           | 392           | 401           | 409           | 417           |
| Proposed Legislation (PAYGO) .....   |                |               | 57            | 78            | 19            |               |               |
| Subtotal, Tax revenues for Puerto Rico (Treasury, BATF) .....                        | 426            | 442           | 453           | 470           | 420           | 409           | 417           |
| Arctic National Wildlife Refuge—Payment to Alaska (Proposed Legislation PAYGO) ..... |                |               |               | 1,201         | 1             | 101           | 1             |
| Other general purpose fiscal assistance .....  | 144            | 141           | 141           | 142           | 142           | 142           | 142           |
| Proposed Legislation (PAYGO) .....   |                |               |               | 3             | 4             | 4             | 5             |
| Subtotal, Other general purpose fiscal assistance .....                              | 144            | 141           | 141           | 145           | 146           | 146           | 147           |
| Total, General purpose fiscal assistance .....                                       | 1,707          | 1,876         | 1,879         | 3,119         | 1,876         | 1,940         | 1,866         |
| <b>Other general government:</b>   |                |               |               |               |               |               |               |
| Territories .....  | 188            | 186           | 188           | 188           | 190           | 192           | 193           |
| Proposed Legislation (PAYGO) .....   |                |               | 19            | 20            | 21            | 22            | 23            |
| Subtotal, Territories .....  | 188            | 186           | 207           | 208           | 211           | 214           | 216           |
| Treasury claims .....  | 1,850          | 921           | 935           | 1,038         | 1,038         | 1,038         | 1,038         |
| Presidential election campaign fund .....  | 67             | 67            | 67            | 67            | 67            | 67            | 67            |

**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other mandatory programs .....                               | -196           |               |               | 35            | 35            | 40            | 36            |
| Proposed Legislation (non-PAYGO) .....                       |                | 7             |               |               |               |               |               |
| Subtotal, Other mandatory programs .....                     | -196           | 7             |               | 35            | 35            | 40            | 36            |
| Total, Other general government .....                        | 1,909          | 1,181         | 1,209         | 1,348         | 1,351         | 1,359         | 1,357         |
| <b>Deductions for offsetting receipts:</b>                   |                |               |               |               |               |               |               |
| Offsetting receipts .....                                    | -892           | -1,194        | -1,192        | -1,192        | -1,192        | -1,192        | -1,192        |
| <b>Total, Mandatory</b> .....                                | <b>2,782</b>   | <b>1,963</b>  | <b>2,419</b>  | <b>3,923</b>  | <b>2,742</b>  | <b>2,824</b>  | <b>2,761</b>  |
| <b>Total, General government</b> .....                       | <b>18,384</b>  | <b>18,292</b> | <b>20,190</b> | <b>22,111</b> | <b>20,702</b> | <b>21,177</b> | <b>21,581</b> |
| <b>900 Net interest:</b>                                     |                |               |               |               |               |               |               |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Interest on Treasury debt securities (gross):</b>         |                |               |               |               |               |               |               |
| Interest on Treasury debt securities (gross) .....           | 332,537        | 328,292       | 352,765       | 393,661       | 428,248       | 459,760       | 492,224       |
| Proposed Legislation (non-PAYGO) .....                       |                | 24            | -430          | -729          | -620          | -591          | -583          |
| Total, Interest on Treasury debt securities (gross) .....    | 332,537        | 328,316       | 352,335       | 392,932       | 427,628       | 459,169       | 491,641       |
| <b>Interest received by on-budget trust funds:</b>           |                |               |               |               |               |               |               |
| Civil service retirement and disability fund .....           | -35,902        | -37,266       | -38,768       | -40,020       | -41,423       | -42,719       | -44,126       |
| Proposed Legislation (non-PAYGO) .....                       |                | -24           | 50            | 34            | 34            | 27            | 31            |
| Subtotal, Civil service retirement and disability fund ..... | -35,902        | -37,290       | -38,718       | -39,986       | -41,389       | -42,692       | -44,095       |
| Military retirement .....                                    | -13,229        | -13,480       | -13,695       | -13,958       | -14,228       | -14,515       | -14,820       |
| Foreign service retirement and disability trust fund .....   | -767           | -798          | -825          | -852          | -880          | -908          | -937          |
| Medicare trust funds .....                                   | -16,690        | -16,411       | -17,325       | -18,561       | -20,175       | -21,998       | -24,034       |
| Proposed Legislation (non-PAYGO) .....                       |                |               | 6             | 2             |               | -1            | -1            |
| Subtotal, Medicare trust funds .....                         | -16,690        | -16,411       | -17,319       | -18,559       | -20,175       | -21,999       | -24,035       |
| Unemployment trust fund .....                                | -5,445         | -3,460        | -2,711        | -2,689        | -2,974        | -3,373        | -3,673        |
| Railroad retirement .....                                    | -1,935         | -222          | -77           | -61           | -61           | -63           | -67           |
| Airport and airway trust fund .....                          | -860           | -708          | -709          | -652          | -611          | -578          | -565          |
| Other on-budget trust funds .....                            | -1,666         | -1,556        | -1,479        | -1,436        | -1,378        | -1,341        | -1,351        |
| Proposed Legislation (non-PAYGO) .....                       |                |               | 1             | 1             | 1             | 1             | 1             |
| Subtotal, Other on-budget trust funds .....                  | -1,666         | -1,556        | -1,478        | -1,435        | -1,377        | -1,340        | -1,350        |
| Total, Interest received by on-budget trust funds .....      | -76,494        | -73,925       | -75,532       | -78,192       | -81,695       | -85,468       | -89,542       |
| <b>Interest received by off-budget trust funds:</b>          |                |               |               |               |               |               |               |
| Interest received by social security trust funds .....       | -76,820        | -83,576       | -88,698       | -96,769       | -106,122      | -116,995      | -129,253      |
| <b>Other interest:</b>                                       |                |               |               |               |               |               |               |
| Interest on loans to Federal Financing Bank .....            | -2,040         | -2,268        | -2,482        | -2,316        | -2,137        | -2,001        | -1,941        |
| Proposed Legislation (non-PAYGO) .....                       |                | 23            | 72            | 123           | 150           | 148           | 133           |
| Subtotal, Interest on loans to Federal Financing Bank .....  | -2,040         | -2,245        | -2,410        | -2,193        | -1,987        | -1,853        | -1,808        |
| Interest on refunds of tax collections .....                 | 4,208          | 3,219         | 2,689         | 2,681         | 2,805         | 2,961         | 3,171         |
| Payment to the Resolution Funding Corporation .....          | 675            | 1,191         | 1,707         | 2,117         | 2,188         | 2,231         | 2,231         |
| Interest paid to loan guarantee financing accounts .....     | 4,276          | 3,787         | 3,812         | 3,852         | 3,903         | 3,983         | 4,076         |
| Interest received from direct loan financing accounts .....  | -11,050        | -11,147       | -11,747       | -12,701       | -13,295       | -13,944       | -14,698       |
| Interest on deposits in tax and loan accounts .....          | -341           | -225          | -450          | -700          | -700          | -700          | -700          |
| Interest, DoD retiree health care fund .....                 |                | -371          | -1,214        | -2,250        | -3,444        | -4,774        | -6,250        |
| Interest, other special and revolving funds .....            | -1,736         | -926          | -1,049        | -1,175        | -1,257        | -1,345        | -1,422        |
| Proposed Legislation (non-PAYGO) .....                       |                |               | -8            | -16           | -29           | -44           | -59           |
| Subtotal, Interest, other special and revolving funds .....  | -1,736         | -926          | -1,057        | -1,191        | -1,286        | -1,389        | -1,481        |



**Table 25–1. Budget Authority by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate    |             |             |             |             |             |
|--|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  |                | 2003        | 2004        | 2005        | 2006        | 2007        | 2008        |
| All other interest .....   | -2,266         | -2,091      | -2,151      | -2,572      | -2,458      | -2,369      | -2,311      |
| Proposed Legislation (non-PAYGO) .....   |                |             | 8           | 8           | 8           | 8           | 8           |
| Subtotal, All other interest .....   | -2,266         | -2,091      | -2,143      | -2,564      | -2,450      | -2,361      | -2,303      |
| Total, Other interest .....  | -8,274         | -8,808      | -10,813     | -12,949     | -14,266     | -15,846     | -17,762     |
| <b>Other investment income:</b>  |                |             |             |             |             |             |             |
| Private sector holdings, National Railroad Retirement Investment Trust .....               |                | -566        | -896        | -996        | -1,015      | -1,015      | -1,012      |
| <b>Total, Net interest</b> .....   | 170,949        | 161,441     | 176,396     | 204,026     | 224,530     | 239,845     | 254,072     |
| <b>920 Allowances:</b>   |                |             |             |             |             |             |             |
| <b>Discretionary:</b>  |                |             |             |             |             |             |             |
| Adjustment to certain pass-through accounts to reflect projected Presidential policy ..... |                | -400        | -288        | -293        | -299        | -306        | -314        |
| <b>Mandatory:</b>  |                |             |             |             |             |             |             |
| Spectrum relocation fund .....   |                |             |             | -1,250      | -1,250      |             |             |
| Proposed Legislation (PAYGO) .....   |                |             |             | 1,250       | 1,250       |             |             |
| <b>Total, Mandatory</b> .....  |                |             |             |             |             |             |             |
| <b>Total, Allowances</b> .....   |                | -400        | -288        | -293        | -299        | -306        | -314        |
| <b>950 Undistributed offsetting receipts:</b>  |                |             |             |             |             |             |             |
| <b>Mandatory:</b>  |                |             |             |             |             |             |             |
| <b>Employer share, employee retirement (on-budget):</b>                                    |                |             |             |             |             |             |             |
| Employing agency contributions, military retirement fund .....                             | -12,935        | -12,084     | -12,546     | -12,915     | -13,318     | -13,765     | -14,155     |
| Employing agency contributions, DoD Retiree Health Care Fund .....                         |                | -7,656      | -8,374      | -8,880      | -9,437      | -10,029     | -10,656     |
| Employing agency contributions, Civil Service Retirement and Disability Fund .....         | -10,731        | -9,975      | -10,739     | -11,565     | -12,555     | -13,235     | -13,856     |
| Contributions to HI trust fund .....   | -2,913         | -3,017      | -3,085      | -3,239      | -3,367      | -3,498      | -3,678      |
| Other contributions to employee retirement and disability funds .....                      | -6,910         | -7,171      | -7,370      | -7,632      | -7,741      | -7,983      | -8,398      |
| Proposed Legislation (PAYGO) .....   |                | 3,490       | 2,658       | 2,851       | 2,873       | 3,065       | 3,411       |
| Subtotal, Other contributions to employee retirement and disability funds .....            | -6,910         | -3,681      | -4,712      | -4,781      | -4,868      | -4,918      | -4,987      |
| Total, Employer share, employee retirement (on-budget) .....                               | -33,489        | -36,413     | -39,456     | -41,380     | -43,545     | -45,445     | -47,332     |
| <b>Employer share, employee retirement (off-budget):</b>                                   |                |             |             |             |             |             |             |
| Contributions to social security trust funds .....   | -9,292         | -9,493      | -10,023     | -10,794     | -11,482     | -12,159     | -13,043     |
| <b>Rents and royalties on the Outer Continental Shelf:</b>                                 |                |             |             |             |             |             |             |
| OCS Receipts .....   | -5,024         | -4,300      | -3,989      | -4,495      | -5,155      | -5,344      | -5,196      |
| <b>Sale of major assets:</b>   |                |             |             |             |             |             |             |
| Privatization of Elk Hills .....   |                |             |             | -323        |             |             |             |
| <b>Other undistributed offsetting receipts:</b>  |                |             |             |             |             |             |             |
| Spectrum auction .....   | -1             | -80         | -200        | -8,200      | -8,100      | -4,300      | -4,300      |
| Proposed Legislation (PAYGO) .....   |                |             |             |             |             | 2,000       | 2,000       |
| Subtotal, Spectrum auction .....   | -1             | -80         | -200        | -8,200      | -8,100      | -2,300      | -2,300      |
| Analog spectrum lease fee (Proposed Legislation PAYGO) .....                               |                |             |             |             |             | -500        | -500        |
| Spectrum license user fees (Proposed Legislation PAYGO) .....                              |                |             |             | -10         | -25         | -50         | -100        |
| Arctic National Wildlife Refuge (Proposed Legislation PAYGO) .....                         |                |             |             | -2,402      | -2          | -202        | -2          |
| Total, Other undistributed offsetting receipts .....                                       | -1             | -80         | -200        | -10,612     | -8,127      | -3,052      | -2,902      |
| <b>Total, Undistributed offsetting receipts</b> .....                                      | -47,806        | -50,286     | -53,668     | -67,604     | -68,309     | -66,000     | -68,473     |
| <b>Total</b> .....   | 2,090,057      | 2,154,443   | 2,243,021   | 2,363,332   | 2,496,154   | 2,621,627   | 2,753,335   |
| On-budget .....  | (1,724,732)    | (1,780,615) | (1,856,053) | (1,967,073) | (2,088,495) | (2,200,043) | (2,318,507) |
| Off-budget .....   | (365,325)      | (373,828)   | (386,968)   | (396,259)   | (407,659)   | (421,584)   | (434,828)   |

**Table 25–2. Outlays by Function, Category and Program**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>050 National defense:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>                                    |                |                |                |                |                |                |                |
| Military personnel .....  | 86,773         | 92,636         | 98,299         | 104,792        | 106,164        | 106,898        | 113,717        |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | 12             |                |                |                |                |
| Subtotal, Military personnel .....  | 86,773         | 92,636         | 98,311         | 104,792        | 106,164        | 106,898        | 113,717        |
| Operation and maintenance .....   | 129,472        | 136,068        | 132,833        | 137,285        | 142,743        | 147,797        | 154,412        |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | 5              | 2              |                |                |                |
| Subtotal, Operation and maintenance .....                                 | 129,472        | 136,068        | 132,838        | 137,287        | 142,743        | 147,797        | 154,412        |
| Procurement .....   | 62,515         | 63,220         | 67,903         | 72,079         | 76,997         | 83,186         | 90,731         |
| Research, development, test and evaluation .....                          | 44,389         | 52,838         | 58,194         | 63,572         | 64,713         | 64,100         | 65,279         |
| Military construction .....   | 5,052          | 6,001          | 6,147          | 5,720          | 6,310          | 8,675          | 10,840         |
| Family housing .....  | 3,736          | 4,149          | 4,086          | 3,943          | 4,284          | 4,551          | 4,711          |
| Revolving, management, and trust funds and other .....                    | 1,298          | 3,859          | 3,441          | 2,487          | 1,696          | 1,309          | 1,538          |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | -8             |                |                |                |                |
| Subtotal, Revolving, management, and trust funds and other .....          | 1,298          | 3,859          | 3,433          | 2,487          | 1,696          | 1,309          | 1,538          |
| Total, Department of Defense—Military .....                               | 333,235        | 358,771        | 370,912        | 389,880        | 402,907        | 416,516        | 441,228        |
| <b>Atomic energy defense activities:</b>                                  |                |                |                |                |                |                |                |
| Department of Energy .....  | 14,253         | 15,302         | 16,341         | 17,162         | 17,143         | 16,831         | 16,076         |
| Department of Homeland Security .....                                     | 82             | 94             | 96             | 94             | 94             | 96             | 98             |
| Formerly utilized sites remedial action .....                             | 141            | 123            | 140            | 142            | 144            | 147            | 151            |
| Defense nuclear facilities safety board .....                             | 20             | 19             | 20             | 20             | 20             | 21             | 21             |
| Total, Atomic energy defense activities .....                             | 14,496         | 15,538         | 16,597         | 17,418         | 17,401         | 17,095         | 16,346         |
| <b>Defense-related activities:</b>  |                |                |                |                |                |                |                |
| Radiation exposure compensation trust fund transferred to mandatory ..... | 65             | 17             |                |                |                |                |                |
| Discretionary programs .....  | 1,149          | 1,388          | 2,235          | 2,433          | 2,492          | 2,545          | 2,608          |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | 2              | 6              | 8              | 8              | 8              |
| Subtotal, Discretionary programs .....                                    | 1,149          | 1,388          | 2,237          | 2,439          | 2,500          | 2,553          | 2,616          |
| Total, Defense-related activities .....                                   | 1,214          | 1,405          | 2,237          | 2,439          | 2,500          | 2,553          | 2,616          |
| <b>Total, Discretionary .....</b>   | <b>348,945</b> | <b>375,714</b> | <b>389,746</b> | <b>409,737</b> | <b>422,808</b> | <b>436,164</b> | <b>460,190</b> |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>                                    |                |                |                |                |                |                |                |
| Military personnel .....  | 26             | 51             | 361            | 373            | 376            | 377            | 377            |
| Revolving, trust and other DoD mandatory .....                            | 542            | 319            | 376            | 247            | 363            | 274            | 375            |
| Offsetting receipts .....   | -1,852         | -986           | -942           | -921           | -922           | -886           | -882           |
| Total, Department of Defense—Military .....                               | -1,284         | -616           | -205           | -301           | -183           | -235           | -130           |
| <b>Atomic energy defense activities:</b>                                  |                |                |                |                |                |                |                |
| Energy employee occupational illness compensation program .....           | 381            | 810            | 531            | 335            | 266            | 217            | 194            |
| <b>Defense-related activities:</b>  |                |                |                |                |                |                |                |
| Radiation exposure compensation trust fund .....                          | 129            | 155            | 121            | 82             | 54             | 36             | 29             |
| Mandatory programs .....  | 384            | 223            | 226            | 239            | 247            | 255            | 263            |
| Total, Defense-related activities .....                                   | 513            | 378            | 347            | 321            | 301            | 291            | 292            |
| <b>Total, Mandatory .....</b>   | <b>-390</b>    | <b>572</b>     | <b>673</b>     | <b>355</b>     | <b>384</b>     | <b>273</b>     | <b>356</b>     |
| <b>Total, National defense .....</b>                                      | <b>348,555</b> | <b>376,286</b> | <b>390,419</b> | <b>410,092</b> | <b>423,192</b> | <b>436,437</b> | <b>460,546</b> |
| <b>150 International affairs:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>International development, humanitarian assistance:</b>                |                |                |                |                |                |                |                |
| Development assistance, child survival, and disease programs .....        | 2,380          | 2,539          | 2,785          | 2,797          | 2,823          | 2,884          | 2,945          |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Food aid .....   | 922            | 1,080         | 1,194         | 1,231         | 1,261         | 1,293         | 1,323         |
| Refugee programs .....   | 829            | 798           | 781           | 840           | 822           | 842           | 864           |
| Millennium challenge corporation (Proposed Legislation non-PAYGO) .....  |                |               | 650           | 1,052         | 1,333         | 1,361         | 1,393         |
| Andean counter-drug initiative .....                                     | 188            | 687           | 810           | 756           | 746           | 760           | 777           |
| Multilateral development banks (MDB's) .....                             | 1,511          | 1,715         | 1,952         | 1,244         | 1,359         | 1,494         | 1,584         |
| Assistance for the independent states of the former Soviet Union .....   | 600            | 550           | 614           | 632           | 627           | 624           | 609           |
| Peace Corps .....  | 272            | 306           | 381           | 373           | 372           | 379           | 389           |
| International narcotics control and law enforcement .....                | 384            | 442           | 363           | 345           | 277           | 292           | 300           |
| Assistance for Central and Eastern Europe .....                          | 514            | 368           | 413           | 430           | 438           | 452           | 455           |
| USAID operations .....   | 600            | 563           | 620           | 672           | 721           | 767           | 802           |
| Voluntary contributions to international organizations .....             | 301            | 316           | 315           | 320           | 327           | 334           | 342           |
| Central America and Caribbean emergency disaster recovery fund .....     | 75             | 45            | 27            |               |               |               |               |
| Other development and humanitarian assistance .....                      | 605            | 534           | 780           | 1,253         | 1,891         | 2,501         | 3,084         |
| <b>Total, International development, humanitarian assistance .....</b>   | <b>9,181</b>   | <b>9,943</b>  | <b>11,685</b> | <b>11,945</b> | <b>12,997</b> | <b>13,983</b> | <b>14,867</b> |
| <b>International security assistance:</b>                                |                |               |               |               |               |               |               |
| Foreign military financing grants and loans .....                        | 4,448          | 4,559         | 4,288         | 4,320         | 4,522         | 4,635         | 4,753         |
| Economic support fund .....  | 3,071          | 2,472         | 2,653         | 2,628         | 2,602         | 2,639         | 2,663         |
| Nonproliferation, antiterrorism, demining, and related programs .....    | 383            | 439           | 441           | 438           | 396           | 405           | 415           |
| Other security assistance .....  | 387            | 237           | 196           | 189           | 196           | 196           | 201           |
| Proposed Legislation (non-PAYGO) .....                                   |                |               | 25            | 50            | 76            | 103           | 105           |
| <b>Subtotal, Other security assistance .....</b>                         | <b>387</b>     | <b>237</b>    | <b>221</b>    | <b>239</b>    | <b>272</b>    | <b>299</b>    | <b>306</b>    |
| <b>Total, International security assistance .....</b>                    | <b>8,289</b>   | <b>7,707</b>  | <b>7,603</b>  | <b>7,625</b>  | <b>7,792</b>  | <b>7,978</b>  | <b>8,137</b>  |
| <b>Conduct of foreign affairs:</b>                                       |                |               |               |               |               |               |               |
| State Department operations .....  | 3,688          | 4,370         | 4,324         | 4,366         | 4,465         | 4,562         | 4,673         |
| Embassy security, construction, and maintenance .....                    | 856            | 1,098         | 1,205         | 1,424         | 1,503         | 1,529         | 1,572         |
| Assessed contributions to international organizations .....              | 832            | 977           | 1,008         | 1,028         | 1,050         | 1,073         | 1,099         |
| Assessed contributions for international peacekeeping .....              | 913            | 1,328         | 574           | 560           | 571           | 584           | 599           |
| Arrearage payment for international organizations and peacekeeping ..... | 582            | 244           |               |               |               |               |               |
| Other conduct of foreign affairs .....                                   | 144            | 190           | 164           | 156           | 156           | 157           | 162           |
| <b>Total, Conduct of foreign affairs .....</b>                           | <b>7,015</b>   | <b>8,207</b>  | <b>7,275</b>  | <b>7,534</b>  | <b>7,745</b>  | <b>7,905</b>  | <b>8,105</b>  |
| <b>Foreign information and exchange activities:</b>                      |                |               |               |               |               |               |               |
| International broadcasting .....   | 484            | 529           | 579           | 599           | 587           | 596           | 611           |
| Russian Leadership Development Center trust fund .....                   | -3             | 10            | 13            | 15            | 15            | 16            | 16            |
| Other information and exchange activities .....                          | 424            | 339           | 383           | 423           | 415           | 423           | 434           |
| <b>Total, Foreign information and exchange activities .....</b>          | <b>905</b>     | <b>878</b>    | <b>975</b>    | <b>1,037</b>  | <b>1,017</b>  | <b>1,035</b>  | <b>1,061</b>  |
| <b>International financial programs:</b>                                 |                |               |               |               |               |               |               |
| Export-Import Bank .....   | 801            | 849           | 528           | 168           | 218           | 370           | 421           |
| Special defense acquisition fund .....                                   | -4             | 5             | 3             |               |               |               |               |
| <b>Total, International financial programs .....</b>                     | <b>797</b>     | <b>854</b>    | <b>531</b>    | <b>168</b>    | <b>218</b>    | <b>370</b>    | <b>421</b>    |
| <b>Total, Discretionary .....</b>  | <b>26,187</b>  | <b>27,589</b> | <b>28,069</b> | <b>28,309</b> | <b>29,769</b> | <b>31,271</b> | <b>32,591</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>International development, humanitarian assistance:</b>               |                |               |               |               |               |               |               |
| Credit liquidating accounts .....  | -1,309         | -1,364        | -1,172        | -974          | -1,000        | -938          | -870          |
| Receipts and other .....   | -51            | 83            | -6            | -6            | -6            | -6            | -6            |
| <b>Total, International development, humanitarian assistance .....</b>   | <b>-1,360</b>  | <b>-1,281</b> | <b>-1,178</b> | <b>-980</b>   | <b>-1,006</b> | <b>-944</b>   | <b>-876</b>   |
| <b>International security assistance:</b>                                |                |               |               |               |               |               |               |
| Foreign military loan reestimates .....                                  | 150            | -522          |               |               |               |               |               |
| Foreign military loan liquidating account .....                          | -532           | -420          | -287          | -267          | -265          | -230          | -196          |
| <b>Total, International security assistance .....</b>                    | <b>-382</b>    | <b>-942</b>   | <b>-287</b>   | <b>-267</b>   | <b>-265</b>   | <b>-230</b>   | <b>-196</b>   |
| <b>Foreign affairs and information:</b>                                  |                |               |               |               |               |               |               |
| Conduct of foreign affairs .....   | 53             | -69           | -2            | 8             | 7             | 6             | 6             |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Japan-U.S. Friendship Commission .....                                | 3              | 3             | 3             | 3             | 3             | 3             | 3             |
| Vietnam debt repayment fund, transfers from liquidating fund .....    | -2             | -5            |               |               |               |               |               |
| <b>Total, Foreign affairs and information .....</b>                   | <b>54</b>      | <b>-71</b>    | <b>1</b>      | <b>11</b>     | <b>10</b>     | <b>9</b>      | <b>9</b>      |
| <b>International financial programs:</b>                              |                |               |               |               |               |               |               |
| Foreign military sales trust fund (net) .....                         | -163           |               |               |               |               |               |               |
| International monetary fund .....                                     | -446           |               |               |               |               |               |               |
| Exchange stabilization fund .....                                     | -520           | -521          | -547          | -575          | -603          | -633          | -665          |
| Credit liquidating account (Ex-Im) .....                              | -575           | -487          | -348          | -336          | -314          | -277          | -179          |
| Export-Import Bank—subsidy reestimates .....                          | -367           | -3,467        |               |               |               |               |               |
| Other international financial programs .....                          | -71            | -85           | -88           | -94           | -108          | -25           | -28           |
| <b>Total, International financial programs .....</b>                  | <b>-2,142</b>  | <b>-4,560</b> | <b>-983</b>   | <b>-1,005</b> | <b>-1,025</b> | <b>-935</b>   | <b>-872</b>   |
| <b>Total, Mandatory .....</b>   | <b>-3,830</b>  | <b>-6,854</b> | <b>-2,447</b> | <b>-2,241</b> | <b>-2,286</b> | <b>-2,100</b> | <b>-1,935</b> |
| <b>Total, International affairs .....</b>                             | <b>22,357</b>  | <b>20,735</b> | <b>25,622</b> | <b>26,068</b> | <b>27,483</b> | <b>29,171</b> | <b>30,656</b> |
| <b>250 General science, space, and technology:</b>                    |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                            |                |               |               |               |               |               |               |
| National Science Foundation programs .....                            | 4,057          | 4,676         | 4,934         | 5,232         | 5,420         | 5,610         | 5,715         |
| Department of Energy general science programs .....                   | 3,180          | 3,254         | 3,290         | 3,341         | 3,407         | 3,479         | 3,563         |
| Department of Homeland Security science and technology programs ..... | 5              | 15            | 246           | 277           | 282           | 288           | 296           |
| <b>Total, General science and basic research .....</b>                | <b>7,242</b>   | <b>7,945</b>  | <b>8,470</b>  | <b>8,850</b>  | <b>9,109</b>  | <b>9,377</b>  | <b>9,574</b>  |
| <b>Space flight, research, and supporting activities:</b>             |                |               |               |               |               |               |               |
| Science, aeronautics, and technology .....                            | 6,576          | 7,289         | 8,872         | 8,189         | 8,153         | 8,004         | 8,184         |
| Human space flight .....  | 6,871          | 6,295         | 5,378         | 6,665         | 7,387         | 7,981         | 8,391         |
| Other NASA programs .....   | 26             | 25            | 26            | 28            | 29            | 29            | 31            |
| <b>Total, Space flight, research, and supporting activities .....</b> | <b>13,473</b>  | <b>13,609</b> | <b>14,276</b> | <b>14,882</b> | <b>15,569</b> | <b>16,014</b> | <b>16,606</b> |
| <b>Total, Discretionary .....</b>                                     | <b>20,715</b>  | <b>21,554</b> | <b>22,746</b> | <b>23,732</b> | <b>24,678</b> | <b>25,391</b> | <b>26,180</b> |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                            |                |               |               |               |               |               |               |
| National Science Foundation donations .....                           | 57             | 142           | 105           | 76            | 57            | 48            | 40            |
| <b>Space flight, research, and supporting activities:</b>             |                |               |               |               |               |               |               |
| National Space Grant Program .....                                    |                | 3             |               |               |               |               |               |
| <b>Total, Mandatory .....</b>   | <b>57</b>      | <b>145</b>    | <b>105</b>    | <b>76</b>     | <b>57</b>     | <b>48</b>     | <b>40</b>     |
| <b>Total, General science, space, and technology .....</b>            | <b>20,772</b>  | <b>21,699</b> | <b>22,851</b> | <b>23,808</b> | <b>24,735</b> | <b>25,439</b> | <b>26,220</b> |
| <b>270 Energy:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Research and development .....  | 1,098          | 1,369         | 1,370         | 1,396         | 1,465         | 1,520         | 1,529         |
| Naval petroleum reserves operations .....                             | 23             | 18            | 18            | 18            | 18            | 18            | 18            |
| Uranium enrichment decontamination .....                              | -417           | -442          | -159          | -48           | -75           | -129          | 289           |
| Nuclear waste program .....   | 106            | 185           | 219           | 339           | 470           | 422           | 691           |
| Federal power marketing .....   | 158            | 182           | 181           | 189           | 192           | 193           | 200           |
| Elk Hills school lands fund .....                                     | 36             | 72            | 36            | 37            | 37            | 38            | 39            |
| Rural electric and telephone discretionary loans .....                | 38             | 47            | 45            | -4            | -22           | -37           | -50           |
| Non-defense environmental management and other .....                  | 655            | 650           | 511           | 486           | 463           | 416           | 348           |
| <b>Total, Energy supply .....</b>                                     | <b>1,697</b>   | <b>2,081</b>  | <b>2,221</b>  | <b>2,413</b>  | <b>2,548</b>  | <b>2,441</b>  | <b>3,064</b>  |
| <b>Energy conservation and preparedness:</b>                          |                |               |               |               |               |               |               |
| Energy conservation .....   | 878            | 847           | 899           | 887           | 895           | 914           | 934           |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Emergency energy preparedness .....   | 169            | 177           | 178           | 181           | 185           | 188           | 197           |
| Total, Energy conservation and preparedness .....                           | 1,047          | 1,024         | 1,077         | 1,068         | 1,080         | 1,102         | 1,131         |
| <b>Energy information, policy, and regulation:</b>                          |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....                                   | 40             | 87            | 71            | 78            | 78            | 81            | 81            |
| Federal Energy Regulatory Commission fees and recoveries, and other .....   |                | -18           | -18           | -18           | -18           | -19           | -19           |
| Department of Energy departmental management, OIG, EIA administration ..... | 192            | 263           | 295           | 306           | 308           | 318           | 325           |
| Total, Energy information, policy, and regulation .....                     | 232            | 332           | 348           | 366           | 368           | 380           | 387           |
| <b>Total, Discretionary</b> .....   | <b>2,976</b>   | <b>3,437</b>  | <b>3,646</b>  | <b>3,847</b>  | <b>3,996</b>  | <b>3,923</b>  | <b>4,582</b>  |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Naval petroleum reserves oil and gas sales .....                            | -7             | -7            | -7            | -7            | -6            | -6            | -4            |
| Federal power marketing .....   | -183           | -604          | -582          | -703          | -863          | -761          | -656          |
| Proposed Legislation (PAYGO) .....  |                | 149           | 145           | 233           | 581           | 339           | 158           |
| Subtotal, Federal power marketing .....                                     | -183           | -455          | -437          | -470          | -282          | -422          | -498          |
| Tennessee Valley Authority .....  | 121            | -112          | -247          | -121          | -142          | -488          | -602          |
| United States Enrichment Corporation .....                                  | -19            | -71           | -75           | -79           | -83           | -88           | -92           |
| Nuclear waste fund program .....  | -712           | -736          | -743          | -749          | -754          | -756          | -767          |
| Rural electric and telephone liquidating accounts .....                     | -1,644         | -1,348        | -1,219        | -932          | -957          | -921          | -818          |
| Rural electric and telephone loan subsidy reestimates .....                 | -49            |               |               |               |               |               |               |
| <b>Total, Mandatory</b> .....   | <b>-2,493</b>  | <b>-2,729</b> | <b>-2,728</b> | <b>-2,358</b> | <b>-2,224</b> | <b>-2,681</b> | <b>-2,781</b> |
| <b>Total, Energy</b> .....  | <b>483</b>     | <b>708</b>    | <b>918</b>    | <b>1,489</b>  | <b>1,772</b>  | <b>1,242</b>  | <b>1,801</b>  |
| <b>300 Natural resources and environment:</b>                               |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Water resources:</b>   |                |               |               |               |               |               |               |
| Corps of Engineers .....  | 4,772          | 4,123         | 4,094         | 4,057         | 4,139         | 4,219         | 4,318         |
| Proposed Legislation (non-PAYGO) .....                                      |                | -149          | -144          | -147          | -151          | -154          | -158          |
| Subtotal, Corps of Engineers .....  | 4,772          | 3,974         | 3,950         | 3,910         | 3,988         | 4,065         | 4,160         |
| Bureau of Reclamation .....   | 836            | 1,003         | 916           | 934           | 871           | 888           | 909           |
| Watershed, flood prevention, and other .....                                | 276            | 311           | 311           | 191           | 178           | 154           | 157           |
| Total, Water resources .....  | 5,884          | 5,288         | 5,177         | 5,035         | 5,037         | 5,107         | 5,226         |
| <b>Conservation and land management:</b>                                    |                |               |               |               |               |               |               |
| Forest Service .....  | 4,382          | 4,182         | 4,061         | 4,153         | 4,205         | 4,296         | 4,407         |
| Management of public lands (BLM) .....                                      | 1,858          | 1,700         | 1,689         | 1,718         | 1,747         | 1,787         | 1,831         |
| Conservation of agricultural lands .....                                    | 862            | 1,062         | 1,055         | 1,010         | 992           | 998           | 1,017         |
| Fish and Wildlife Service .....   | 1,073          | 1,250         | 1,259         | 1,250         | 1,234         | 1,251         | 1,280         |
| Other conservation and land management programs .....                       | 597            | 719           | 773           | 754           | 735           | 741           | 760           |
| Total, Conservation and land management .....                               | 8,772          | 8,913         | 8,837         | 8,885         | 8,913         | 9,073         | 9,295         |
| <b>Recreational resources:</b>  |                |               |               |               |               |               |               |
| Operation of recreational resources .....                                   | 2,165          | 2,431         | 2,489         | 2,497         | 2,506         | 2,532         | 2,581         |
| Other recreational resources activities .....                               | 28             | 33            | 51            | 37            | 21            | 21            | 21            |
| Total, Recreational resources .....   | 2,193          | 2,464         | 2,540         | 2,534         | 2,527         | 2,553         | 2,602         |
| <b>Pollution control and abatement:</b>                                     |                |               |               |               |               |               |               |
| Regulatory, enforcement, and research programs .....                        | 2,892          | 3,088         | 3,175         | 3,219         | 3,255         | 3,171         | 3,235         |
| State and tribal assistance grants .....                                    | 3,353          | 3,758         | 3,843         | 3,765         | 3,637         | 3,618         | 3,662         |
| Hazardous substance superfund .....   | 1,397          | 1,293         | 1,405         | 1,424         | 1,457         | 1,521         | 1,580         |
| Other control and abatement activities .....                                | 147            | 154           | 152           | 159           | 155           | 154           | 158           |
| Environmental services (Proposed Legislation non-PAYGO) .....               |                | -4            | -4            | -8            | -8            | -8            | -8            |
| Total, Pollution control and abatement .....                                | 7,789          | 8,289         | 8,571         | 8,559         | 8,496         | 8,456         | 8,627         |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Other natural resources:</b>                                       |                |               |               |               |               |               |               |
| NOAA .....  | 2,939          | 3,214         | 3,265         | 3,394         | 3,471         | 3,571         | 3,643         |
| Other natural resource program activities .....                       | 1,062          | 997           | 1,082         | 1,102         | 1,121         | 1,145         | 1,175         |
| Total, Other natural resources .....                                  | 4,001          | 4,211         | 4,347         | 4,496         | 4,592         | 4,716         | 4,818         |
| <b>Total, Discretionary</b> .....                                     | <b>28,639</b>  | <b>29,165</b> | <b>29,472</b> | <b>29,509</b> | <b>29,565</b> | <b>29,905</b> | <b>30,568</b> |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Water resources:</b>   |                |               |               |               |               |               |               |
| Offsetting receipts and other mandatory water resource programs ..... | -314           | 8             | -115          | -321          | -46           | -137          | -142          |
| <b>Conservation and land management:</b>                              |                |               |               |               |               |               |               |
| Conservation Programs .....   | 3,153          | 3,664         | 4,219         | 4,702         | 5,177         | 5,332         | 5,405         |
| Proposed Legislation (PAYGO) .....                                    |                |               |               | -188          | -275          | -370          | -507          |
| Subtotal, Conservation Programs .....                                 | 3,153          | 3,664         | 4,219         | 4,514         | 4,902         | 4,962         | 4,898         |
| Offsetting receipts .....   | -2,128         | -2,688        | -2,471        | -2,539        | -2,520        | -2,484        | -2,467        |
| Proposed Legislation (PAYGO) .....                                    |                |               | -10           | -16           | -25           | -33           | -41           |
| Subtotal, Offsetting receipts .....                                   | -2,128         | -2,688        | -2,481        | -2,555        | -2,545        | -2,517        | -2,508        |
| Total, Conservation and land management .....                         | 1,025          | 976           | 1,738         | 1,959         | 2,357         | 2,445         | 2,390         |
| <b>Recreational resources:</b>  |                |               |               |               |               |               |               |
| Operation of recreational resources .....                             | 850            | 909           | 916           | 942           | 927           | 920           | 929           |
| Proposed Legislation (PAYGO) .....                                    |                |               |               | 19            | 43            | 82            | 122           |
| Subtotal, Operation of recreational resources .....                   | 850            | 909           | 916           | 961           | 970           | 1,002         | 1,051         |
| Offsetting receipts .....   | -293           | -306          | -317          | -140          | -142          | -143          | -146          |
| Proposed Legislation (PAYGO) .....                                    |                |               |               | -85           | -99           | -101          | -107          |
| Subtotal, Offsetting receipts .....                                   | -293           | -306          | -317          | -225          | -241          | -244          | -253          |
| Total, Recreational resources .....                                   | 557            | 603           | 599           | 736           | 729           | 758           | 798           |
| <b>Pollution control and abatement:</b>                               |                |               |               |               |               |               |               |
| Superfund resources and other mandatory .....                         | -174           | -168          | -133          | -133          | -133          | -130          | -130          |
| <b>Other natural resources:</b>                                       |                |               |               |               |               |               |               |
| Fees and mandatory programs .....                                     | -279           | -6            | 25            | 30            | 20            | 8             | 8             |
| <b>Total, Mandatory</b> .....   | <b>815</b>     | <b>1,413</b>  | <b>2,114</b>  | <b>2,271</b>  | <b>2,927</b>  | <b>2,944</b>  | <b>2,924</b>  |
| <b>Total, Natural resources and environment</b> .....                 | <b>29,454</b>  | <b>30,578</b> | <b>31,586</b> | <b>31,780</b> | <b>32,492</b> | <b>32,849</b> | <b>33,492</b> |
| <b>350 Agriculture:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                                     |                |               |               |               |               |               |               |
| Agriculture credit loan program .....                                 | 456            | 500           | 506           | 515           | 525           | 536           | 550           |
| P.L.480 market development activities .....                           | 183            | 155           | 173           | 142           | 140           | 142           | 146           |
| Discretionary changes to CCC programs .....                           |                | -175          | -50           | -51           | -52           | -53           | -54           |
| Administrative expenses .....   | 1,000          | 1,024         | 1,090         | 1,053         | 1,074         | 1,096         | 1,123         |
| Outreach for socially disadvantaged farmers .....                     |                | 3             | 4             | 4             | 4             | 4             | 4             |
| Total, Farm income stabilization .....                                | 1,639          | 1,507         | 1,723         | 1,663         | 1,691         | 1,725         | 1,769         |
| <b>Agricultural research and services:</b>                            |                |               |               |               |               |               |               |
| Research and education programs .....                                 | 1,549          | 1,658         | 1,626         | 1,622         | 1,650         | 1,646         | 1,676         |
| Discretionary changes to mandatory research programs .....            |                | -6            | -48           | -84           | -72           | -30           |               |
| Integrated research, education, and extension programs .....          | 19             | 31            | 42            | 61            | 62            | 64            | 67            |
| Extension programs .....  | 429            | 439           | 448           | 427           | 435           | 445           | 454           |
| Marketing programs .....  | 76             | 62            | 81            | 78            | 80            | 81            | 83            |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                       | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Animal and plant inspection programs .....                 | 831            | 985           | 764           | 761           | 777           | 796           | 816           |
| Proposed Legislation (non-PAYGO) .....                     |                |               | -8            | -8            | -8            | -8            | -9            |
| Subtotal, Animal and plant inspection programs .....       | 831            | 985           | 756           | 753           | 769           | 788           | 807           |
| Economic intelligence .....                                | 185            | 203           | 213           | 217           | 221           | 228           | 233           |
| Grain inspection and packers program .....                 | 33             | 39            | 42            | 42            | 44            | 45            | 46            |
| Proposed Legislation (non-PAYGO) .....                     |                | -27           | -29           | -30           | -30           | -31           | -32           |
| Subtotal, Grain inspection and packers program .....       | 33             | 12            | 13            | 12            | 14            | 14            | 14            |
| Foreign agricultural service .....                         | 127            | 130           | 141           | 144           | 146           | 149           | 153           |
| Other programs and unallocated overhead .....              | 418            | 650           | 657           | 654           | 658           | 673           | 689           |
| Total, Agricultural research and services .....            | 3,667          | 4,164         | 3,929         | 3,884         | 3,963         | 4,058         | 4,176         |
| <b>Total, Discretionary</b> .....                          | <b>5,306</b>   | <b>5,671</b>  | <b>5,652</b>  | <b>5,547</b>  | <b>5,654</b>  | <b>5,783</b>  | <b>5,945</b>  |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                          |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                         | 13,597         | 14,001        | 12,930        | 15,832        | 15,212        | 13,882        | 12,100        |
| Agricultural credit insurance subsidy reestimate .....     | 1,233          | -105          |               |               |               |               |               |
| Crop insurance and other farm credit activities .....      | 2,816          | 1,796         | 2,628         | 2,941         | 3,083         | 3,356         | 3,347         |
| Credit liquidating accounts (ACIF and FAC) .....           | -921           | -894          | -810          | -574          | -472          | -429          | -390          |
| Total, Farm income stabilization .....                     | 16,725         | 14,798        | 14,748        | 18,199        | 17,823        | 16,809        | 15,057        |
| <b>Agricultural research and services:</b>                 |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                     | 328            | 541           | 566           | 635           | 610           | 627           | 660           |
| Offsetting receipts .....                                  | -171           | -163          | -167          | -165          | -166          | -167          | -167          |
| Total, Agricultural research and services .....            | 157            | 378           | 399           | 470           | 444           | 460           | 493           |
| <b>Total, Mandatory</b> .....                              | <b>16,882</b>  | <b>15,176</b> | <b>15,147</b> | <b>18,669</b> | <b>18,267</b> | <b>17,269</b> | <b>15,550</b> |
| <b>Total, Agriculture</b> .....                            | <b>22,188</b>  | <b>20,847</b> | <b>20,799</b> | <b>24,216</b> | <b>23,921</b> | <b>23,052</b> | <b>21,495</b> |
| <b>370 Commerce and housing credit:</b>                    |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                      |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                    |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs .....   | -2,341         | -2,717        | -2,852        | -2,579        | -2,133        | -2,060        | -2,249        |
| Government National Mortgage Association (GNMA) .....      | -345           | -388          | -394          | -402          | -410          | -418          | -429          |
| Other housing and urban development .....                  | 1              | 4             | 6             | 4             | 5             | 2             | 2             |
| Rural housing insurance fund .....                         | 669            | 710           | 715           | 708           | 719           | 735           | 756           |
| Total, Mortgage credit .....                               | -2,016         | -2,391        | -2,525        | -2,269        | -1,819        | -1,741        | -1,920        |
| <b>Postal service:</b>                                     |                |               |               |               |               |               |               |
| Payments to the Postal Service fund (On-budget) .....      | 858            | 77            | 60            | 66            | 66            | 66            | 66            |
| <b>Deposit insurance:</b>                                  |                |               |               |               |               |               |               |
| National credit union administration .....                 |                |               | -1            |               | 1             |               |               |
| <b>Other advancement of commerce:</b>                      |                |               |               |               |               |               |               |
| Small and minority business assistance .....               | 627            | 590           | 624           | 637           | 648           | 661           | 680           |
| Science and technology .....                               | 735            | 729           | 680           | 610           | 542           | 553           | 560           |
| Economic and demographic statistics .....                  | 676            | 848           | 759           | 896           | 908           | 925           | 1,207         |
| Regulatory agencies .....                                  | -334           | -606          | -540          | -849          | -1,159        | -108          | -115          |
| Proposed Legislation (non-PAYGO) .....                     |                | -33           |               |               |               |               |               |
| Subtotal, Regulatory agencies .....                        | -334           | -639          | -540          | -849          | -1,159        | -108          | -115          |
| International Trade Administration .....                   | 350            | 347           | 370           | 387           | 394           | 402           | 412           |
| Patent and trademark salaries and expenses .....           | 10             | -366          | -38           | -40           | -50           | -45           | -43           |
| Proposed Legislation (non-PAYGO) .....                     |                |               | -50           | -5            | -10           | -8            | -9            |
| Subtotal, Patent and trademark salaries and expenses ..... | 10             | -366          | -88           | -45           | -60           | -53           | -52           |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate     |             |               |             |              |              |
|--|----------------|--------------|-------------|---------------|-------------|--------------|--------------|
|  |                | 2003         | 2004        | 2005          | 2006        | 2007         | 2008         |
| Other discretionary .....                                | 92             | 178          | -88         | -79           | -77         | -73          | -69          |
| Total, Other advancement of commerce .....               | 2,156          | 1,687        | 1,717       | 1,557         | 1,196       | 2,307        | 2,623        |
| <b>Total, Discretionary</b> .....                        | <b>998</b>     | <b>-627</b>  | <b>-749</b> | <b>-646</b>   | <b>-556</b> | <b>632</b>   | <b>769</b>   |
| <b>Mandatory:</b>  |                |              |             |               |             |              |              |
| <b>Mortgage credit:</b>                                  |                |              |             |               |             |              |              |
| Federal Housing Administration (FHA) loan programs ..... | -2,696         | 778          | -1,205      | -1,753        | -1,945      | -2,330       | -2,587       |
| Government National Mortgage Association .....           | -388           | -219         | -315        | -333          | -345        | -362         | -377         |
| Other HUD mortgage credit .....                          | -529           | -531         | -463        | -521          | -521        | -351         | -351         |
| Other mortgage credit activities .....                   | -1,377         | -1,965       | -1,290      | -1,179        | -1,106      | -1,125       | -1,042       |
| Total, Mortgage credit .....                             | -4,990         | -1,937       | -3,273      | -3,786        | -3,917      | -4,168       | -4,357       |
| <b>Postal service:</b>                                   |                |              |             |               |             |              |              |
| Postal Service (Off-budget) .....                        | -651           | -748         | -387        | -813          | -812        | -906         | -1,247       |
| Proposed Legislation (non-PAYGO) .....                   |                | -3,490       | -2,658      | -2,851        | -176        |              |              |
| Total, Postal service .....                              | -651           | -4,238       | -3,045      | -3,664        | -988        | -906         | -1,247       |
| <b>Deposit insurance:</b>                                |                |              |             |               |             |              |              |
| Bank Insurance Fund .....                                | 110            | 920          | -401        | -1,297        | -1,188      | -847         | -876         |
| Proposed Legislation (PAYGO) .....                       |                |              | 401         | 1,297         | 1,188       | 847          | 876          |
| Subtotal, Bank Insurance Fund .....                      | 110            | 920          |             |               |             |              |              |
| FSLIC Resolution Fund .....                              | 8              | 42           | -21         | -72           | -134        | -141         | -136         |
| Savings Association Insurance Fund .....                 | -503           | -151         | -217        | -443          | -510        | -417         | -385         |
| Proposed Legislation (PAYGO) .....                       |                |              | 39          | -473          | -893        | -847         | -855         |
| Subtotal, Savings Association Insurance Fund .....       | -503           | -151         | -178        | -916          | -1,403      | -1,264       | -1,240       |
| National credit union administration .....               | -622           | -680         | -710        | -231          | -240        | -217         | -233         |
| Other deposit insurance activities .....                 | -14            | 10           | 8           | 6             | 3           | 1            | 14           |
| Total, Deposit insurance .....                           | -1,021         | 141          | -901        | -1,213        | -1,774      | -1,621       | -1,595       |
| <b>Other advancement of commerce:</b>                    |                |              |             |               |             |              |              |
| Universal service fund .....                             | 5,108          | 6,357        | 6,588       | 6,704         | 6,827       | 6,958        | 7,125        |
| Payments to copyright owners .....                       | 116            | 228          | 264         | 197           | 207         | 210          | 219          |
| Spectrum auction subsidy .....                           | 140            | 516          | 13          | 13            | 13          | 13           | 13           |
| Regulatory fees .....                                    | -20            | -44          | -78         | -99           | -102        | -106         | -110         |
| Credit liquidating accounts .....                        | -72            | -23          | -17         | -15           | -12         | -10          | -11          |
| SBA business loan program and subsidy reestimate .....   | -297           | 435          |             |               |             |              |              |
| Continued dumping and subsidy offset .....               | 231            | 321          | 331         | 341           | 351         | 362          | 373          |
| Other mandatory .....                                    | 73             | 133          | 166         | 186           | 184         | 187          | 192          |
| Total, Other advancement of commerce .....               | 5,279          | 7,923        | 7,267       | 7,327         | 7,468       | 7,614        | 7,801        |
| <b>Total, Mandatory</b> .....                            | <b>-1,383</b>  | <b>1,889</b> | <b>48</b>   | <b>-1,336</b> | <b>789</b>  | <b>919</b>   | <b>602</b>   |
| <b>Total, Commerce and housing credit</b> .....          | <b>-385</b>    | <b>1,262</b> | <b>-701</b> | <b>-1,982</b> | <b>233</b>  | <b>1,551</b> | <b>1,371</b> |
| <b>400 Transportation:</b>                               |                |              |             |               |             |              |              |
| <b>Discretionary:</b>                                    |                |              |             |               |             |              |              |
| <b>Ground transportation:</b>                            |                |              |             |               |             |              |              |
| Highways .....   | 29,332         | 27,718       | 28,341      | 29,540        | 30,346      | 31,356       | 32,238       |
| Highway safety .....                                     | 689            | 939          | 972         | 1,079         | 1,117       | 1,165        | 1,196        |
| Mass transit .....                                       | 7,694          | 7,179        | 7,339       | 7,184         | 7,012       | 6,974        | 7,641        |
| Railroads .....  | 1,298          | 819          | 1,148       | 1,127         | 1,144       | 1,175        | 1,183        |
| Proposed Legislation (non-PAYGO) .....                   |                | -59          |             |               |             |              |              |
| Subtotal, Railroads .....                                | 1,298          | 760          | 1,148       | 1,127         | 1,144       | 1,175        | 1,183        |
| Regulation .....   | 15             | 22           | 19          | 19            | 20          | 20           | 21           |



**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                     | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| State infrastructure banks .....                         | 3              | 6        | 6      | 4      | 1      |        |        |
| Total, Ground transportation .....                       | 39,031         | 36,624   | 37,825 | 38,953 | 39,640 | 40,690 | 42,279 |
| <b>Air transportation:</b>                               |                |          |        |        |        |        |        |
| Airports and airways (FAA) .....                         | 13,096         | 13,478   | 14,244 | 14,190 | 14,158 | 14,633 | 14,900 |
| Transportation security administration .....             | 58             | 4,926    | 3,030  | 2,363  | 2,410  | 2,464  | 2,523  |
| Air transportation stabilization program account .....   | 3              | 9        | 5      | 3      | 3      | 3      | 3      |
| Aeronautical research and technology .....               | 956            | 986      | 978    | 971    | 941    | 939    | 924    |
| Payments to air carriers .....                           | 34             | 30       |        |        |        |        |        |
| Total, Air transportation .....                          | 14,147         | 19,429   | 18,257 | 17,527 | 17,512 | 18,039 | 18,350 |
| <b>Water transportation:</b>                             |                |          |        |        |        |        |        |
| Marine safety and transportation .....                   | 3,754          | 4,617    | 4,759  | 5,164  | 5,360  | 5,503  | 5,656  |
| Ocean shipping .....                                     | 247            | 179      | 160    | 157    | 160    | 163    | 165    |
| Panama Canal Commission .....                            | 11             | 40       |        |        |        |        |        |
| Total, Water transportation .....                        | 4,012          | 4,836    | 4,919  | 5,321  | 5,520  | 5,666  | 5,821  |
| <b>Other transportation:</b>                             |                |          |        |        |        |        |        |
| Departmental administration and other .....              | 119            | 387      | 403    | 408    | 371    | 379    | 391    |
| <b>Total, Discretionary</b> .....                        | 57,309         | 61,276   | 61,404 | 62,209 | 63,043 | 64,774 | 66,841 |
| <b>Mandatory:</b>  |                |          |        |        |        |        |        |
| <b>Ground transportation:</b>                            |                |          |        |        |        |        |        |
| Highways .....   | 1,282          | 1,311    | 1,312  | 1,030  | 927    | 874    | 833    |
| Proposed Legislation (PAYGO) .....                       |                |          | 27     | 68     | 84     | 94     | 100    |
| Subtotal, Highways .....                                 | 1,282          | 1,311    | 1,339  | 1,098  | 1,011  | 968    | 933    |
| Offsetting receipts and credit subsidy reestimates ..... | -143           | -105     | -295   | -33    | -33    | -33    | -33    |
| Credit liquidating accounts .....                        | -12            | -17      | -14    | -15    | -12    | -12    | -12    |
| Total, Ground transportation .....                       | 1,127          | 1,189    | 1,030  | 1,050  | 966    | 923    | 888    |
| <b>Air transportation:</b>                               |                |          |        |        |        |        |        |
| Airports and airways (FAA) .....                         | -20            | -116     | -35    | -1     | -1     | -1     | -1     |
| Payments to air carriers .....                           | 17             | 18       | 32     | 31     | 36     | 40     | 40     |
| Compensation for air carriers .....                      | 2,222          | 450      |        |        |        |        |        |
| Air transportation stabilization loan subsidies .....    | 172            | 500      |        |        |        |        |        |
| Total, Air transportation .....                          | 2,391          | 852      | -3     | 30     | 35     | 39     | 39     |
| <b>Water transportation:</b>                             |                |          |        |        |        |        |        |
| Coast Guard retired pay .....                            | 808            | 880      | 1,000  | 1,020  | 1,037  | 1,057  | 1,077  |
| MARAD ocean freight differential .....                   | 58             | 45       | 38     | 47     | 48     | 49     | 49     |
| Other water transportation programs .....                | 181            | -12      | -28    | -29    | -30    | -31    | -32    |
| Total, Water transportation .....                        | 1,047          | 913      | 1,010  | 1,038  | 1,055  | 1,075  | 1,094  |
| <b>Other transportation:</b>                             |                |          |        |        |        |        |        |
| Sale of transportation assets .....                      |                | -10      |        |        |        |        |        |
| Other mandatory transportation programs .....            | -12            | 8        | 8      | 7      | 7      | -1     | -1     |
| Total, Other transportation .....                        | -12            | -2       | 8      | 7      | 7      | -1     | -1     |
| <b>Total, Mandatory</b> .....                            | 4,553          | 2,952    | 2,045  | 2,125  | 2,063  | 2,036  | 2,020  |
| <b>Total, Transportation</b> .....                       | 61,862         | 64,228   | 63,449 | 64,334 | 65,106 | 66,810 | 68,861 |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program                                   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>450 Community and regional development:</b>         |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                  |                |               |               |               |               |               |               |
| <b>Community development:</b>                          |                |               |               |               |               |               |               |
| Community development block grant .....                | 5,429          | 6,650         | 6,124         | 5,270         | 4,632         | 4,764         | 4,911         |
| Proposed Legislation (non-PAYGO) .....                 |                |               | 5             | 12            | 14            | 15            | 16            |
| Subtotal, Community development block grant .....      | 5,429          | 6,650         | 6,129         | 5,282         | 4,646         | 4,779         | 4,927         |
| Community development loan guarantees .....            | 6              | 7             | 7             | 7             | 6             | 5             | .....         |
| Community development financial institutions .....     | 137            | 108           | 59            | 61            | 55            | 53            | 54            |
| Brownfields redevelopment .....                        | 5              | 10            | 13            | 19            | 19            | 19            | 19            |
| Other community development programs .....             | 495            | 710           | 781           | 763           | 762           | 758           | 787           |
| Total, Community development .....                     | 6,072          | 7,485         | 6,989         | 6,132         | 5,488         | 5,614         | 5,787         |
| <b>Area and regional development:</b>                  |                |               |               |               |               |               |               |
| Rural development .....                                | 977            | 811           | 700           | 706           | 685           | 708           | 726           |
| Economic Development Administration .....              | 384            | 459           | 440           | 418           | 386           | 373           | 377           |
| Indian programs .....                                  | 1,447          | 1,445         | 1,464         | 1,532         | 1,564         | 1,595         | 1,634         |
| Appalachian Regional Commission .....                  | 107            | 94            | 71            | 63            | 55            | 47            | 38            |
| Tennessee Valley Authority .....                       | 3              | 1             | 1             | .....         | .....         | .....         | .....         |
| Denali Commission .....                                | -12            | 74            | 85            | 78            | 77            | 78            | 80            |
| Delta Regional Authority .....                         | 1              | 9             | 8             | 8             | 6             | 4             | 3             |
| Total, Area and regional development .....             | 2,907          | 2,893         | 2,769         | 2,805         | 2,773         | 2,805         | 2,858         |
| <b>Disaster relief and insurance:</b>                  |                |               |               |               |               |               |               |
| Disaster relief .....                                  | 3,947          | 5,094         | 3,518         | 3,468         | 2,179         | 1,998         | 2,047         |
| Small Business Administration disaster loans .....     | 372            | 218           | 198           | 200           | 204           | 209           | 214           |
| National flood insurance fund .....                    | 71             | 82            | 89            | 91            | 93            | 95            | 97            |
| State and local preparedness assistance (DHS) .....    | 10             | 1,614         | 2,982         | 3,135         | 3,138         | 3,204         | 3,279         |
| Other disaster assistance programs .....               | 774            | 992           | 921           | 996           | 897           | 913           | 937           |
| Total, Disaster relief and insurance .....             | 5,174          | 8,000         | 7,708         | 7,890         | 6,511         | 6,419         | 6,574         |
| <b>Total, Discretionary .....</b>                      | <b>14,153</b>  | <b>18,378</b> | <b>17,466</b> | <b>16,827</b> | <b>14,772</b> | <b>14,838</b> | <b>15,219</b> |
| <b>Mandatory:</b>                                      |                |               |               |               |               |               |               |
| <b>Community development:</b>                          |                |               |               |               |               |               |               |
| Mandatory programs .....                               | -87            | 135           | 19            | 22            | 22            | 23            | 13            |
| Credit liquidating accounts .....                      | 13             | 1             | .....         | -1            | -1            | -1            | -1            |
| Total, Community development .....                     | -74            | 136           | 19            | 21            | 21            | 22            | 12            |
| <b>Area and regional development:</b>                  |                |               |               |               |               |               |               |
| Indian programs .....                                  | 363            | 474           | 444           | 462           | 480           | 502           | 524           |
| Rural development programs .....                       | 98             | 171           | 294           | 233           | 120           | 93            | 54            |
| Credit liquidating accounts .....                      | -267           | -269          | -291          | -361          | -338          | -323          | -287          |
| Offsetting receipts .....                              | -468           | -428          | -437          | -455          | -473          | -493          | -516          |
| Total, Area and regional development .....             | -274           | -52           | 10            | -121          | -211          | -221          | -225          |
| <b>Disaster relief and insurance:</b>                  |                |               |               |               |               |               |               |
| National flood insurance fund .....                    | -691           | -347          | -425          | -360          | -381          | -400          | -421          |
| SBA disaster loans program account .....               |                | 468           | .....         | .....         | .....         | .....         | .....         |
| SBA disaster loan subsidy reestimates .....            | -14            | -42           | .....         | .....         | .....         | .....         | .....         |
| Disaster loan program negative subsidies .....         |                | -1            | -1            | -1            | -1            | -1            | -1            |
| Disaster assistance, downward reestimates .....        | -10            | -9            | .....         | .....         | .....         | .....         | .....         |
| Credit liquidating accounts .....                      | -99            | -72           | -9            | -1            | -1            | -1            | -1            |
| Total, Disaster relief and insurance .....             | -814           | -3            | -435          | -362          | -383          | -402          | -423          |
| <b>Total, Mandatory .....</b>                          | <b>-1,162</b>  | <b>81</b>     | <b>-406</b>   | <b>-462</b>   | <b>-573</b>   | <b>-601</b>   | <b>-636</b>   |
| <b>Total, Community and regional development .....</b> | <b>12,991</b>  | <b>18,459</b> | <b>17,060</b> | <b>16,365</b> | <b>14,199</b> | <b>14,237</b> | <b>14,583</b> |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>500 Education, training, employment, and social services:</b>   |                |          |        |        |        |        |        |
| <b>Discretionary:</b>  |                |          |        |        |        |        |        |
| <b>Elementary, secondary, and vocational education:</b>  |                |          |        |        |        |        |        |
| Education for the disadvantaged .....  | 9,247          | 11,906   | 13,201 | 14,153 | 14,554 | 14,876 | 15,222 |
| Impact aid .....   | 1,125          | 1,191    | 1,036  | 1,037  | 1,052  | 1,076  | 1,103  |
| School improvement .....   | 3,609          | 7,753    | 7,070  | 5,647  | 5,231  | 5,246  | 5,363  |
| English language acquisition .....   | 414            | 507      | 803    | 666    | 675    | 687    | 702    |
| Special education .....  | 7,000          | 7,730    | 9,657  | 10,358 | 10,879 | 11,149 | 11,402 |
| Vocational and adult education .....   | 1,778          | 1,929    | 1,803  | 571    | 95     |        |        |
| Proposed Legislation (non-PAYGO) .....   |                |          | 82     | 1,128  | 1,551  | 1,663  | 1,702  |
| Subtotal, Vocational and adult education .....   | 1,778          | 1,929    | 1,885  | 1,699  | 1,646  | 1,663  | 1,702  |
| Indian education .....   | 724            | 750      | 749    | 782    | 797    | 813    | 833    |
| Innovation and improvement .....   |                |          | 40     | 566    | 778    | 834    | 852    |
| Safe schools and citizenship education .....   |                |          | 38     | 534    | 736    | 789    | 807    |
| Education reform .....   | 1,768          | 701      | 80     |        |        |        |        |
| Reading excellence .....   | 200            | 310      | 105    | 31     |        |        |        |
| Other .....  | 14             | 21       | 14     | 14     | 15     | 15     | 15     |
| Total, Elementary, secondary, and vocational education .....   | 25,879         | 32,798   | 34,678 | 35,487 | 36,363 | 37,148 | 38,001 |
| <b>Higher education:</b>   |                |          |        |        |        |        |        |
| Student financial assistance .....   | 12,369         | 13,352   | 13,366 | 14,618 | 14,889 | 15,199 | 15,552 |
| Higher education .....   | 1,687          | 2,100    | 1,905  | 1,912  | 1,930  | 1,968  | 2,010  |
| Federal family education loan program .....  | 47             | 12       | 3      |        |        |        |        |
| Federal direct student loan program account .....  |                | -510     | -704   | -769   | -796   | -796   | -796   |
| Other higher education programs .....  | 410            | 989      | 1,239  | 1,338  | 1,396  | 1,426  | 1,459  |
| Total, Higher education .....  | 14,513         | 15,943   | 15,809 | 17,099 | 17,419 | 17,797 | 18,225 |
| <b>Research and general education aids:</b>  |                |          |        |        |        |        |        |
| Library of Congress .....  | 369            | 361      | 402    | 416    | 426    | 436    | 448    |
| Public broadcasting .....  | 402            | 446      | 427    | 413    | 408    | 408    | 418    |
| Smithsonian institution and related agencies .....   | 619            | 675      | 726    | 729    | 743    | 753    | 768    |
| Education research, statistics, and assessment .....   | 625            | 687      | 433    | 391    | 384    | 392    | 400    |
| Other .....  | 889            | 877      | 925    | 962    | 983    | 1,004  | 1,030  |
| Total, Research and general education aids .....   | 2,904          | 3,046    | 2,913  | 2,911  | 2,944  | 2,993  | 3,064  |
| <b>Training and employment:</b>  |                |          |        |        |        |        |        |
| Training and employment services .....   | 5,815          | 5,864    | 5,354  | 5,115  | 5,095  | 5,172  | 5,290  |
| Proposed Legislation (non-PAYGO) .....   |                |          | 36     | 586    | 728    | 823    | 841    |
| Subtotal, Training and employment services .....   | 5,815          | 5,864    | 5,390  | 5,701  | 5,823  | 5,995  | 6,131  |
| Older Americans employment .....   | 454            | 444      | 442    | 441    | 450    | 459    | 469    |
| State employment services and national activities .....  | 1,264          | 1,304    | 1,312  | 1,331  | 1,353  | 1,379  | 1,407  |
| Proposed Legislation (non-PAYGO) .....   |                |          | -779   | -810   | -828   | -846   | -868   |
| Subtotal, State employment services and national activities .....  | 1,264          | 1,304    | 533    | 521    | 525    | 533    | 539    |
| Other employment and training .....  | 106            | 120      | 117    | 118    | 121    | 123    | 126    |
| Total, Training and employment .....   | 7,639          | 7,732    | 6,482  | 6,781  | 6,919  | 7,110  | 7,265  |
| <b>Other labor services:</b>   |                |          |        |        |        |        |        |
| Labor law, statistics, and other administration .....  | 1,430          | 1,581    | 1,553  | 1,565  | 1,588  | 1,621  | 1,665  |
| <b>Social services:</b>  |                |          |        |        |        |        |        |
| Rehabilitation services .....  | 399            | 768      | 352    | 340    | 345    | 352    | 362    |
| Corporation for National and Community Service—AmeriCorps .....  | 408            | 521      | 664    | 727    | 609    | 620    | 633    |
| Corporation for National and Community Service—Senior Corps .....  | 380            | 349      | 313    | 300    | 334    | 376    | 385    |
| Children and families services programs .....  | 8,069          | 8,401    | 8,449  | 8,609  | 8,752  | 8,904  | 9,078  |
| Head Start transfer from Department of Health and Human Services (Proposed<br>Legislation non-PAYGO) ..... |                | 5        | 18     | -3,707 | -6,725 | -6,986 | -7,195 |
| Head Start transfer to Department of Education (Proposed Legislation non-PAYGO) .....                      |                |          |        | 3,750  | 6,800  | 7,091  | 7,336  |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Aging services program .....   | 1,105          | 1,288         | 1,341         | 1,360         | 1,385         | 1,414         | 1,448         |
| Other .....  | 15             | 143           | 214           | 234           | 252           | 262           | 268           |
| <b>Total, Social services .....</b>  | <b>10,376</b>  | <b>11,475</b> | <b>11,351</b> | <b>11,613</b> | <b>11,752</b> | <b>12,033</b> | <b>12,315</b> |
| <b>Total, Discretionary .....</b>  | <b>62,741</b>  | <b>72,575</b> | <b>72,786</b> | <b>75,456</b> | <b>76,985</b> | <b>78,702</b> | <b>80,535</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>  |                |               |               |               |               |               |               |
| Education tax credit (Proposed Legislation PAYGO) .....  |                |               | 213           | 543           | 714           | 796           | 886           |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Federal family education loan program .....  | 3,790          | 2,778         | 5,533         | 4,379         | 4,262         | 4,297         | 4,373         |
| Proposed Legislation (PAYGO) .....   |                |               | 125           | 33            | 35            | 38            | 39            |
| <b>Subtotal, Federal family education loan program .....</b>   | <b>3,790</b>   | <b>2,778</b>  | <b>5,658</b>  | <b>4,412</b>  | <b>4,297</b>  | <b>4,335</b>  | <b>4,412</b>  |
| Federal direct loan program .....  | 97             | 4,844         | -135          | -650          | -991          | -1,261        | -1,442        |
| Proposed Legislation (PAYGO) .....   |                |               | 53            | 14            | 15            | 16            | 16            |
| <b>Subtotal, Federal direct loan program .....</b>   | <b>97</b>      | <b>4,844</b>  | <b>-82</b>    | <b>-636</b>   | <b>-976</b>   | <b>-1,245</b> | <b>-1,426</b> |
| Other higher education programs .....  | 142            | 28            | 24            | -29           | -23           | -12           | -2            |
| Credit liquidating account (Family education loan program) .....   | -1,493         | -675          | -549          | -414          | -290          | -191          | -120          |
| <b>Total, Higher education .....</b>   | <b>2,536</b>   | <b>6,975</b>  | <b>5,051</b>  | <b>3,333</b>  | <b>3,008</b>  | <b>2,887</b>  | <b>2,864</b>  |
| <b>Research and general education aids:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | 24             | 19            | 17            | 16            | 16            | 16            | 16            |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Trade adjustment assistance .....  | 142            | 190           | 233           | 246           | 259           | 259           | 260           |
| Reemployment accounts (Proposed Legislation PAYGO) .....   |                | 1,600         | 2,000         |               |               |               |               |
| Welfare to work grants .....   | 500            | 187           | 114           |               |               |               |               |
| Payments to States for AFDC work programs .....  | 23             |               |               |               |               |               |               |
| Advance appropriations and other mandatory .....   | 44             | 207           | 155           | 60            | 12            |               |               |
| <b>Total, Training and employment .....</b>  | <b>709</b>     | <b>2,184</b>  | <b>2,502</b>  | <b>306</b>    | <b>271</b>    | <b>259</b>    | <b>260</b>    |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Other labor services .....   | 9              | 18            |               |               |               |               |               |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Social services block grant .....  | 1,780          | 1,792         | 1,790         | 1,790         | 1,790         | 1,709         | 1,700         |
| Rehabilitation services .....  | 2,452          | 2,373         | 2,649         | 2,702         | 2,758         | 2,813         | 2,874         |
| Promoting safe and stable families .....   | 289            | 309           | 318           | 305           | 305           | 305           | 305           |
| Other social services .....  | 4              | 7             | 10            | 13            | 11            | 10            | 8             |
| <b>Total, Social services .....</b>  | <b>4,525</b>   | <b>4,481</b>  | <b>4,767</b>  | <b>4,810</b>  | <b>4,864</b>  | <b>4,837</b>  | <b>4,887</b>  |
| <b>Total, Mandatory .....</b>  | <b>7,803</b>   | <b>13,677</b> | <b>12,550</b> | <b>9,008</b>  | <b>8,873</b>  | <b>8,795</b>  | <b>8,913</b>  |
| <b>Total, Education, training, employment, and social services .....</b>                                 | <b>70,544</b>  | <b>86,252</b> | <b>85,336</b> | <b>84,464</b> | <b>85,858</b> | <b>87,497</b> | <b>89,448</b> |
| <b>550 Health:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Health care services:</b>   |                |               |               |               |               |               |               |
| Substance abuse and mental health services .....   | 2,885          | 3,055         | 3,274         | 3,376         | 3,419         | 3,468         | 3,539         |
| Indian health .....  | 2,711          | 2,766         | 2,914         | 3,019         | 3,029         | 3,063         | 3,138         |
| Health Resources and Services Administration .....   | 4,972          | 5,202         | 5,380         | 5,506         | 5,759         | 5,948         | 6,050         |
| Disease control, research, and training .....  | 3,151          | 3,752         | 3,840         | 3,946         | 4,030         | 4,112         | 4,202         |
| Proposed Legislation (non-PAYGO) .....   |                |               | -48           | -85           | -107          | -112          | -117          |
| <b>Subtotal, Disease control, research, and training .....</b>   | <b>3,151</b>   | <b>3,752</b>  | <b>3,792</b>  | <b>3,861</b>  | <b>3,923</b>  | <b>4,000</b>  | <b>4,085</b>  |
| Public health preparedness (DHS) .....   | 287            | 856           | 1,083         | 1,361         | 1,258         | 1,108         | 1,062         |
| Public health preparedness—create mandatory procurement authority (Proposed Legislation non-PAYGO) ..... |                |               | -575          | -840          | -790          | -635          | -578          |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Departmental management and other .....                                   | 1,537          | 1,882          | 2,376          | 2,419          | 2,500          | 2,518          | 2,576          |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | 13             | 13             | 14             | 14             | 14             |
| Subtotal, Departmental management and other .....                         | 1,537          | 1,882          | 2,389          | 2,432          | 2,514          | 2,532          | 2,590          |
| Total, Health care services .....   | 15,543         | 17,513         | 18,257         | 18,715         | 19,112         | 19,484         | 19,886         |
| <b>Health research and training:</b>                                      |                |                |                |                |                |                |                |
| National Institutes of Health .....                                       | 20,366         | 23,140         | 26,369         | 27,540         | 28,222         | 28,849         | 29,525         |
| Clinical training .....   | 602            | 514            | 395            | 349            | 327            | 332            | 330            |
| Other health research and training .....                                  | 300            | 353            | 343            | 325            | 327            | 333            | 340            |
| Total, Health research and training .....                                 | 21,268         | 24,007         | 27,107         | 28,214         | 28,876         | 29,514         | 30,195         |
| <b>Consumer and occupational health and safety:</b>                       |                |                |                |                |                |                |                |
| Food safety and inspection .....  | 712            | 753            | 797            | 811            | 828            | 846            | 868            |
| Proposed Legislation (non-PAYGO) .....                                    |                |                | -122           | -124           | -127           | -130           | -133           |
| Subtotal, Food safety and inspection .....                                | 712            | 753            | 675            | 687            | 701            | 716            | 735            |
| Occupational safety and health .....                                      | 702            | 706            | 730            | 747            | 761            | 777            | 795            |
| FDA and Consumer Product Safety Commission salaries and expenses .....    | 1,178          | 1,430          | 1,460          | 1,482          | 1,523          | 1,549          | 1,584          |
| Total, Consumer and occupational health and safety .....                  | 2,592          | 2,889          | 2,865          | 2,916          | 2,985          | 3,042          | 3,114          |
| <b>Total, Discretionary</b> .....   | <b>39,403</b>  | <b>44,409</b>  | <b>48,229</b>  | <b>49,845</b>  | <b>50,973</b>  | <b>52,040</b>  | <b>53,195</b>  |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>Health care services:</b>  |                |                |                |                |                |                |                |
| Medicaid grants .....   | 147,512        | 162,366        | 176,754        | 192,774        | 209,840        | 227,529        | 246,895        |
| Proposed Legislation (non-PAYGO) .....                                    |                | -50            | -55            | -60            | -63            | -65            | -68            |
| Proposed Legislation (PAYGO) .....  |                | 225            | 5,844          | 4,269          | 5,529          | 5,041          | 5,671          |
| Subtotal, Medicaid grants .....   | 147,512        | 162,541        | 182,543        | 196,983        | 215,306        | 232,505        | 252,498        |
| State children's health insurance fund .....                              | 3,682          | 4,751          | 5,090          | 4,933          | 4,956          | 5,188          | 5,349          |
| Proposed Legislation (PAYGO) .....  |                |                | -2,433         | -2,893         | -3,745         | -3,749         | -3,873         |
| Subtotal, State children's health insurance fund .....                    | 3,682          | 4,751          | 2,657          | 2,040          | 1,211          | 1,439          | 1,476          |
| Health care tax credit .....  |                | 4              | 212            | 420            | 518            | 584            | 644            |
| Proposed Legislation (PAYGO) .....  |                |                |                | 3,546          | 8,166          | 9,251          | 9,827          |
| Subtotal, Health care tax credit .....                                    |                | 4              | 212            | 3,966          | 8,684          | 9,835          | 10,471         |
| Federal employees' and retired employees' health benefits .....           | 5,088          | 6,044          | 6,645          | 7,274          | 7,846          | 8,536          | 9,403          |
| DoD Medicare-eligible retiree health care fund .....                      |                | 4,445          | 4,765          | 5,006          | 5,324          | 5,661          | 6,016          |
| Biodefense countermeasures procurement (Proposed Legislation PAYGO) ..... |                |                | 575            | 840            | 790            | 635            | 578            |
| UMWA Funds (coal miner retiree health) .....                              | 238            | 208            | 175            | 164            | 155            | 146            | 137            |
| Other mandatory health services activities .....                          | 535            | 541            | 605            | 666            | 692            | 705            | 723            |
| Proposed Legislation (PAYGO) .....  |                | 7              | 37             | 42             | 47             | 50             | 36             |
| Subtotal, Other mandatory health services activities .....                | 535            | 548            | 642            | 708            | 739            | 755            | 759            |
| Total, Health care services .....   | 157,055        | 178,541        | 198,214        | 216,981        | 240,055        | 259,512        | 281,338        |
| <b>Health research and safety:</b>  |                |                |                |                |                |                |                |
| Health research and training .....  | 88             | 115            | 137            | 142            | 150            | 151            | 151            |
| Consumer and occupational health and safety .....                         | -1             | 3              | -1             | -1             | -1             | -1             | -1             |
| Total, Health research and safety .....                                   | 87             | 118            | 136            | 141            | 149            | 150            | 150            |
| <b>Total, Mandatory</b> .....   | <b>157,142</b> | <b>178,659</b> | <b>198,350</b> | <b>217,122</b> | <b>240,204</b> | <b>259,662</b> | <b>281,488</b> |
| <b>Total, Health</b> .....  | <b>196,545</b> | <b>223,068</b> | <b>246,579</b> | <b>266,967</b> | <b>291,177</b> | <b>311,702</b> | <b>334,683</b> |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>570 Medicare:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) administrative expenses .....                          | 1,444          | 1,566          | 1,571          | 1,585          | 1,617          | 1,653          | 1,695          |
| Proposed Legislation (non-PAYGO) .....   |                | -25            | -38            | -38            | -38            | -38            | -38            |
| Subtotal, Hospital insurance (HI) administrative expenses .....                | 1,444          | 1,541          | 1,533          | 1,547          | 1,579          | 1,615          | 1,657          |
| Supplementary medical insurance (SMI) administrative expenses .....            | 1,712          | 2,238          | 2,328          | 2,372          | 2,420          | 2,473          | 2,536          |
| Proposed Legislation (non-PAYGO) .....   |                | -105           | -163           | -163           | -163           | -163           | -163           |
| Subtotal, Supplementary medical insurance (SMI) administrative expenses .....  | 1,712          | 2,133          | 2,165          | 2,209          | 2,257          | 2,310          | 2,373          |
| <b>Total, Discretionary</b> .....  | <b>3,156</b>   | <b>3,674</b>   | <b>3,698</b>   | <b>3,756</b>   | <b>3,836</b>   | <b>3,925</b>   | <b>4,030</b>   |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Medicare:</b>   |                |                |                |                |                |                |                |
| Hospital insurance (HI) .....  | 146,569        | 151,384        | 160,825        | 168,681        | 172,927        | 183,630        | 193,893        |
| Supplementary medical insurance (SMI) .....                                    | 107,113        | 117,836        | 119,298        | 126,198        | 129,589        | 138,129        | 147,160        |
| Proposed Legislation (non-PAYGO) .....   |                | 50             | 55             | 60             | 63             | 65             | 68             |
| Subtotal, Supplementary medical insurance (SMI) .....                          | 107,113        | 117,886        | 119,353        | 126,258        | 129,652        | 138,194        | 147,228        |
| Allowance for medicare modernization (Proposed Legislation PAYGO) .....        |                |                | 6,000          | 10,000         | 33,000         | 38,000         | 43,000         |
| HI premiums and collections .....  | -1,525         | -1,568         | -1,681         | -1,772         | -1,870         | -1,977         | -2,085         |
| SMI premiums and collections .....   | -24,428        | -26,701        | -29,317        | -31,089        | -32,664        | -34,362        | -36,670        |
| Proposed Legislation (non-PAYGO) .....   |                |                |                | 35             | 12             |                |                |
| Subtotal, SMI premiums and collections .....                                   | -24,428        | -26,701        | -29,317        | -31,054        | -32,652        | -34,362        | -36,670        |
| Medicare interfunds .....  | -30            | -8             | -150           |                |                |                |                |
| Proposed Legislation (non-PAYGO) .....   |                |                | 150            |                |                |                |                |
| Subtotal, Medicare interfunds .....  | -30            | -8             |                |                |                |                |                |
| <b>Total, Mandatory</b> .....  | <b>227,699</b> | <b>240,993</b> | <b>255,180</b> | <b>272,113</b> | <b>301,057</b> | <b>323,485</b> | <b>345,366</b> |
| <b>Total, Medicare</b> .....   | <b>230,855</b> | <b>244,667</b> | <b>258,878</b> | <b>275,869</b> | <b>304,893</b> | <b>327,410</b> | <b>349,396</b> |
| <b>600 Income security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>General retirement and disability insurance:</b>                            |                |                |                |                |                |                |                |
| Railroad retirement .....  | 246            | 236            | 226            | 230            | 235            | 240            | 247            |
| Pension Benefit Guaranty Corporation .....                                     | 12             | 13             | 17             | 17             | 18             | 18             | 19             |
| Pension and Welfare Benefits Administration and other .....                    | 110            | 118            | 128            | 133            | 135            | 139            | 142            |
| Total, General retirement and disability insurance .....                       | 368            | 367            | 371            | 380            | 388            | 397            | 408            |
| <b>Federal employee retirement and disability:</b>                             |                |                |                |                |                |                |                |
| Civilian retirement and disability program administrative expenses .....       | 105            | 110            | 124            | 126            | 129            | 132            | 135            |
| Federal workers' compensation (FECA) surcharge, offset for discretionary ..... |                | -86            | -88            | -90            | -91            | -93            | -96            |
| Armed forces retirement home .....   | 63             | 68             | 66             | 70             | 74             | 75             | 78             |
| Total, Federal employee retirement and disability .....                        | 168            | 92             | 102            | 106            | 112            | 114            | 117            |
| <b>Unemployment compensation:</b>  |                |                |                |                |                |                |                |
| Unemployment programs administrative expenses .....                            | 2,622          | 2,863          | 2,659          | 2,700          | 2,754          | 2,813          | 2,883          |
| Proposed Legislation (non-PAYGO) .....   |                |                |                |                |                | -857           | -1,847         |
| Total, Unemployment compensation .....   | 2,622          | 2,863          | 2,659          | 2,700          | 2,754          | 1,956          | 1,036          |
| <b>Housing assistance:</b>   |                |                |                |                |                |                |                |
| Public housing operating fund .....  | 3,635          | 3,457          | 3,565          | 3,608          | 3,678          | 3,755          | 3,846          |
| Public housing capital fund .....  | 3,767          | 3,601          | 3,808          | 3,345          | 3,472          | 3,196          | 3,239          |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Subsidized, public, homeless and other HUD housing .....                       | 24,917         | 26,305        | 27,226        | 28,924        | 29,738        | 30,526        | 30,216        |
| Proposed Legislation (non-PAYGO) .....   |                |               | 5             | 10            | 18            | 28            | 41            |
| Subtotal, Subsidized, public, homeless and other HUD housing .....             | 24,917         | 26,305        | 27,231        | 28,934        | 29,756        | 30,554        | 30,257        |
| Rural housing assistance .....   | 727            | 796           | 829           | 877           | 874           | 902           | 920           |
| Total, Housing assistance .....  | 33,046         | 34,159        | 35,433        | 36,764        | 37,780        | 38,407        | 38,262        |
| <b>Food and nutrition assistance:</b>  |                |               |               |               |               |               |               |
| Special supplemental food program for women, infants, and children (WIC) ..... | 4,315          | 4,818         | 4,746         | 4,851         | 4,949         | 5,057         | 5,184         |
| Other nutrition programs .....   | 607            | 506           | 489           | 503           | 513           | 524           | 537           |
| Total, Food and nutrition assistance .....                                     | 4,922          | 5,324         | 5,235         | 5,354         | 5,462         | 5,581         | 5,721         |
| <b>Other income assistance:</b>  |                |               |               |               |               |               |               |
| Refugee assistance .....   | 480            | 483           | 476           | 469           | 474           | 481           | 491           |
| Low income home energy assistance .....  | 1,773          | 1,628         | 1,774         | 1,877         | 1,909         | 1,953         | 2,001         |
| Child care and development block grant .....                                   | 2,174          | 2,080         | 2,093         | 2,125         | 2,162         | 2,207         | 2,260         |
| Foster care and adoption assistance .....                                      |                | 9             | 49            | 58            | 61            | 63            | 64            |
| Supplemental security income (SSI) administrative expenses .....               | 2,446          | 2,989         | 3,052         | 3,159         | 3,161         | 3,224         | 3,301         |
| Total, Other income assistance .....   | 6,873          | 7,189         | 7,444         | 7,688         | 7,767         | 7,928         | 8,117         |
| <b>Total, Discretionary .....</b>  | <b>47,999</b>  | <b>49,994</b> | <b>51,244</b> | <b>52,992</b> | <b>54,263</b> | <b>54,383</b> | <b>53,661</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>General retirement and disability insurance:</b>                            |                |               |               |               |               |               |               |
| Railroad retirement .....  | 4,858          | 4,951         | 5,146         | 5,227         | 5,553         | 5,539         | 5,742         |
| Special benefits for disabled coal miners .....                                | 891            | 857           | 805           | 755           | 709           | 663           | 619           |
| Pension Benefit Guaranty Corporation .....                                     | -977           | -219          | -116          | -93           | -1            | 117           | 220           |
| District of Columbia pension funds .....                                       | 459            | 488           | 496           | 500           | 511           | 522           | 532           |
| Special workers' compensation program .....                                    | 142            | 145           | 146           | 144           | 144           | 145           | 145           |
| Total, General retirement and disability insurance .....                       | 5,373          | 6,222         | 6,477         | 6,533         | 6,916         | 6,986         | 7,258         |
| <b>Federal employee retirement and disability:</b>                             |                |               |               |               |               |               |               |
| Federal civilian employee retirement and disability .....                      | 49,464         | 51,515        | 53,125        | 55,555        | 57,934        | 60,345        | 62,771        |
| Proposed Legislation (PAYGO) .....   |                |               | 3             | 8             | 14            | 20            | 27            |
| Subtotal, Federal civilian employee retirement and disability .....            | 49,464         | 51,515        | 53,128        | 55,563        | 57,948        | 60,365        | 62,798        |
| Military retirement .....  | 35,060         | 35,925        | 36,736        | 37,680        | 38,645        | 39,652        | 40,684        |
| Federal employees workers' compensation (FECA) .....                           | 177            | 178           | 222           | 257           | 224           | 272           | 198           |
| Proposed Legislation (PAYGO) .....   |                |               | -10           | -17           | -16           | -9            | -8            |
| Subtotal, Federal employees workers' compensation (FECA) .....                 | 177            | 178           | 212           | 240           | 208           | 263           | 190           |
| Federal employees life insurance fund .....                                    | -1,508         | -1,368        | -1,391        | -1,329        | -1,263        | -1,265        | -1,260        |
| Total, Federal employee retirement and disability .....                        | 83,193         | 86,250        | 88,685        | 92,154        | 95,538        | 99,015        | 102,412       |
| <b>Unemployment compensation:</b>  |                |               |               |               |               |               |               |
| Unemployment insurance programs .....  | 50,396         | 52,838        | 39,392        | 38,376        | 39,300        | 41,565        | 43,723        |
| Proposed Legislation (PAYGO) .....   |                |               |               |               |               | 718           | 1,712         |
| Subtotal, Unemployment insurance programs .....                                | 50,396         | 52,838        | 39,392        | 38,376        | 39,300        | 42,283        | 45,435        |
| Trade adjustment assistance .....  | 249            | 612           | 1,079         | 1,036         | 974           | 940           | 972           |
| Total, Unemployment compensation .....   | 50,645         | 53,450        | 40,471        | 39,412        | 40,274        | 43,223        | 46,407        |
| <b>Housing assistance:</b>   |                |               |               |               |               |               |               |
| Mandatory housing assistance programs .....                                    | 15             | 40            | 30            | 30            | 40            | 40            | 40            |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>Food and nutrition assistance:</b>   |                |                |                |                |                |                |                |
| Food stamps (including Puerto Rico) .....   | 22,053         | 25,074         | 25,709         | 26,204         | 26,449         | 26,842         | 27,693         |
| Proposed Legislation (PAYGO) .....  |                |                |                |                | -25            | -34            | -36            |
| Subtotal, Food stamps (including Puerto Rico) .....                               | 22,053         | 25,074         | 25,709         | 26,204         | 26,424         | 26,808         | 27,657         |
| State child nutrition programs .....  | 10,247         | 11,407         | 11,341         | 11,794         | 12,227         | 12,758         | 13,269         |
| Funds for strengthening markets, income, and supply (Sec.32) .....                | 928            | 1,177          | 861            | 1,161          | 1,161          | 1,161          | 1,161          |
| Total, Food and nutrition assistance .....  | 33,228         | 37,658         | 37,911         | 39,159         | 39,812         | 40,727         | 42,087         |
| <b>Other income support:</b>  |                |                |                |                |                |                |                |
| Supplemental security income (SSI) .....  | 31,411         | 32,888         | 34,294         | 38,724         | 37,196         | 35,371         | 39,868         |
| Proposed Legislation (PAYGO) .....  |                |                | 1              | -8             | -18            | -26            | -40            |
| Subtotal, Supplemental security income (SSI) .....                                | 31,411         | 32,888         | 34,295         | 38,716         | 37,178         | 35,345         | 39,828         |
| Child support and family support programs .....                                   | 3,998          | 4,174          | 4,338          | 4,658          | 4,985          | 5,620          | 5,615          |
| Proposed Legislation (PAYGO) .....  |                |                | -47            | -17            | -18            | -17            | -20            |
| Subtotal, Child support and family support programs .....                         | 3,998          | 4,174          | 4,291          | 4,641          | 4,967          | 5,603          | 5,595          |
| Federal share of child support collections .....                                  | -1,235         | -1,117         | -1,137         | -1,163         | -1,198         | -1,233         | -1,270         |
| Proposed Legislation (PAYGO) .....  |                |                | -14            | -30            | 56             | 109            | 114            |
| Subtotal, Federal share of child support collections .....                        | -1,235         | -1,117         | -1,151         | -1,193         | -1,142         | -1,124         | -1,156         |
| Temporary assistance for needy families and related programs .....                | 18,749         | 19,214         | 18,568         | 17,915         | 17,562         | 17,387         | 16,978         |
| Proposed Legislation (PAYGO) .....  |                | -4             | 147            | 310            | 334            | 340            | 344            |
| Subtotal, Temporary assistance for needy families and related programs .....      | 18,749         | 19,210         | 18,715         | 18,225         | 17,896         | 17,727         | 17,322         |
| Child care entitlement to states .....  | 2,365          | 2,690          | 2,813          | 2,746          | 2,752          | 2,717          | 2,717          |
| Foster care and adoption assistance .....   | 5,885          | 6,297          | 6,687          | 6,991          | 7,414          | 7,859          | 8,332          |
| Proposed Legislation (PAYGO) .....  |                |                | 31             | 88             | 127            | -28            | -225           |
| Subtotal, Foster care and adoption assistance .....                               | 5,885          | 6,297          | 6,718          | 7,079          | 7,541          | 7,831          | 8,107          |
| Earned income tax credit (EITC) .....   | 27,826         | 30,606         | 31,375         | 32,092         | 33,450         | 34,484         | 35,383         |
| Child tax credit .....  | 5,060          | 5,870          | 5,863          | 5,699          | 7,627          | 7,626          | 7,497          |
| Proposed Legislation (PAYGO) .....  |                | 300            | 1,074          | 4,783          | 4,272          | 4,195          | 4,142          |
| Subtotal, Child tax credit .....  | 5,060          | 6,170          | 6,937          | 10,482         | 11,899         | 11,821         | 11,639         |
| Other assistance .....  | 39             | 38             | 44             | 49             | 51             | 51             | 53             |
| SSI recoveries and receipts .....   | -2,040         | -4,450         | -3,893         | -2,182         | -2,064         | -2,137         | -2,209         |
| Total, Other income support .....   | 92,058         | 96,506         | 100,144        | 110,655        | 112,528        | 112,318        | 117,279        |
| <b>Total, Mandatory</b> .....   | <b>264,512</b> | <b>280,126</b> | <b>273,718</b> | <b>287,943</b> | <b>295,108</b> | <b>302,309</b> | <b>315,483</b> |
| <b>Total, Income security</b> .....   | <b>312,511</b> | <b>330,120</b> | <b>324,962</b> | <b>340,935</b> | <b>349,371</b> | <b>356,692</b> | <b>369,144</b> |
| <b>650 Social security:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Social security:</b>   |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) ..... | 1,893          | 2,156          | 2,268          | 2,308          | 2,354          | 2,406          | 2,466          |
| Disability insurance (DI) administrative expenses (Off-budget) .....              | 1,966          | 1,806          | 1,982          | 2,019          | 2,060          | 2,105          | 2,157          |
| Limitation on administrative expenses .....                                       | 48             |                |                |                |                |                |                |
| Office of the Inspector General—Social Security Adm. (On-budget) .....            | 19             | 21             | 25             | 26             | 27             | 27             | 28             |
| <b>Total, Discretionary</b> .....   | <b>3,926</b>   | <b>3,983</b>   | <b>4,275</b>   | <b>4,353</b>   | <b>4,441</b>   | <b>4,538</b>   | <b>4,651</b>   |



**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                                   | 387,672        | 400,767        | 414,743        | 430,672        | 447,960        | 467,639        | 489,662        |
| Proposed Legislation (non-PAYGO) .....   |                |                |                |                | -200           | -300           | -270           |
| Subtotal, Old-age and survivors insurance (OASI)(Off-budget) .....                         | 387,672        | 400,767        | 414,743        | 430,672        | 447,760        | 467,339        | 489,392        |
| Disability insurance (DI)(Off-budget) .....  | 64,400         | 73,721         | 78,281         | 80,948         | 85,356         | 91,361         | 97,785         |
| Limitation on administrative expenses .....  | -1             |                |                |                |                |                |                |
| Intragovernmental transactions (On-budget) .....   | 13,969         | 13,046         | 13,379         | 14,415         | 15,344         | 16,645         | 18,156         |
| Compensation for military wage credits (On-budget) (Proposed Legislation non-PAYGO) .....  |                |                | 628            |                |                |                |                |
| Intragovernmental transactions (Off-budget) .....  | -13,553        | -13,046        | -13,379        | -14,415        | -15,344        | -16,645        | -18,156        |
| Compensation for military wage credits (Off-budget) (Proposed Legislation non-PAYGO) ..... |                |                | -628           |                |                |                |                |
| <b>Total, Mandatory</b> .....  | <b>452,487</b> | <b>474,488</b> | <b>493,024</b> | <b>511,620</b> | <b>533,116</b> | <b>558,700</b> | <b>587,177</b> |
| <b>Total, Social security</b> .....  | <b>456,413</b> | <b>478,471</b> | <b>497,299</b> | <b>515,973</b> | <b>537,557</b> | <b>563,238</b> | <b>591,828</b> |
| <b>700 Veterans benefits and services:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 563            | 601            | 616            | 626            | 640            | 653            | 670            |
| Veterans pensions .....  | 146            | 160            | 151            | 155            | 157            | 161            | 165            |
| Veterans insurance .....   | 4              | 4              | 4              | 4              | 4              | 4              | 5              |
| Special benefits for certain World War II veterans .....                                   | 4              | 2              | 2              | 2              | 2              | 2              | 2              |
| Total, Income security for veterans .....  | 717            | 767            | 773            | 787            | 803            | 820            | 842            |
| <b>Veterans education, training, and rehabilitation:</b>                                   |                |                |                |                |                |                |                |
| Discretionary change to readjustment benefits account .....                                | 70             | 93             | 99             | 100            | 102            | 105            | 107            |
| Veterans employment and training .....   | 164            | 156            | 159            | 163            | 168            | 172            | 175            |
| Total, Veterans education, training, and rehabilitation .....                              | 234            | 249            | 258            | 263            | 270            | 277            | 282            |
| <b>Hospital and medical care for veterans:</b>   |                |                |                |                |                |                |                |
| Medical care and hospital services .....   | 22,644         | 24,198         | 27,347         | 27,925         | 28,474         | 29,136         | 29,872         |
| Medical and prosthetic research .....  | 748            | 790            | 818            | 939            | 850            | 868            | 889            |
| Collections for medical care .....   | -985           | -1,616         | -2,141         | -2,241         | -2,425         | -2,644         | -2,883         |
| Total, Hospital and medical care for veterans .....  | 22,407         | 23,372         | 26,024         | 26,623         | 26,899         | 27,360         | 27,878         |
| <b>Veterans housing:</b>   |                |                |                |                |                |                |                |
| Housing program loan administrative expenses .....   | 187            | 140            | 161            | 161            | 165            | 169            | 173            |
| Proposed Legislation (non-PAYGO) .....   |                |                | 10             | 20             | 29             | 39             | 50             |
| Total, Veterans housing .....  | 187            | 140            | 171            | 181            | 194            | 208            | 223            |
| <b>Other veterans benefits and services:</b>   |                |                |                |                |                |                |                |
| General administration .....   | 235            | 274            | 283            | 288            | 295            | 300            | 308            |
| Other operating expenses .....   | 328            | 361            | 394            | 381            | 407            | 423            | 433            |
| Total, Other veterans benefits and services .....  | 563            | 635            | 677            | 669            | 702            | 723            | 741            |
| <b>Total, Discretionary</b> .....  | <b>24,108</b>  | <b>25,163</b>  | <b>27,903</b>  | <b>28,523</b>  | <b>28,868</b>  | <b>29,388</b>  | <b>29,966</b>  |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Veterans compensation .....  | 22,418         | 25,013         | 26,906         | 30,952         | 30,362         | 29,324         | 33,244         |
| Proposed Legislation (PAYGO) .....   |                |                | -124           | -298           | -388           | -456           | -497           |
| Subtotal, Veterans compensation .....  | 22,418         | 25,013         | 26,782         | 30,654         | 29,974         | 28,868         | 32,747         |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Veterans pensions .....  | 3,166          | 3,290    | 3,383  | 3,749  | 3,575  | 3,389  | 3,788  |
| Proposed Legislation (PAYGO) .....   |                |          | 1      | 1      | 1      | 1      | 1      |
| Subtotal, Veterans pensions .....  | 3,166          | 3,290    | 3,384  | 3,750  | 3,576  | 3,390  | 3,789  |
| Veterans burial benefits .....   | 134            | 157      | 157    | 154    | 156    | 158    | 161    |
| Proposed Legislation (PAYGO) .....   |                |          | 5      | 4      | 3      | 2      | 1      |
| Subtotal, Veterans burial benefits .....                                     | 134            | 157      | 162    | 158    | 159    | 160    | 162    |
| Special benefits for certain World War II veterans .....                     | 7              | 10       | 10     | 10     | 9      | 8      | 8      |
| National service life insurance trust fund .....                             | 1,176          | 1,194    | 1,197  | 1,195  | 1,199  | 1,197  | 1,191  |
| Proposed Legislation (PAYGO) .....   |                |          |        |        | 5      | 4      | 3      |
| Subtotal, National service life insurance trust fund .....                   | 1,176          | 1,194    | 1,197  | 1,195  | 1,204  | 1,201  | 1,194  |
| All other insurance programs .....   | 1              | 25       | 39     | 52     | 64     | 78     | 98     |
| Proposed Legislation (PAYGO) .....   |                |          |        |        | 1      | 1      | 1      |
| Subtotal, All other insurance programs .....                                 | 1              | 25       | 39     | 52     | 65     | 79     | 99     |
| Insurance program receipts .....   | -186           | -184     | -172   | -156   | -142   | -129   | -116   |
| Total, Income security for veterans .....                                    | 26,716         | 29,505   | 31,402 | 35,663 | 34,845 | 33,577 | 37,883 |
| <b>Veterans education, training, and rehabilitation:</b>                     |                |          |        |        |        |        |        |
| Education benefits (Montgomery GI Bill and related programs) .....           | 1,440          | 1,957    | 2,143  | 2,273  | 2,321  | 2,375  | 2,478  |
| Proposed Legislation (PAYGO) .....   |                |          | 1      | 1      | 1      | 1      | 1      |
| Subtotal, Education benefits (Montgomery GI Bill and related programs) ..... | 1,440          | 1,957    | 2,144  | 2,274  | 2,322  | 2,376  | 2,479  |
| Vocational rehabilitation and employment .....                               | 484            | 529      | 561    | 583    | 609    | 631    | 663    |
| Post-Vietnam era education .....   | 6              | 9        | 9      | 8      | 8      | 7      | 6      |
| All-volunteer force educational assistance trust fund .....                  | -280           | -267     | -347   | -355   | -375   | -392   | -409   |
| Total, Veterans education, training, and rehabilitation .....                | 1,650          | 2,228    | 2,367  | 2,510  | 2,564  | 2,622  | 2,739  |
| <b>Hospital and medical care for veterans:</b>                               |                |          |        |        |        |        |        |
| Fees, charges and other mandatory medical care .....                         | -190           |          |        |        |        |        |        |
| <b>Veterans housing:</b>   |                |          |        |        |        |        |        |
| Housing program loan subsidies .....   | 779            | 1,082    | 341    | 334    | 338    | 343    | 343    |
| Proposed Legislation (PAYGO) .....   |                |          | -5     | -10    | -10    | -10    | -5     |
| Subtotal, Housing program loan subsidies .....                               | 779            | 1,082    | 336    | 324    | 328    | 333    | 338    |
| Housing program loan reestimates .....                                       | -1,798         | -878     |        |        |        |        |        |
| Housing program loan liquidating account .....                               | -127           | -67      | -43    | -38    | -30    | -24    | -20    |
| Total, Veterans housing .....  | -1,146         | 137      | 293    | 286    | 298    | 309    | 318    |
| <b>Other veterans programs:</b>  |                |          |        |        |        |        |        |
| National homes, Battle Monument contributions and other .....                | -154           | 37       | 57     | 36     | 36     | 37     | 38     |
| <b>Total, Mandatory</b> .....  | 26,876         | 31,907   | 34,119 | 38,495 | 37,743 | 36,545 | 40,978 |
| <b>Total, Veterans benefits and services</b> .....                           | 50,984         | 57,070   | 62,022 | 67,018 | 66,611 | 65,933 | 70,944 |
| <b>750 Administration of justice:</b>  |                |          |        |        |        |        |        |
| <b>Discretionary:</b>  |                |          |        |        |        |        |        |
| <b>Federal law enforcement activities:</b>                                   |                |          |        |        |        |        |        |
| Criminal investigations (DEA, FBI, DHS, FinCEN, ICDE) .....                  | 5,146          | 5,364    | 6,126  | 6,358  | 6,494  | 6,639  | 6,802  |
| Alcohol, tobacco, firearms, and explosives investigations (ATF) .....        | 805            | 859      | 919    | 897    | 891    | 911    | 934    |
| Border and transportation security directorate activities .....              | 6,190          | 7,208    | 7,148  | 7,484  | 7,796  | 7,963  | 8,148  |
| Equal Employment Opportunity Commission .....                                | 325            | 318      | 333    | 341    | 347    | 355    | 363    |
| Tax law, criminal investigations (IRS) .....                                 | 391            | 431      | 476    | 484    | 494    | 504    | 517    |
| United States Secret Service .....   | 934            | 1,026    | 1,126  | 1,162  | 1,201  | 1,228  | 1,259  |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Other law enforcement activities .....   | 1,404          | 1,362         | 1,171         | 1,150         | 1,123         | 1,146         | 1,173         |
| Total, Federal law enforcement activities .....                                    | 15,195         | 16,568        | 17,299        | 17,876        | 18,346        | 18,746        | 19,196        |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....                            | 3,472          | 3,119         | 3,204         | 3,229         | 3,293         | 3,364         | 3,448         |
| Representation of indigents in civil cases .....                                   | 333            | 334           | 334           | 335           | 341           | 349           | 358           |
| Federal judicial and other litigative activities .....                             | 4,282          | 4,937         | 5,178         | 5,262         | 5,368         | 5,482         | 5,632         |
| Total, Federal litigative and judicial activities .....                            | 8,087          | 8,390         | 8,716         | 8,826         | 9,002         | 9,195         | 9,438         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                          | 4,780          | 5,430         | 6,080         | 6,314         | 6,341         | 6,458         | 6,620         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 50             | .....         | -649          | -219          | 79            | 250           | 300           |
| High-intensity drug trafficking areas program .....                                | 152            | 213           | 207           | 207           | 211           | 215           | 219           |
| Law enforcement assistance, community policing, and other justice programs .....   | 4,755          | 2,904         | 3,671         | 4,854         | 4,669         | 2,487         | 2,454         |
| Terrorism prevention initiative (DHS) .....  | 134            | 224           | 316           | 331           | 483           | 518           | 529           |
| Total, Criminal justice assistance .....   | 5,091          | 3,341         | 3,545         | 5,173         | 5,442         | 3,470         | 3,502         |
| Corrections to meet FY03 policy .....  | .....          | -757          | .....         | .....         | .....         | .....         | .....         |
| <b>Total, Discretionary</b> .....  | <b>33,153</b>  | <b>32,972</b> | <b>35,640</b> | <b>38,189</b> | <b>39,131</b> | <b>37,869</b> | <b>38,756</b> |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>   |                |               |               |               |               |               |               |
| Border and transportation security directorate activities .....                    | 2,160          | 2,180         | 2,198         | 2,182         | 2,198         | 2,215         | 2,232         |
| Immigration fees .....   | -1,852         | -2,583        | -2,261        | -2,321        | -2,384        | -2,449        | -2,514        |
| Customs fees .....   | -1,229         | -1,314        | -5            | -5            | -6            | -6            | -7            |
| Proposed Legislation (PAYGO) .....   | .....          | .....         | -1,398        | -1,490        | -1,588        | -1,692        | -1,804        |
| Subtotal, Customs fees .....   | -1,229         | -1,314        | -1,403        | -1,495        | -1,594        | -1,698        | -1,811        |
| Treasury forfeiture fund .....   | 242            | 215           | 221           | 221           | 221           | 221           | 221           |
| Proposed Legislation (PAYGO) .....   | .....          | .....         | -221          | -221          | -221          | -221          | -221          |
| Subtotal, Treasury forfeiture fund .....   | 242            | 215           | .....         | .....         | .....         | .....         | .....         |
| Other mandatory law enforcement programs .....                                     | 147            | 203           | 200           | 189           | 190           | 188           | 189           |
| Total, Federal law enforcement activities .....                                    | -532           | -1,299        | -1,266        | -1,445        | -1,590        | -1,744        | -1,904        |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Treasury forfeiture fund .....   | 419            | 467           | 471           | 388           | 383           | 390           | 397           |
| Proposed Legislation (PAYGO) .....   | .....          | .....         | 221           | 221           | 221           | 221           | 221           |
| Subtotal, Treasury forfeiture fund .....   | 419            | 467           | 692           | 609           | 604           | 611           | 618           |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 631            | 640           | 641           | 621           | 649           | 662           | 679           |
| Total, Federal litigative and judicial activities .....                            | 1,050          | 1,107         | 1,333         | 1,230         | 1,253         | 1,273         | 1,297         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | -32            | 14            | -8            | -8            | -8            | -3            | -6            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 565            | 559           | 1,304         | 904           | 621           | 500           | 500           |
| September 11 victim compensation .....   | 20             | 2,740         | 2,361         | .....         | .....         | .....         | .....         |
| Public safety officers' benefits .....   | 160            | 49            | 49            | 50            | 51            | 52            | 53            |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Mandatory programs .....  | -68            |               |               |               |               |               |               |
| Total, Criminal justice assistance .....                                      | 677            | 3,348         | 3,714         | 954           | 672           | 552           | 553           |
| <b>Total, Mandatory</b> .....   | <b>1,163</b>   | <b>3,170</b>  | <b>3,773</b>  | <b>731</b>    | <b>327</b>    | <b>78</b>     | <b>-60</b>    |
| <b>Total, Administration of justice</b> .....                                 | <b>34,316</b>  | <b>36,142</b> | <b>39,413</b> | <b>38,920</b> | <b>39,458</b> | <b>37,947</b> | <b>38,696</b> |
| <b>800 General government:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>   |                |               |               |               |               |               |               |
| Legislative branch discretionary programs .....                               | 2,553          | 3,134         | 3,383         | 3,278         | 3,360         | 3,436         | 3,525         |
| <b>Executive direction and management:</b>                                    |                |               |               |               |               |               |               |
| Drug control programs .....   | 272            | 241           | 250           | 251           | 256           | 261           | 267           |
| Executive Office of the President .....                                       | 363            | 334           | 341           | 345           | 353           | 361           | 369           |
| Other programs .....  | 4              | 4             | 59            | 69            | 73            | 73            | 75            |
| Total, Executive direction and management .....                               | 639            | 579           | 650           | 665           | 682           | 695           | 711           |
| <b>Central fiscal operations:</b>   |                |               |               |               |               |               |               |
| Tax administration .....  | 9,428          | 9,443         | 9,988         | 10,122        | 10,330        | 10,552        | 10,816        |
| Other fiscal operations .....   | 932            | 985           | 922           | 929           | 953           | 972           | 996           |
| Total, Central fiscal operations .....  | 10,360         | 10,428        | 10,910        | 11,051        | 11,283        | 11,524        | 11,812        |
| <b>General property and records management:</b>                               |                |               |               |               |               |               |               |
| Records management .....  | 268            | 353           | 291           | 303           | 305           | 314           | 323           |
| Other government-wide information technology and property management .....    | -221           | 854           | 520           | 543           | 455           | 446           | 400           |
| Total, General property and records management .....                          | 47             | 1,207         | 811           | 846           | 760           | 760           | 723           |
| <b>Central personnel management:</b>  |                |               |               |               |               |               |               |
| Discretionary central personnel management programs .....                     | 47             | 212           | 211           | 215           | 218           | 222           | 229           |
| Proposed Legislation (non-PAYGO) .....  |                |               | 500           | 509           | 520           | 531           | 545           |
| Total, Central personnel management .....                                     | 47             | 212           | 711           | 724           | 738           | 753           | 774           |
| <b>General purpose fiscal assistance:</b>                                     |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                          | 464            | 226           | 236           | 240           | 246           | 252           | 256           |
| Payments to States and counties from Federal land management activities ..... | 14             | 14            | 14            | 14            | 15            | 15            | 15            |
| Other .....   | 213            | 345           | 201           | 203           | 208           | 212           | 218           |
| Total, General purpose fiscal assistance .....                                | 691            | 585           | 451           | 457           | 469           | 479           | 489           |
| <b>Other general government:</b>  |                |               |               |               |               |               |               |
| Election assistance commission .....  |                | 360           | 490           | 590           | 69            | 10            | 10            |
| Discretionary programs .....  | 303            | 341           | 452           | 498           | 504           | 515           | 525           |
| Total, Other general government .....   | 303            | 701           | 942           | 1,088         | 573           | 525           | 535           |
| <b>Total, Discretionary</b> .....   | <b>14,640</b>  | <b>16,846</b> | <b>17,858</b> | <b>18,109</b> | <b>17,865</b> | <b>18,172</b> | <b>18,569</b> |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>   |                |               |               |               |               |               |               |
| Congressional members compensation and other .....                            | 84             | 108           | 135           | 144           | 127           | 127           | 117           |
| <b>Central fiscal operations:</b>   |                |               |               |               |               |               |               |
| Federal financing bank .....  | 51             | 50            | 58            | 67            | 69            | 71            | 73            |
| Proposed Legislation (non-PAYGO) .....  |                | 2             | 5             | 9             | 11            | 11            | 10            |
| Subtotal, Federal financing bank .....  | 51             | 52            | 63            | 76            | 80            | 82            | 83            |
| Payment for financial services (Proposed Legislation non-PAYGO) .....         |                |               | 386           | 396           | 400           | 408           | 416           |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| Other mandatory programs .....   | -142           | -62      | -57     | -37     | -34     | -30     | -25     |
| Proposed Legislation (PAYGO) .....   |                |          | 2       | 96      | 146     | 146     | 146     |
| Subtotal, Other mandatory programs .....   | -142           | -62      | -55     | 59      | 112     | 116     | 121     |
| Total, Central fiscal operations .....   | -91            | -10      | 394     | 531     | 592     | 606     | 620     |
| <b>General property and records management:</b>                                      |                |          |         |         |         |         |         |
| Mandatory programs .....   | -35            | 27       | 26      | 24      | 23      | 21      | 22      |
| Offsetting receipts .....  | -22            | -39      | -30     | -31     | -31     | -32     | -32     |
| Total, General property and records management .....                                 | -57            | -12      | -4      | -7      | -8      | -11     | -10     |
| <b>General purpose fiscal assistance:</b>  |                |          |         |         |         |         |         |
| Payments to States and counties .....  | 1,137          | 1,293    | 1,285   | 1,303   | 1,309   | 1,284   | 1,301   |
| Tax revenues for Puerto Rico (Treasury, BATF) .....                                  | 432            | 442      | 396     | 392     | 401     | 409     | 417     |
| Proposed Legislation (PAYGO) .....   |                |          | 57      | 78      | 19      |         |         |
| Subtotal, Tax revenues for Puerto Rico (Treasury, BATF) .....                        | 432            | 442      | 453     | 470     | 420     | 409     | 417     |
| Arctic National Wildlife Refuge—Payment to Alaska (Proposed Legislation PAYGO) ..... |                |          |         | 1,201   | 1       | 101     | 1       |
| Other general purpose fiscal assistance .....  | 144            | 142      | 141     | 142     | 142     | 142     | 142     |
| Proposed Legislation (PAYGO) .....   |                |          |         | 3       | 4       | 4       | 5       |
| Subtotal, Other general purpose fiscal assistance .....                              | 144            | 142      | 141     | 145     | 146     | 146     | 147     |
| Total, General purpose fiscal assistance .....                                       | 1,713          | 1,877    | 1,879   | 3,119   | 1,876   | 1,940   | 1,866   |
| <b>Other general government:</b>   |                |          |         |         |         |         |         |
| Territories .....  | 209            | 210      | 216     | 216     | 190     | 192     | 193     |
| Proposed Legislation (PAYGO) .....   |                |          | 19      | 20      | 21      | 22      | 23      |
| Subtotal, Territories .....  | 209            | 210      | 235     | 236     | 211     | 214     | 216     |
| Treasury claims .....  | 1,822          | 1,075    | 935     | 1,038   | 1,038   | 1,038   | 1,038   |
| Presidential election campaign fund .....  |                | 29       | 218     | 3       |         | 33      | 220     |
| Other mandatory programs .....   | -43            | 62       | 45      | 24      | 24      | 30      | 24      |
| Proposed Legislation (non-PAYGO) .....   |                | 7        |         |         |         |         |         |
| Subtotal, Other mandatory programs .....   | -43            | 69       | 45      | 24      | 24      | 30      | 24      |
| Total, Other general government .....  | 1,988          | 1,383    | 1,433   | 1,301   | 1,273   | 1,315   | 1,498   |
| <b>Deductions for offsetting receipts:</b>   |                |          |         |         |         |         |         |
| Offsetting receipts .....  | -892           | -1,194   | -1,192  | -1,192  | -1,192  | -1,192  | -1,192  |
| <b>Total, Mandatory</b> .....  | 2,745          | 2,152    | 2,645   | 3,896   | 2,668   | 2,785   | 2,899   |
| <b>Total, General government</b> .....   | 17,385         | 18,998   | 20,503  | 22,005  | 20,533  | 20,957  | 21,468  |
| <b>900 Net interest:</b>   |                |          |         |         |         |         |         |
| <b>Mandatory:</b>  |                |          |         |         |         |         |         |
| <b>Interest on Treasury debt securities (gross):</b>                                 |                |          |         |         |         |         |         |
| Interest on Treasury debt securities (gross) .....                                   | 332,537        | 328,292  | 352,765 | 393,661 | 428,248 | 459,760 | 492,224 |
| Proposed Legislation (non-PAYGO) .....   |                | 24       | -430    | -729    | -620    | -591    | -583    |
| Total, Interest on Treasury debt securities (gross) .....                            | 332,537        | 328,316  | 352,335 | 392,932 | 427,628 | 459,169 | 491,641 |
| <b>Interest received by on-budget trust funds:</b>                                   |                |          |         |         |         |         |         |
| Civil service retirement and disability fund .....                                   | -35,902        | -37,266  | -38,768 | -40,020 | -41,423 | -42,719 | -44,126 |
| Proposed Legislation (non-PAYGO) .....   |                | -24      | 50      | 34      | 34      | 27      | 31      |
| Subtotal, Civil service retirement and disability fund .....                         | -35,902        | -37,290  | -38,718 | -39,986 | -41,389 | -42,692 | -44,095 |
| Military retirement .....  | -13,229        | -13,480  | -13,695 | -13,958 | -14,228 | -14,515 | -14,820 |
| Foreign service retirement and disability trust fund .....                           | -767           | -798     | -825    | -852    | -880    | -908    | -937    |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program   | 2002<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           |
| Medicare trust funds .....   | -16,690        | -16,411        | -17,325        | -18,561        | -20,175        | -21,998        | -24,034        |
| Proposed Legislation (non-PAYGO) .....   |                |                | 6              | 2              |                | -1             | -1             |
| Subtotal, Medicare trust funds .....   | -16,690        | -16,411        | -17,319        | -18,559        | -20,175        | -21,999        | -24,035        |
| Unemployment trust fund .....  | -5,445         | -3,460         | -2,711         | -2,689         | -2,974         | -3,373         | -3,673         |
| Railroad retirement .....  | -1,935         | -222           | -77            | -61            | -61            | -63            | -67            |
| Airport and airway trust fund .....  | -860           | -708           | -709           | -652           | -611           | -578           | -565           |
| Other on-budget trust funds .....  | -1,666         | -1,556         | -1,479         | -1,436         | -1,378         | -1,341         | -1,351         |
| Proposed Legislation (non-PAYGO) .....   |                |                | 1              | 1              | 1              | 1              | 1              |
| Subtotal, Other on-budget trust funds .....  | -1,666         | -1,556         | -1,478         | -1,435         | -1,377         | -1,340         | -1,350         |
| Total, Interest received by on-budget trust funds .....                                    | -76,494        | -73,925        | -75,532        | -78,192        | -81,695        | -85,468        | -89,542        |
| <b>Interest received by off-budget trust funds:</b>  |                |                |                |                |                |                |                |
| Interest received by social security trust funds .....                                     | -76,820        | -83,576        | -88,698        | -96,769        | -106,122       | -116,995       | -129,253       |
| <b>Other interest:</b>   |                |                |                |                |                |                |                |
| Interest on loans to Federal Financing Bank .....  | -2,040         | -2,268         | -2,482         | -2,316         | -2,137         | -2,001         | -1,941         |
| Proposed Legislation (non-PAYGO) .....   |                | 23             | 72             | 123            | 150            | 148            | 133            |
| Subtotal, Interest on loans to Federal Financing Bank .....                                | -2,040         | -2,245         | -2,410         | -2,193         | -1,987         | -1,853         | -1,808         |
| Interest on refunds of tax collections .....   | 4,208          | 3,219          | 2,689          | 2,681          | 2,805          | 2,961          | 3,171          |
| Payment to the Resolution Funding Corporation .....  | 675            | 1,191          | 1,707          | 2,117          | 2,188          | 2,231          | 2,231          |
| Interest paid to loan guarantee financing accounts .....                                   | 4,276          | 3,787          | 3,812          | 3,852          | 3,903          | 3,983          | 4,076          |
| Interest received from direct loan financing accounts .....                                | -11,050        | -11,147        | -11,747        | -12,701        | -13,295        | -13,944        | -14,698        |
| Interest on deposits in tax and loan accounts .....  | -341           | -225           | -450           | -700           | -700           | -700           | -700           |
| Interest, DoD retiree health care fund .....   |                | -371           | -1,214         | -2,250         | -3,444         | -4,774         | -6,250         |
| Interest, other special and revolving funds .....  | -1,736         | -926           | -1,049         | -1,175         | -1,257         | -1,345         | -1,422         |
| Proposed Legislation (non-PAYGO) .....   |                |                | -8             | -16            | -29            | -44            | -59            |
| Subtotal, Interest, other special and revolving funds .....                                | -1,736         | -926           | -1,057         | -1,191         | -1,286         | -1,389         | -1,481         |
| All other interest .....   | -2,264         | -2,091         | -2,152         | -2,573         | -2,459         | -2,370         | -2,312         |
| Proposed Legislation (non-PAYGO) .....   |                |                | 8              | 8              | 8              | 8              | 8              |
| Subtotal, All other interest .....   | -2,264         | -2,091         | -2,144         | -2,565         | -2,451         | -2,362         | -2,304         |
| Total, Other interest .....  | -8,272         | -8,808         | -10,814        | -12,950        | -14,267        | -15,847        | -17,763        |
| <b>Other investment income:</b>  |                |                |                |                |                |                |                |
| Private sector holdings, National Railroad Retirement Investment Trust .....               |                | -566           | -896           | -996           | -1,015         | -1,015         | -1,012         |
| <b>Total, Net interest</b> .....   | <b>170,951</b> | <b>161,441</b> | <b>176,395</b> | <b>204,025</b> | <b>224,529</b> | <b>239,844</b> | <b>254,071</b> |
| <b>920 Allowances:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| Adjustment to certain pass-through accounts to reflect projected Presidential policy ..... |                | -368           | -297           | -293           | -298           | -305           | -313           |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| Spectrum relocation fund .....   |                |                |                | -1,250         | -1,250         |                |                |
| Proposed Legislation (PAYGO) .....   |                |                |                | 200            | 400            | 500            | 600            |
| <b>Total, Mandatory</b> .....  |                |                |                | -1,050         | -850           | 500            | 600            |
| <b>Total, Allowances</b> .....   |                | -368           | -297           | -1,343         | -1,148         | 195            | 287            |
| <b>950 Undistributed offsetting receipts:</b>  |                |                |                |                |                |                |                |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Employer share, employee retirement (on-budget):</b>                                    |                |                |                |                |                |                |                |
| Employing agency contributions, military retirement fund .....                             | -12,935        | -12,084        | -12,546        | -12,915        | -13,318        | -13,765        | -14,155        |
| Employing agency contributions, DoD Retiree Health Care Fund .....                         |                | -7,656         | -8,374         | -8,880         | -9,437         | -10,029        | -10,656        |
| Employing agency contributions, Civil Service Retirement and Disability Fund .....         | -10,731        | -9,975         | -10,739        | -11,565        | -12,555        | -13,235        | -13,856        |
| Contributions to HI trust fund .....   | -2,913         | -3,017         | -3,085         | -3,239         | -3,367         | -3,498         | -3,678         |

**Table 25–2. Outlays by Function, Category and Program—Continued**  
(In millions of dollars)

| Function and Program  | 2002<br>Actual   | Estimate         |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             |
| Other contributions to employee retirement and disability funds .....           | -6,910           | -7,171           | -7,370           | -7,632           | -7,741           | -7,983           | -8,398           |
| Proposed Legislation (PAYGO) .....  |                  | 3,490            | 2,658            | 2,851            | 2,873            | 3,065            | 3,411            |
| Subtotal, Other contributions to employee retirement and disability funds ..... | -6,910           | -3,681           | -4,712           | -4,781           | -4,868           | -4,918           | -4,987           |
| Total, Employer share, employee retirement (on-budget) .....                    | -33,489          | -36,413          | -39,456          | -41,380          | -43,545          | -45,445          | -47,332          |
| <b>Employer share, employee retirement (off-budget):</b>                        |                  |                  |                  |                  |                  |                  |                  |
| Contributions to social security trust funds .....                              | -9,292           | -9,493           | -10,023          | -10,794          | -11,482          | -12,159          | -13,043          |
| <b>Rents and royalties on the Outer Continental Shelf:</b>                      |                  |                  |                  |                  |                  |                  |                  |
| OCS Receipts .....  | -5,024           | -4,300           | -3,989           | -4,495           | -5,155           | -5,344           | -5,196           |
| <b>Sale of major assets:</b>  |                  |                  |                  |                  |                  |                  |                  |
| Privatization of Elk Hills .....  |                  |                  |                  | -323             |                  |                  |                  |
| <b>Other undistributed offsetting receipts:</b>                                 |                  |                  |                  |                  |                  |                  |                  |
| Spectrum auction .....  | -1               | -80              | -200             | -8,200           | -8,100           | -4,300           | -4,300           |
| Proposed Legislation (PAYGO) .....  |                  |                  |                  |                  |                  | 2,000            | 2,000            |
| Subtotal, Spectrum auction .....  | -1               | -80              | -200             | -8,200           | -8,100           | -2,300           | -2,300           |
| Analog spectrum lease fee (Proposed Legislation PAYGO) .....                    |                  |                  |                  |                  |                  | -500             | -500             |
| Spectrum license user fees (Proposed Legislation PAYGO) .....                   |                  |                  |                  | -10              | -25              | -50              | -100             |
| Arctic National Wildlife Refuge (Proposed Legislation PAYGO) .....              |                  |                  |                  | -2,402           | -2               | -202             | -2               |
| Total, Other undistributed offsetting receipts .....                            | -1               | -80              | -200             | -10,612          | -8,127           | -3,052           | -2,902           |
| <b>Total, Undistributed offsetting receipts .....</b>                           | <b>-47,806</b>   | <b>-50,286</b>   | <b>-53,668</b>   | <b>-67,604</b>   | <b>-68,309</b>   | <b>-66,000</b>   | <b>-68,473</b>   |
| <b>Total .....</b>  | <b>2,010,975</b> | <b>2,140,377</b> | <b>2,229,425</b> | <b>2,343,399</b> | <b>2,463,663</b> | <b>2,576,203</b> | <b>2,710,517</b> |
| On-budget .....   | (1,655,313)      | (1,772,280)      | (1,847,924)      | (1,953,094)      | (2,060,069)      | (2,159,697)      | (2,280,416)      |
| Off-budget .....  | (355,662)        | (368,097)        | (381,501)        | (390,305)        | (403,594)        | (416,506)        | (430,101)        |





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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), and outlays (O), 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   |     |    | 2002<br>actual | estimate |      |      |      |      |      |
|---|-----|----|----------------|----------|------|------|------|------|------|
|   |     |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Senate</b>   |     |    |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |     |    |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                               |     |    |                |          |      |      |      |      |      |
| Compensation of members, Senate:                                |     |    |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                  | 801 | BA | 19             | 20       | 20   | 18   | 18   | 18   | 18   |
| Outlays .....   |     | O  | 19             | 20       | 20   | 18   | 18   | 18   | 18   |
| Salaries, officers and employees:                               |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 96             | 118      | 123  | 125  | 128  | 131  | 134  |
| Outlays .....   |     | O  | 96             | 118      | 123  | 125  | 128  | 131  | 134  |
| Office of the Legislative Counsel of the Senate:                |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 4              | 5        | 5    | 5    | 5    | 5    | 5    |
| Outlays .....   |     | O  | 4              | 5        | 5    | 5    | 5    | 5    | 5    |
| Inquiries and investigations:                                   |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 103            | 107      | 113  | 115  | 117  | 120  | 123  |
| Outlays .....   |     | O  | 86             | 107      | 113  | 115  | 117  | 120  | 123  |
| Miscellaneous items:  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 14             | 18       | 19   | 19   | 20   | 20   | 21   |
| Outlays .....   |     | O  | 7              | 18       | 19   | 19   | 20   | 20   | 21   |
| Senators' official personnel and office expense account:        |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 282            | 304      | 310  | 316  | 322  | 329  | 338  |
| Outlays .....   |     | O  | 271            | 304      | 310  | 316  | 322  | 329  | 338  |
| Secretary of the Senate:  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 9              | 7        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   |     | O  | 4              | 7        | 2    | 2    | 2    | 2    | 2    |
| Sergeant at Arms and Doorkeeper of the Senate:                  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 135            | 117      | 117  | 119  | 122  | 124  | 127  |
| Outlays .....   |     | O  | 92             | 117      | 117  | 119  | 122  | 124  | 127  |
| Congressional use of foreign currency, Senate:                  |     |    |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                  | 801 | BA | 3              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   |     | O  | 3              | 2        | 2    | 2    | 2    | 2    | 2    |
| 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    |
| Outlays .....   |     | O  |                |          |      |      | 2    | 2    | 2    |
| Senate revolving funds (gross) .....                            |     | BA |                |          |      |      | 2    | 2    | 2    |
|   |     | O  |                |          |      |      | 2    | 2    | 2    |
| Offsetting collections from interest on unvested funds .....    |     |    |                |          |      |      | -2   | -2   | -2   |
| Total Senate revolving funds (net) .....                        |     | BA |                |          |      |      |      |      |      |
|   |     | O  |                |          |      |      |      |      |      |
| Total Federal funds Senate .....                                |     | BA | 667            | 700      | 713  | 723  | 738  | 753  | 772  |
|   |     | O  | 584            | 700      | 713  | 723  | 738  | 753  | 772  |

### House of Representatives

*Federal funds*

#### General and Special Funds:

|  |     |    |     |       |       |       |       |       |       |
|--|-----|----|-----|-------|-------|-------|-------|-------|-------|
| Compensation of members and related administrative expenses:     |     |    |     |       |       |       |       |       |       |
| Appropriation, mandatory .....                                   | 801 | BA | 83  | 83    | 89    | 89    | 89    | 89    | 89    |
| Outlays .....  |     | O  | 83  | 83    | 89    | 89    | 89    | 89    | 89    |
| Salaries and expenses:   |     |    |     |       |       |       |       |       |       |
| Appropriation, discretionary .....                               | 801 | BA | 922 | 960   | 1,040 | 1,059 | 1,081 | 1,105 | 1,133 |
| Outlays .....  |     | O  | 883 | 1,000 | 1,079 | 1,075 | 1,080 | 1,105 | 1,132 |
| Congressional use of foreign currency, House of Representatives: |     |    |     |       |       |       |       |       |       |
| Appropriation, mandatory .....                                   | 801 | BA | 5   | 6     | 6     | 6     | 6     | 6     | 6     |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate     |              |              |              |              |              |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |    |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....                                      | O  | 5              | 6            | 6            | 6            | 6            | 6            | 6            |
| Total Federal funds House of Representatives ..... | BA | <b>1,010</b>   | <b>1,049</b> | <b>1,135</b> | <b>1,154</b> | <b>1,176</b> | <b>1,200</b> | <b>1,228</b> |
|  | O  | 971            | 1,089        | 1,174        | 1,170        | 1,175        | 1,200        | 1,227        |

**Joint Items**  
*Federal funds*

**General and Special Funds:**

|  |     |           |           |           |           |           |           |           |           |
|--|-----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Joint Economic Committee:                          |     |           |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                 | 801 | BA        | 3         | 4         | 4         | 4         | 4         | 4         | 4         |
| Outlays .....                                      |     | O         | 3         | 4         | 4         | 4         | 4         | 4         | 4         |
| Joint Committee on Taxation:                       |     |           |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                 | 801 | BA        | 7         | 7         | 8         | 8         | 8         | 8         | 9         |
| Outlays .....                                      |     | O         | 7         | 7         | 8         | 8         | 8         | 8         | 8         |
| 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         |
| Capitol Guide Service and Special Services Office: |     |           |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                 | 801 | BA        | 3         | 3         | 3         | 3         | 3         | 3         | 3         |
| Outlays .....                                      |     | O         | 2         | 3         | 3         | 3         | 3         | 3         | 3         |
| Legislative Branch emergency response fund:        |     |           |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                 | 801 | BA        | 1         |           |           |           |           |           |           |
| Outlays .....                                      |     | O         | 1         |           |           |           |           |           |           |
| Total Federal funds Joint Items .....              | BA  | <b>16</b> | <b>16</b> | <b>17</b> | <b>17</b> | <b>17</b> | <b>17</b> | <b>17</b> | <b>18</b> |
|  | O   | 15        | 16        | 17        | 17        | 17        | 17        | 17        |           |

**Capitol Police**  
*Federal funds*

**General and Special Funds:**

|  |     |            |            |            |            |            |            |            |     |
|--|-----|------------|------------|------------|------------|------------|------------|------------|-----|
| Salaries:                                |     |            |            |            |            |            |            |            |     |
| Appropriation, discretionary .....       | 801 | BA         | 113        | 185        | 218        | 222        | 227        | 232        | 237 |
| Outlays .....                            |     | O          | 136        | 183        | 216        | 222        | 226        | 231        | 238 |
| General expenses:                        |     |            |            |            |            |            |            |            |     |
| Appropriation, discretionary .....       | 801 | BA         | 61         | 28         | 72         | 73         | 75         | 76         | 78  |
| Outlays .....                            |     | O          | 47         | 89         | 68         | 73         | 74         | 76         | 79  |
| Security enhancements:                   |     |            |            |            |            |            |            |            |     |
| Outlays .....                            | 801 | O          | 9          | 20         | 3          |            |            |            |     |
| Total Federal funds Capitol Police ..... | BA  | <b>174</b> | <b>213</b> | <b>290</b> | <b>295</b> | <b>302</b> | <b>308</b> | <b>315</b> |     |
|  | O   | 192        | 292        | 287        | 295        | 300        | 307        | 317        |     |

**Office of Compliance**  
*Federal funds*

**General and Special Funds:**

|  |     |          |          |          |          |          |          |          |          |
|--|-----|----------|----------|----------|----------|----------|----------|----------|----------|
| Salaries and expenses:                         |     |          |          |          |          |          |          |          |          |
| Appropriation, discretionary .....             | 801 | BA       | 2        | 2        | 3        | 3        | 3        | 3        | 3        |
| Outlays .....                                  |     | O        | 2        | 2        | 3        | 3        | 3        | 3        | 3        |
| Awards and settlements funds:                  |     |          |          |          |          |          |          |          |          |
| Appropriation, discretionary .....             | 801 | BA       | 4        |          |          |          |          |          |          |
| Outlays .....                                  |     | O        | 3        |          |          |          |          |          |          |
| Total Federal funds Office of Compliance ..... | BA  | <b>6</b> | <b>2</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> |
|  | O   | 5        | 2        | 3        | 3        | 3        | 3        | 3        |          |

**Congressional Budget Office**  
*Federal funds*

**General and Special Funds:**

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Salaries and expenses:             |     |    |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 801 | BA | 30 | 34 | 33 | 35 | 36 | 37 | 39 |
| Outlays .....                      |     | O  | 30 | 34 | 34 | 35 | 35 | 37 | 39 |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |  |
|---|--------|----------------|----------|------|------|------|------|------|--|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |  |
| <b>Architect of the Capitol</b>                                       |        |                |          |      |      |      |      |      |  |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |  |
| <b>General and Special Funds:</b>                                     |        |                |          |      |      |      |      |      |  |
| General administration:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 51             | 69       | 159  | 162  | 165  | 169  | 173  |  |
| Outlays   | O      | 41             | 67       | 111  | 165  | 164  | 168  | 172  |  |
| Capitol buildings:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 120            | 48       | 52   | 53   | 54   | 55   | 57   |  |
| Outlays   | O      | 41             | 87       | 108  | 52   | 54   | 55   | 57   |  |
| Capitol grounds:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 6              | 9        | 7    | 7    | 7    | 7    | 8    |  |
| Outlays   | O      | 13             | 9        | 6    | 7    | 7    | 7    | 7    |  |
| Congressional Cemetery:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 1              |          |      |      |      |      |      |  |
| Outlays   | O      | 1              |          |      |      |      |      |      |  |
| Senate office buildings:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 42             | 59       | 66   | 67   | 69   | 70   | 72   |  |
| Outlays   | O      | 50             | 59       | 66   | 68   | 68   | 69   | 72   |  |
| House office buildings:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 54             | 50       | 67   | 68   | 70   | 71   | 73   |  |
| Outlays   | O      | 49             | 61       | 55   | 61   | 69   | 71   | 72   |  |
| Capitol power plant:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 53             | 145      | 102  | 104  | 106  | 108  | 111  |  |
| Spending authority from offsetting collections, discretionary         | BA     | 4              | 4        | 4    | 4    | 4    | 4    | 4    |  |
| Outlays   | O      | 44             | 96       | 107  | 77   | 108  | 111  | 113  |  |
| Capitol power plant (gross)   | BA     | 57             | 149      | 106  | 108  | 110  | 112  | 115  |  |
|   | O      | 44             | 96       | 107  | 77   | 108  | 111  | 113  |  |
| Offsetting collections from Federal sources                           |        | -4             | -4       | -4   | -4   | -4   | -4   | -4   |  |
| Total Capitol power plant (net)                                       | BA     | 53             | 145      | 102  | 104  | 106  | 108  | 111  |  |
|   | O      | 40             | 92       | 103  | 73   | 104  | 107  | 109  |  |
| Library buildings and grounds:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 21             | 41       | 47   | 48   | 49   | 50   | 51   |  |
| Outlays   | O      | 18             | 36       | 49   | 47   | 49   | 49   | 50   |  |
| Capitol visitor center:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 70             |          |      |      |      |      |      |  |
| Outlays   | O      | 24             | 84       | 99   |      |      |      |      |  |
| Capitol Police buildings and grounds:                                 |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA |                |          | 3    | 3    | 3    | 3    | 3    |  |
| Outlays   | O      |                |          | 2    | 3    | 3    | 4    | 4    |  |
| <b>Intragovernmental Funds:</b>                                       |        |                |          |      |      |      |      |      |  |
| Judiciary office building development and operations fund:            |        |                |          |      |      |      |      |      |  |
| Spending authority from offsetting collections, mandatory             | 801 BA | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
| Outlays   | O      | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
| Judiciary office building development and operations fund (gross)     | BA     | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
|   | O      | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
| Offsetting collections from Federal sources                           |        | -25            | -25      | -25  | -25  | -25  | -25  | -25  |  |
| Total Judiciary office building development and operations fund (net) | BA     | -2             | -2       | -2   | -2   | -2   | -2   | -2   |  |
|   | O      | -2             | -2       | -2   | -2   | -2   | -2   | -2   |  |
| <i>Trust funds</i>  |        |                |          |      |      |      |      |      |  |
| Gifts and donations:  |        |                |          |      |      |      |      |      |  |
| Appropriation, mandatory  | 801 BA |                |          |      | 1    | 1    | 1    | 1    |  |
| Outlays   | O      |                |          |      |      | 1    | 1    | 1    |  |
| Total Federal funds Architect of the Capitol                          | BA     | 416            | 419      | 501  | 510  | 521  | 531  | 546  |  |
|   | O      | 275            | 493      | 597  | 474  | 516  | 528  | 541  |  |
| Total Trust funds Architect of the Capitol                            | BA     |                |          |      | 1    | 1    | 1    | 1    |  |
|   | O      |                |          |      |      | 1    | 1    | 1    |  |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  | 2002<br>actual | estimate |      |      |      |      |      |     |
|--|----------------|----------|------|------|------|------|------|-----|
|  |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |     |
| <b>Botanic Garden</b>  |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                      |                |          |      |      |      |      |      |     |
| Salaries and expenses:   |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 801 BA         | 6        | 6    | 11   | 11   | 11   | 12   | 12  |
| Outlays .....  | O              | 7        | 7    | 9    | 10   | 10   | 10   | 11  |
| <i>Trust funds</i>   |                |          |      |      |      |      |      |     |
| Gifts and donations:   |                |          |      |      |      |      |      |     |
| Appropriation, mandatory .....   | 801 BA         |          | 2    | 2    | 2    | 2    | 2    | 2   |
| Outlays .....  | O              |          | 2    | 2    | 2    | 2    | 2    | 2   |
| <b>Library of Congress</b>   |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                      |                |          |      |      |      |      |      |     |
| Salaries and expenses, Library of Congress:                            |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 503 BA         | 330      | 357  | 401  | 408  | 417  | 426  | 437 |
| Spending authority from offsetting collections, discretionary .....    | BA             | 9        | 14   | 15   | 15   | 16   | 16   | 16  |
| Outlays .....  | O              | 339      | 352  | 381  | 390  | 398  | 407  | 417 |
| Salaries and expenses, Library of Congress (gross) .....               | BA             | 339      | 371  | 416  | 423  | 433  | 442  | 453 |
|  | O              | 339      | 352  | 381  | 390  | 398  | 407  | 417 |
| Portion of cash collections credited to expired accounts .....         | BA             | 2        |      |      |      |      |      |     |
| Offsetting collections from Federal sources .....                      |                | -7       | -7   | -8   | -8   | -8   | -8   | -9  |
| Offsetting collections from non-Federal sources .....                  |                | -4       | -7   | -7   | -7   | -7   | -7   | -8  |
| Total Salaries and expenses, Library of Congress (net) .....           | BA             | 330      | 357  | 401  | 408  | 418  | 427  | 436 |
|  | O              | 328      | 338  | 366  | 375  | 383  | 392  | 400 |
| Copyright Office: Salaries and expenses:                               |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 376 BA         | 21       | 15   | 20   | 20   | 21   | 21   | 22  |
| Spending authority from offsetting collections, discretionary .....    | BA             | 24       | 30   | 29   | 30   | 30   | 31   | 32  |
| Outlays .....  | O              | 38       | 42   | 45   | 47   | 47   | 48   | 50  |
| Copyright Office (gross) .....   | BA             | 45       | 45   | 49   | 50   | 51   | 52   | 54  |
|  | O              | 38       | 42   | 45   | 47   | 47   | 48   | 50  |
| Offsetting collections from Federal sources .....                      |                | -4       | -7   | -6   | -6   | -6   | -6   | -7  |
| Offsetting collections from non-Federal sources .....                  |                | -20      | -23  | -23  | -23  | -24  | -24  | -25 |
| Total Copyright Office (net) .....                                     | BA             | 21       | 15   | 20   | 21   | 21   | 22   | 22  |
|  | O              | 14       | 12   | 16   | 18   | 17   | 18   | 18  |
| Congressional Research Service: Salaries and expenses:                 |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 801 BA         | 81       | 88   | 97   | 99   | 101  | 103  | 106 |
| Outlays .....  | O              | 80       | 85   | 93   | 96   | 98   | 100  | 102 |
| Books for the blind and physically handicapped: Salaries and expenses: |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 503 BA         | 50       | 51   | 52   | 53   | 54   | 55   | 57  |
| Outlays .....  | O              | 49       | 41   | 43   | 43   | 44   | 45   | 47  |
| Furniture and furnishings:   |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 503 BA         | 8        |      |      |      |      |      |     |
| Outlays .....  | O              | 5        | 3    | 3    |      |      |      |     |
| Payments to copyright owners:  |                |          |      |      |      |      |      |     |
| Appropriation, mandatory .....   | 376 BA         | 220      | 219  | 234  | 240  | 254  | 265  | 276 |
| Outlays .....  | O              | 116      | 228  | 264  | 197  | 207  | 210  | 219 |
| <b>Public Enterprise Funds:</b>  |                |          |      |      |      |      |      |     |
| Cooperative acquisitions program revolving fund:                       |                |          |      |      |      |      |      |     |
| Spending authority from offsetting collections, discretionary .....    | 503 BA         | 3        | 3    | 3    | 3    | 3    | 3    | 3   |
| Outlays .....  | O              | 2        | 2    | 2    | 3    | 3    | 3    | 4   |
| Cooperative acquisitions program revolving fund (gross) .....          | BA             | 3        | 3    | 3    | 3    | 3    | 3    | 3   |
|  | O              | 2        | 2    | 2    | 3    | 3    | 3    | 4   |
| Offsetting collections from non-Federal sources .....                  |                | -3       | -3   | -3   | -3   | -3   | -3   | -3  |
| Total Cooperative acquisitions program revolving fund (net) .....      | BA             |          |      |      |      |      |      |     |
|  | O              | -1       | -1   | -1   |      |      |      | 1   |
| Duplication services:  |                |          |      |      |      |      |      |     |
| Spending authority from offsetting collections, discretionary .....    | 503 BA         | 1        | 1    | 2    | 2    | 2    | 2    | 2   |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |      |      |      |      | 2008 |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2003     | 2004 | 2005 | 2006 | 2007 |      |
| Outlays .....  | O      | 1              |          | 1    | 2    | 2    | 2    | 2    |
| Duplication services (gross) .....   | BA     | 1              | 1        | 2    | 2    | 2    | 2    | 2    |
|  | O      | 1              |          | 1    | 2    | 2    | 2    | 2    |
| Offsetting collections from Federal sources .....  |        | -1             | -1       | -2   | -2   | -2   | -2   | -2   |
| Total Duplication services (net) .....   | BA     |                |          |      |      |      |      |      |
|  | O      |                | -1       | -1   |      |      |      |      |
| Gift shop, decimal classification, photo duplication, and related services:                  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....                          | 503 BA | 7              | 7        | 7    | 7    | 7    | 7    | 7    |
| Outlays .....  | O      | 5              | 5        | 6    | 7    | 7    | 7    | 7    |
| Gift shop, decimal classification, photo duplication, and related services (gross) .....     | BA     | 7              | 7        | 7    | 7    | 7    | 7    | 7    |
|  | O      | 5              | 5        | 6    | 7    | 7    | 7    | 7    |
| Offsetting collections from Federal sources .....  |        | -3             | -3       | -3   | -3   | -3   | -3   | -3   |
| Offsetting collections from non-Federal sources .....  |        | -4             | -4       | -4   | -4   | -4   | -4   | -4   |
| Total Gift shop, decimal classification, photo duplication, and related services (net) ..... | BA     |                |          |      |      |      |      |      |
|  | O      | -2             | -2       | -1   |      |      |      |      |
| <b>Intragovernmental Funds:</b>  |        |                |          |      |      |      |      |      |
| Fedlink program and Federal research program:  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....                          | 503 BA | 65             | 93       | 93   | 95   | 97   | 99   | 101  |
| Outlays .....  | O      | 48             | 76       | 86   | 93   | 96   | 98   | 101  |
| Fedlink program and Federal research program (gross) .....                                   | BA     | 65             | 93       | 93   | 95   | 97   | 99   | 101  |
|  | O      | 48             | 76       | 86   | 93   | 96   | 98   | 101  |
| Change in uncollected customer payments from Federal sources .....                           | BA     | -7             |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....  |        | -58            | -93      | -93  | -95  | -97  | -99  | -101 |
| Total Fedlink program and Federal research program (net) .....                               | BA     |                |          |      |      |      |      |      |
|  | O      | -10            | -17      | -7   | -2   | -1   | -1   |      |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Gift and trust fund accounts:  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 503 BA | 17             | 17       | 16   | 15   | 14   | 14   | 14   |
| Outlays .....  | O      | 21             | 17       | 15   | 14   | 14   | 14   | 14   |
| Total Federal funds Library of Congress .....  | BA     | 710            | 730      | 804  | 821  | 848  | 872  | 897  |
|  | O      | 579            | 686      | 775  | 727  | 748  | 764  | 787  |
| Total Trust funds Library of Congress .....  | BA     | 17             | 17       | 16   | 15   | 14   | 14   | 14   |
|  | O      | 21             | 17       | 15   | 14   | 14   | 14   | 14   |

**Government Printing Office**

*Federal funds*

**General and Special Funds:**

Congressional printing and binding:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 801 BA | 81 | 90 | 91 | 93 | 95 | 97 | 99 |
| Outlays .....                      | O      | 75 | 85 | 98 | 90 | 92 | 95 | 98 |

Office of Superintendent of Documents: Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 808 BA | 30 | 32 | 34 | 35 | 35 | 36 | 37 |
| Outlays .....                      | O      | 28 | 30 | 33 | 35 | 36 | 36 | 36 |

**Intragovernmental Funds:**

Government Printing Office revolving fund:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                              | 808 BA | 4   |     | 10  | 10  | 10  | 11  | 11  |
| Spending authority from offsetting collections, mandatory ..... | BA     | 726 | 729 | 757 | 838 | 855 | 872 | 890 |
| Outlays .....   | O      | 732 | 779 | 822 | 848 | 865 | 884 | 900 |

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Government Printing Office revolving fund (gross) ..... | BA | 730 | 729 | 767 | 848 | 865 | 883 | 901 |
|   | O  | 732 | 779 | 822 | 848 | 865 | 884 | 900 |

|  |    |      |      |      |      |      |      |      |
|--|----|------|------|------|------|------|------|------|
| Change in uncollected customer payments from Federal sources ..... | BA | -3   | 10   | 10   | 11   | 11   | 11   | 11   |
| Offsetting collections from Federal sources .....                  |    | -682 | -704 | -734 | -783 | -801 | -815 | -838 |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |      |      |      | 2008 |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2003     | 2004 | 2005 | 2006 | 2007 |      |
| Offsetting collections from non-Federal sources .....       |    | -41            | -35      | -33  | -31  | -30  | -28  | -27  |
| Total Government Printing Office revolving fund (net) ..... | BA | 4              | 10       | 45   | 45   | 51   | 47   |      |
|   | O  | 9              | 40       | 55   | 34   | 34   | 41   | 35   |
| Total Federal funds Government Printing Office .....        | BA | 115            | 122      | 135  | 173  | 175  | 184  | 183  |
|   | O  | 112            | 155      | 186  | 159  | 162  | 172  | 169  |

**General Accounting Office**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 801 BA | 430 | 455 | 468 | 477 | 486 | 497 | 510 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6   | 3   | 6   | 6   | 6   | 6   | 7   |
| Outlays .....   | O      | 428 | 439 | 476 | 481 | 492 | 502 | 515 |
| Salaries and expenses (gross) .....                                 | BA     | 436 | 458 | 474 | 483 | 492 | 503 | 517 |
|   | O      | 428 | 439 | 476 | 481 | 492 | 502 | 515 |
| Offsetting collections from Federal sources .....                   |        | -6  | -3  | -6  | -6  | -6  | -6  | -7  |
| Total Salaries and expenses (net) .....                             | BA     | 430 | 455 | 468 | 477 | 486 | 497 | 510 |
|   | O      | 422 | 436 | 470 | 475 | 486 | 496 | 508 |

**United States Tax Court**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|  |        |    |    |    |    |    |    |    |
|--|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....       | 752 BA | 37 | 37 | 40 | 41 | 42 | 42 | 44 |
| Outlays .....                            | O      | 33 | 37 | 39 | 41 | 42 | 43 | 44 |
| <i>Trust funds</i>                       |        |    |    |    |    |    |    |    |
| Tax Court judges survivors annuity fund: |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....       | 602 BA | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....                            | O      | 1  | 1  | 1  | 1  | 1  | 1  | 1  |

**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 | 8  | 8  | 9  | 9  | 9  | 10  | 10  |
| (Outlays) .....   | O      | 8  | 8  | 9  | 9  | 9  | 10  | 10  |
| Medicare Payment Advisory Commission (gross) .....                    | BA     | 8  | 8  | 9  | 9  | 9  | 10  | 10  |
|   | O      | 8  | 8  | 9  | 9  | 9  | 10  | 10  |
| Offsetting collections from Federal sources .....                     |        | -8 | -8 | -9 | -9 | -9 | -10 | -10 |
| Total (Medicare) (net) .....  | BA     |    |    |    |    |    |     |     |
|   | O      |    |    |    |    |    |     |     |
| Total Medicare Payment Advisory Commission .....                      | BA     |    |    |    |    |    |     |     |
|   | O      |    |    |    |    |    |     |     |

Census Monitoring Board:

|               |       |   |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|
| Outlays ..... | 376 O | 1 |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|

United States Commission on International Religious Freedom:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays .....                      | O      | 3 | 4 | 3 | 3 | 3 | 3 | 3 |

Other legislative branch boards and commissions

(Other general government):

|   |        |   |   |   |   |   |   |   |
|---|--------|---|---|---|---|---|---|---|
| (Appropriation, discretionary) .....                                  | 808 BA | 5 | 3 | 3 | 3 | 3 | 3 | 3 |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 2 |   |   |   |   |   |   |



**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  |                    | 2002<br>actual | estimate |       |       |       |       |       |
|--|--------------------|----------------|----------|-------|-------|-------|-------|-------|
|  |                    |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| (Outlays) .....  | O                  | 7              | 6        | 7     | 5     | 3     | 3     | 3     |
| Other legislative branch boards and commissions (gross) .....                  | BA                 | 7              | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O                  | 7              | 6        | 7     | 5     | 3     | 3     | 3     |
| Offsetting collections from Federal sources .....                              |                    | -2             |          |       |       |       |       |       |
| Total (Other general government) (net) .....                                   | BA                 | 5              | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O                  | 5              | 6        | 7     | 5     | 3     | 3     | 3     |
| Total Other legislative branch boards and commissions .....                    | BA                 | 5              | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O                  | 5              | 6        | 7     | 5     | 3     | 3     | 3     |
| Payment to Russian Leadership Development Center trust fund:                   |                    |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 154 BA             | 8              | 10       | 15    | 15    | 16    | 16    | 16    |
| Outlays .....  | O                  | 8              | 10       | 15    | 15    | 16    | 16    | 16    |
|  | <i>Trust funds</i> |                |          |       |       |       |       |       |
| Gifts and donations, Millennial Housing Commission:                            |                    |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 801 BA             | 4              |          |       |       |       |       |       |
| Outlays .....  | O                  | 2              |          |       |       |       |       |       |
| U.S. Capitol Preservation Commission:  |                    |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 801 BA             | 27             | 5        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  | O                  | 1              |          | 17    | 28    | 10    | 10    |       |
| John C. Stennis Center for Public Service Training and Development trust fund: |                    |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 801 BA             | 1              | 3        | 3     | 2     | 2     | 2     | 2     |
| Outlays .....  | O                  | 1              | 2        | 2     | 2     | 2     | 2     | 2     |
| Russian Leadership Development Center trust fund:                              |                    |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 154 BA             | 21             | 10       | 15    | 15    | 16    | 16    | 16    |
| Outlays .....  | O                  | 9              | 10       | 13    | 15    | 15    | 16    | 16    |
| Total Federal funds Legislative Branch Boards and Commissions .....            | BA                 | 16             | 16       | 21    | 21    | 22    | 22    | 22    |
|  | O                  | 17             | 20       | 25    | 23    | 22    | 22    | 22    |
| Total Trust funds Legislative Branch Boards and Commissions .....              | BA                 | 53             | 18       | 19    | 18    | 19    | 19    | 19    |
|  | O                  | 13             | 12       | 32    | 45    | 27    | 28    | 18    |
| <b>Summary</b>   |                    |                |          |       |       |       |       |       |
| Federal funds:   |                    |                |          |       |       |       |       |       |
| (As shown in detail above) .....   | BA                 | 3,633          | 3,799    | 4,171 | 4,281 | 4,377 | 4,478 | 4,589 |
|  | O                  | 3,242          | 3,967    | 4,329 | 4,152 | 4,254 | 4,352 | 4,457 |
| Deductions for offsetting receipts:  |                    |                |          |       |       |       |       |       |
| Intrafund transactions .....   | 908 BA/O           | -12            | -22      | -26   | -25   | -27   | -28   | -29   |
| Total Federal funds .....  | BA                 | 3,621          | 3,777    | 4,145 | 4,256 | 4,350 | 4,450 | 4,560 |
|  | O                  | 3,230          | 3,945    | 4,303 | 4,127 | 4,227 | 4,324 | 4,428 |
| Trust funds:   |                    |                |          |       |       |       |       |       |
| (As shown in detail above) .....   | BA                 | 71             | 38       | 38    | 37    | 37    | 37    | 37    |
|  | O                  | 35             | 32       | 50    | 62    | 45    | 46    | 36    |
| Deductions for offsetting receipts:  |                    |                |          |       |       |       |       |       |
| Proprietary receipts from the public .....                                     | 801 BA/O           | -25            | -4       |       |       |       |       |       |
|  | 908 BA/O           | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Trust funds .....  | BA                 | 45             | 33       | 37    | 36    | 36    | 36    | 36    |
|  | O                  | 9              | 27       | 49    | 61    | 44    | 45    | 35    |
| Interfund transactions .....   | 154 BA/O           | -20            | -10      | -15   | -15   | -16   | -16   | -16   |
|  | 801 BA/O           | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Legislative Branch .....   | BA                 | 3,645          | 3,799    | 4,166 | 4,276 | 4,369 | 4,469 | 4,579 |
|  | O                  | 3,218          | 3,961    | 4,336 | 4,172 | 4,254 | 4,352 | 4,446 |

**JUDICIAL BRANCH**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate     |              |              |              |              |              |
|--|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |           |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| <b>Supreme Court of the United States</b>                              |           |                |              |              |              |              |              |              |
| <i>Federal funds</i>   |           |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                      |           |                |              |              |              |              |              |              |
| Salaries and expenses:   |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 38             | 44           | 55           | 56           | 57           | 58           | 60           |
| Appropriation, mandatory .....   | BA        | 2              | 2            | 2            | 3            | 3            | 3            | 3            |
| Outlays .....  | O         | 39             | 45           | 56           | 55           | 58           | 60           | 63           |
| <b>Total Salaries and expenses .....</b>                               | <b>BA</b> | <b>40</b>      | <b>46</b>    | <b>57</b>    | <b>59</b>    | <b>60</b>    | <b>61</b>    | <b>63</b>    |
|  | O         | 39             | 45           | 56           | 55           | 58           | 60           | 63           |
| Care of the building and grounds:                                      |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 78             | 54           | 5            | 5            | 5            | 5            | 5            |
| Outlays .....  | O         | 7              | 30           | 67           | 27           | 21           | 5            | 5            |
| <b>Total Federal funds Supreme Court of the United States .....</b>    | <b>BA</b> | <b>118</b>     | <b>100</b>   | <b>62</b>    | <b>64</b>    | <b>65</b>    | <b>66</b>    | <b>68</b>    |
|  | O         | 46             | 75           | 123          | 82           | 79           | 65           | 68           |
| <b>United States Court of Appeals for the Federal Circuit</b>          |           |                |              |              |              |              |              |              |
| <i>Federal funds</i>   |           |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                      |           |                |              |              |              |              |              |              |
| Salaries and expenses:   |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 17             | 20           | 20           | 20           | 21           | 21           | 22           |
| Appropriation, mandatory .....   | BA        | 2              | 2            | 2            | 2            | 2            | 2            | 2            |
| Outlays .....  | O         | 18             | 21           | 22           | 22           | 22           | 24           | 24           |
| <b>Total Salaries and expenses .....</b>                               | <b>BA</b> | <b>19</b>      | <b>22</b>    | <b>22</b>    | <b>22</b>    | <b>23</b>    | <b>23</b>    | <b>24</b>    |
|  | O         | 18             | 21           | 22           | 22           | 22           | 24           | 24           |
| <b>United States Court of International Trade</b>                      |           |                |              |              |              |              |              |              |
| <i>Federal funds</i>   |           |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                      |           |                |              |              |              |              |              |              |
| Salaries and expenses:   |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 11             | 12           | 12           | 12           | 12           | 13           | 13           |
| Appropriation, mandatory .....   | BA        | 2              | 2            | 2            | 2            | 2            | 2            | 2            |
| Outlays .....  | O         | 13             | 14           | 14           | 14           | 14           | 14           | 16           |
| <b>Total Salaries and expenses .....</b>                               | <b>BA</b> | <b>13</b>      | <b>14</b>    | <b>14</b>    | <b>14</b>    | <b>14</b>    | <b>15</b>    | <b>15</b>    |
|  | O         | 13             | 14           | 14           | 14           | 14           | 14           | 16           |
| <b>Courts of Appeals, District Courts, and other Judicial Services</b> |           |                |              |              |              |              |              |              |
| <i>Federal funds</i>   |           |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                      |           |                |              |              |              |              |              |              |
| Salaries and expenses:   |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 3,356          | 3,753        | 3,913        | 3,986        | 4,067        | 4,157        | 4,263        |
| Appropriation, mandatory .....   | BA        | 252            | 264          | 275          | 281          | 292          | 303          | 315          |
| Spending authority from offsetting collections, discretionary .....    | BA        | 233            | 276          | 230          | 234          | 239          | 244          | 251          |
| Outlays .....  | O         | 3,850          | 4,278        | 4,406        | 4,496        | 4,592        | 4,698        | 4,821        |
| <b>Salaries and expenses (gross) .....</b>                             | <b>BA</b> | <b>3,841</b>   | <b>4,293</b> | <b>4,418</b> | <b>4,501</b> | <b>4,598</b> | <b>4,704</b> | <b>4,829</b> |
|  | O         | 3,850          | 4,278        | 4,406        | 4,496        | 4,592        | 4,698        | 4,821        |
| Offsetting collections from Federal sources .....                      |           | -174           | -264         | -179         | -182         | -186         | -190         | -195         |
| Offsetting collections from non-Federal sources .....                  |           | -59            | -12          | -51          | -52          | -53          | -54          | -56          |
| <b>Total Salaries and expenses (net) .....</b>                         | <b>BA</b> | <b>3,608</b>   | <b>4,017</b> | <b>4,188</b> | <b>4,267</b> | <b>4,359</b> | <b>4,460</b> | <b>4,578</b> |
|  | O         | 3,617          | 4,002        | 4,176        | 4,262        | 4,353        | 4,454        | 4,570        |
| Defender services:   |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 501            | 589          | 635          | 647          | 660          | 675          | 692          |
| Outlays .....  | O         | 481            | 620          | 626          | 647          | 660          | 674          | 691          |
| Fees of jurors and commissioners:                                      |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                     | 752 BA    | 48             | 58           | 53           | 54           | 55           | 56           | 58           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 4              |              |              |              |              |              |              |

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....   | O      | 56             | 58           | 53           | 54           | 55           | 56           | 57           |
| Fees of jurors and commissioners (gross) .....                                      | BA     | <b>52</b>      | <b>58</b>    | <b>53</b>    | <b>54</b>    | <b>55</b>    | <b>56</b>    | <b>58</b>    |
|   | O      | 56             | 58           | 53           | 54           | 55           | 56           | 57           |
| Offsetting collections from Federal sources .....                                   |        | -4             |              |              |              |              |              |              |
| Total Fees of jurors and commissioners (net) .....                                  | BA     | <b>48</b>      | <b>58</b>    | <b>53</b>    | <b>54</b>    | <b>55</b>    | <b>56</b>    | <b>58</b>    |
|   | O      | 52             | 58           | 53           | 54           | 55           | 56           | 57           |
| Court security:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....  | 752 BA | <b>276</b>     | <b>298</b>   | <b>311</b>   | <b>330</b>   | <b>348</b>   | <b>367</b>   | <b>387</b>   |
| Outlays .....   | O      | 224            | 293          | 307          | 325          | 343          | 362          | 382          |
| Judiciary filing fees:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 752 BA | <b>200</b>     | <b>189</b>   | <b>214</b>   | <b>214</b>   | <b>214</b>   | <b>214</b>   | <b>214</b>   |
| Outlays .....   | O      | 214            | 189          | 214          | 214          | 214          | 214          | 214          |
| Registry Administration:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 752 BA | <b>5</b>       | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     |
| Outlays .....   | O      | 5              | 3            | 3            | 3            | 3            | 3            | 3            |
| Judiciary information technology fund:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 752 BA | <b>271</b>     | <b>279</b>   | <b>321</b>   | <b>245</b>   | <b>251</b>   | <b>257</b>   | <b>263</b>   |
| Outlays .....   | O      | 293            | 282          | 298          | 264          | 269          | 274          | 280          |
| Total Federal funds Courts of Appeals, District Courts, and other Judicial Services | BA     | <b>4,909</b>   | <b>5,433</b> | <b>5,725</b> | <b>5,760</b> | <b>5,890</b> | <b>6,032</b> | <b>6,195</b> |
|   | O      | 4,886          | 5,447        | 5,677        | 5,769        | 5,897        | 6,037        | 6,197        |

**Administrative Office of the United States Courts**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 752 BA | <b>65</b>  | <b>67</b>  | <b>72</b>  | <b>73</b>  | <b>75</b>  | <b>76</b>  | <b>78</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>46</b>  | <b>51</b>  | <b>54</b>  | <b>55</b>  | <b>56</b>  | <b>57</b>  | <b>59</b>  |
| Outlays .....   | O      | 110        | 117        | 125        | 129        | 131        | 133        | 137        |
| Salaries and expenses (gross) .....                                 | BA     | <b>111</b> | <b>118</b> | <b>126</b> | <b>128</b> | <b>131</b> | <b>133</b> | <b>137</b> |
|   | O      | 110        | 117        | 125        | 129        | 131        | 133        | 137        |
| Offsetting collections from Federal sources .....                   |        | -46        | -51        | -54        | -55        | -56        | -57        | -59        |
| Total Salaries and expenses (net) .....                             | BA     | <b>65</b>  | <b>67</b>  | <b>72</b>  | <b>73</b>  | <b>75</b>  | <b>76</b>  | <b>78</b>  |
|   | O      | 64         | 66         | 71         | 74         | 75         | 76         | 78         |

**Federal Judicial Center**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 752 BA | <b>20</b> | <b>22</b> | <b>22</b> | <b>22</b> | <b>23</b> | <b>23</b> | <b>24</b> |
| Outlays .....                      | O      | 19        | 23        | 22        | 22        | 23        | 23        | 24        |

*Trust funds*

Gifts and donations, Federal Judicial Center Foundation:

|                                |        |          |          |          |          |          |          |          |
|--------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, mandatory ..... | 752 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        |

**Judicial Retirement Funds**

*Federal funds*

**General and Special Funds:**

Payment to judiciary trust funds:

|                                |        |           |           |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 752 BA | <b>37</b> | <b>35</b> | <b>29</b> | <b>30</b> | <b>32</b> | <b>35</b> | <b>36</b> |
| Outlays .....                  | O      | 37        | 35        | 29        | 30        | 32        | 35        | 36        |

*Trust funds*

Judicial officers' retirement fund:

|                                |        |           |           |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 602 BA | <b>36</b> | <b>43</b> | <b>41</b> | <b>45</b> | <b>48</b> | <b>52</b> | <b>54</b> |
| Outlays .....                  | O      | 20        | 23        | 25        | 29        | 32        | 35        | 36        |

Judicial survivors' annuities fund:

|                                |        |           |           |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 602 BA | <b>40</b> | <b>47</b> | <b>45</b> | <b>42</b> | <b>43</b> | <b>46</b> | <b>48</b> |
| Outlays .....                  | O      | 14        | 14        | 15        | 16        | 16        | 17        | 17        |

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| United States Court of Federal Claims Judges' retirement fund: |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                 | 602 BA | 3              | 3        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....  | O      | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Federal funds Judicial Retirement Funds .....            | BA     | 37             | 35       | 29   | 30   | 32   | 35   | 36   |
|  | O      | 37             | 35       | 29   | 30   | 32   | 35   | 36   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Trust funds Judicial Retirement Funds .....              | BA     | 79             | 93       | 90   | 91   | 95   | 102  | 106  |
|  | O      | 36             | 39       | 42   | 47   | 50   | 54   | 55   |

**United States Sentencing Commission**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 752 BA | 12 | 13 | 13 | 13 | 14 | 14 | 14 |
| Outlays .....                      | O      | 11 | 13 | 13 | 14 | 14 | 14 | 14 |

**Summary**

|  |          |       |       |       |       |       |       |       |
|--|----------|-------|-------|-------|-------|-------|-------|-------|
| Federal funds:                             |          |       |       |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 5,193 | 5,706 | 5,959 | 5,998 | 6,136 | 6,284 | 6,454 |
|  | O        | 5,094 | 5,694 | 5,971 | 6,027 | 6,156 | 6,288 | 6,457 |
| Deductions for offsetting receipts:        |          |       |       |       |       |       |       |       |
| Intrafund transactions .....               | 752 BA/O | -253  | -255  | -296  | -295  | -286  | -290  | -292  |
| Proprietary receipts from the public ..... | 752 BA/O | -18   | -24   | -25   | -26   | -28   | -29   | -31   |
| <hr/>                                      |          |       |       |       |       |       |       |       |
| Total Federal funds .....                  | BA       | 4,922 | 5,427 | 5,638 | 5,677 | 5,822 | 5,965 | 6,131 |
|  | O        | 4,823 | 5,415 | 5,650 | 5,706 | 5,842 | 5,969 | 6,134 |
| <hr/>                                      |          |       |       |       |       |       |       |       |
| Trust funds:                               |          |       |       |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 80    | 94    | 91    | 92    | 96    | 103   | 107   |
|  | O        | 37    | 40    | 43    | 48    | 51    | 55    | 56    |
| <hr/>                                      |          |       |       |       |       |       |       |       |
| Interfund transactions .....               | 752 BA/O | -37   | -36   | -30   | -31   | -33   | -36   | -37   |
| <hr/>                                      |          |       |       |       |       |       |       |       |
| Total Judicial Branch .....                | BA       | 4,965 | 5,485 | 5,699 | 5,738 | 5,885 | 6,032 | 6,201 |
|  | O        | 4,823 | 5,419 | 5,663 | 5,723 | 5,860 | 5,988 | 6,153 |

**DEPARTMENT OF AGRICULTURE**

(In millions of dollars)

| Account |  | 2002<br>actual | estimate |      |      |      |      |      |
|---------|--|----------------|----------|------|------|------|------|------|
|         |  |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |

**Office of the Secretary**

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Office of the Secretary:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 352 BA | 91 | 45 | 20 | 20 | 21 | 21 | 22 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6  |    |    |    |    |    |    |
| Outlays .....   | O      | 33 | 70 | 25 | 21 | 21 | 21 | 22 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Office of the Secretary (gross) .....                               | BA     | 97 | 45 | 20 | 20 | 21 | 21 | 22 |
|   | O      | 33 | 70 | 25 | 21 | 21 | 21 | 22 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Change in uncollected customer payments from Federal sources .....  | BA     | 3  |    |    |    |    |    |    |
| Portion of cash collections credited to expired accounts .....      | BA     | -3 |    |    |    |    |    |    |
| Offsetting collections from Federal sources .....                   |        | -6 |    |    |    |    |    |    |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total Office of the Secretary (net) .....                           | BA     | 91 | 45 | 20 | 20 | 21 | 21 | 22 |
|   | O      | 27 | 70 | 25 | 21 | 21 | 21 | 22 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Fund for rural America  |        |    |    |    |    |    |    |    |
| (Agricultural research and services):                               |        |    |    |    |    |    |    |    |
| (Outlays) .....   | 352 O  | 5  | 9  | 10 | 7  | 7  |    |    |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <i>(Area and regional development):</i>           |        |                |          |      |      |      |      |      |
| (Outlays) .....                                   | 452 O  | 6              |          |      |      |      |      |      |
| Total Fund for rural America .....                | O      | 11             | 9        | 10   | 7    | 7    |      |      |
| <i>Trust funds</i>                                |        |                |          |      |      |      |      |      |
| <i>Gifts and bequests:</i>                        |        |                |          |      |      |      |      |      |
| 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     | 91             | 45       | 20   | 20   | 21   | 21   | 22   |
|   | O      | 38             | 79       | 35   | 28   | 28   | 21   | 22   |
| Total Trust funds Office of the Secretary .....   | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
|   | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |

**Executive Operations**

*Federal funds*

**General and Special Funds:**

*Executive operations:*

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 28 | 33 | 35 | 36 | 36 | 37 | 38 |
| Appropriation, mandatory .....                                      | BA     | 1  | 2  | 2  | 2  | 2  | 2  |    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 28 | 36 | 38 | 39 | 39 | 40 | 39 |
| Executive operations (gross) .....                                  | BA     | 30 | 36 | 38 | 39 | 39 | 40 | 39 |
|   | O      | 28 | 36 | 38 | 39 | 39 | 40 | 39 |
| Offsetting collections from Federal sources .....                   |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Executive operations (net) .....                              | BA     | 29 | 35 | 37 | 38 | 38 | 39 | 38 |
|   | O      | 27 | 35 | 37 | 38 | 38 | 39 | 38 |

*Office of the Chief Financial Officer:*

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 5  | 8  | 8  | 8  | 8  | 8  | 9  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2  | 2  | 2  | 2  | 2  | 2  | 2  |
| Outlays .....   | O      | 9  | 10 | 10 | 10 | 10 | 10 | 10 |
| Office of the Chief Financial Officer (gross) .....                 | BA     | 7  | 10 | 10 | 10 | 10 | 10 | 11 |
|   | O      | 9  | 10 | 10 | 10 | 10 | 10 | 10 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1 |    |    |    |    |    |    |
| Offsetting collections from Federal sources .....                   |        | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Office of the Chief Financial Officer (net) .....             | BA     | 4  | 8  | 8  | 8  | 8  | 8  | 9  |
|   | O      | 7  | 8  | 8  | 8  | 8  | 8  | 8  |

*Office of the Chief Information Officer:*

|   |        |     |    |    |    |    |    |    |
|---|--------|-----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 10  | 31 | 31 | 31 | 32 | 33 | 34 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 25  | 6  | 6  | 6  | 6  | 6  | 7  |
| Outlays .....   | O      | 24  | 37 | 37 | 37 | 38 | 39 | 41 |
| Office of the Chief Information Officer (gross) .....               | BA     | 35  | 37 | 37 | 37 | 38 | 39 | 41 |
|   | O      | 24  | 37 | 37 | 37 | 38 | 39 | 41 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -15 |    |    |    |    |    |    |
| Portion of cash collections credited to expired accounts .....      | BA     | 3   |    |    |    |    |    |    |
| Offsetting collections from Federal sources .....                   |        | -13 | -6 | -6 | -6 | -6 | -6 | -7 |
| Total Office of the Chief Information Officer (net) .....           | BA     | 10  | 31 | 31 | 31 | 32 | 33 | 34 |
|   | O      | 11  | 31 | 31 | 31 | 32 | 33 | 34 |

*Common computing environment:*

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 59 | 133 | 177 | 180 | 184 | 188 | 193 |
| Spending authority from offsetting collections, discretionary ..... | BA     |    | 24  | 23  | 23  | 24  | 24  | 25  |
| Outlays .....   | O      | 56 | 168 | 219 | 210 | 208 | 212 | 217 |
| Common computing environment (gross) .....                          | BA     | 59 | 157 | 200 | 203 | 208 | 212 | 218 |
|   | O      | 56 | 168 | 219 | 210 | 208 | 212 | 217 |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from Federal sources .....                   |        |                | -24      | -23  | -23  | -24  | -24  | -25  |
| Total Common computing environment (net) .....                      | BA     | 59             | 133      | 177  | 180  | 184  | 188  | 193  |
|   | O      | 56             | 144      | 196  | 187  | 184  | 188  | 192  |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Working capital fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 352 BA | 16             | 21       |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 332            | 336      | 336  | 342  | 349  | 357  | 366  |
| Outlays .....   | O      | 302            | 356      | 336  | 341  | 348  | 356  | 365  |
| Working capital fund (gross) .....                                  | BA     | 348            | 357      | 336  | 342  | 349  | 357  | 366  |
|   | O      | 302            | 356      | 336  | 341  | 348  | 356  | 365  |
| Change in uncollected customer payments from Federal sources .....  | BA     | 13             |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -345           | -336     | -336 | -342 | -349 | -357 | -366 |
| Total Working capital fund (net) .....                              | BA     | 16             | 21       |      |      |      |      |      |
|   | O      | -43            | 20       |      | -1   | -1   | -1   | -1   |
| Total Federal funds Executive Operations .....                      | BA     | 118            | 228      | 253  | 257  | 262  | 268  | 274  |
|   | O      | 58             | 238      | 272  | 263  | 261  | 267  | 271  |

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

Departmental administration:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 37  | 42  | 45  | 46  | 47  | 47  | 49  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 14  | 22  | 18  | 18  | 19  | 19  | 20  |
| Outlays .....   | O      | 54  | 62  | 62  | 65  | 66  | 67  | 69  |
| Departmental administration (gross) .....                           | BA     | 51  | 64  | 63  | 64  | 66  | 66  | 69  |
|   | O      | 54  | 62  | 62  | 65  | 66  | 67  | 69  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -7  |     |     |     |     |     |     |
| Portion of cash collections credited to expired accounts .....      | BA     | 7   |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -14 | -22 | -18 | -18 | -19 | -19 | -20 |
| Total Departmental administration (net) .....                       | BA     | 37  | 42  | 45  | 46  | 47  | 47  | 49  |
|   | O      | 40  | 40  | 44  | 47  | 47  | 48  | 49  |

Hazardous materials management:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 304 BA | 17 | 16 | 16 | 16 | 17 | 17 | 17 |
| Outlays .....                      | O      | 18 | 18 | 18 | 18 | 18 | 18 | 19 |

Agriculture buildings and facilities:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 179 | 189 | 199 | 203 | 206 | 212 | 217 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2   | 1   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   | O      | 186 | 190 | 200 | 203 | 207 | 213 | 218 |
| Agriculture buildings and facilities (gross) .....                  | BA     | 181 | 190 | 200 | 204 | 207 | 213 | 218 |
|   | O      | 186 | 190 | 200 | 203 | 207 | 213 | 218 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1  |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -1  | -1  | -1  | -1  | -1  | -1  | -1  |
| Total Agriculture buildings and facilities (net) .....              | BA     | 179 | 189 | 199 | 203 | 206 | 212 | 217 |
|   | O      | 185 | 189 | 199 | 202 | 206 | 212 | 217 |
| Total Federal funds Departmental Administration .....               | BA     | 233 | 247 | 260 | 265 | 270 | 276 | 283 |
|   | O      | 243 | 247 | 261 | 267 | 271 | 278 | 285 |

**Office of Communications**

*Federal funds*

**General and Special Funds:**

Office of Communications:

|   |        |   |    |    |    |    |    |    |
|---|--------|---|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 9 | 10 | 10 | 10 | 10 | 11 | 11 |
| Spending authority from offsetting collections, discretionary ..... | BA     |   | 1  | 1  | 1  | 1  | 1  | 1  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Outlays .....                                     | O  | 9              | 10       | 11   | 11   | 12   | 12   | 12   |
| Office of Communications (gross) .....            | BA | 9              | 11       | 11   | 11   | 11   | 12   | 12   |
|   | O  | 9              | 10       | 11   | 11   | 12   | 12   | 12   |
| Offsetting collections from Federal sources ..... |    |                | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Office of Communications (net) .....        | BA | 9              | 10       | 10   | 10   | 10   | 11   | 11   |
|   | O  | 9              | 9        | 10   | 10   | 11   | 11   | 11   |

**Office of the Inspector General**

*Federal funds*

**General and Special Funds:**

Office of the Inspector General:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 71 | 78 | 82 | 84 | 85 | 87 | 89 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  | 2  | 2  | 2  | 2  | 2  | 2  |
| Outlays .....   | O      | 74 | 78 | 83 | 86 | 87 | 89 | 91 |
| Office of the Inspector General (gross) .....                       | BA     | 75 | 80 | 84 | 86 | 87 | 89 | 91 |
|   | O      | 74 | 78 | 83 | 86 | 87 | 89 | 91 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -3 |    |    |    |    |    |    |
| Portion of cash collections credited to expired accounts .....      | BA     | 1  |    |    |    |    |    |    |
| Offsetting collections from Federal sources .....                   |        | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Office of the Inspector General (net) .....                   | BA     | 71 | 78 | 82 | 84 | 85 | 87 | 89 |
|   | O      | 72 | 76 | 81 | 84 | 85 | 87 | 89 |

**Office of the General Counsel**

*Federal funds*

**General and Special Funds:**

Office of the General Counsel:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 33 | 36 | 37 | 38 | 38 | 39 | 40 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 34 | 37 | 38 | 39 | 39 | 40 | 41 |
| Office of the General Counsel (gross) .....                         | BA     | 34 | 37 | 38 | 39 | 39 | 40 | 41 |
|   | O      | 34 | 37 | 38 | 39 | 39 | 40 | 41 |
| Offsetting collections from Federal sources .....                   |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Office of the General Counsel (net) .....                     | BA     | 33 | 36 | 37 | 38 | 38 | 39 | 40 |
|   | O      | 33 | 36 | 37 | 38 | 38 | 39 | 40 |

**Economic Research Service**

*Federal funds*

**General and Special Funds:**

Economic Research Service:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 67 | 73 | 77 | 78 | 80 | 82 | 84 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3  | 3  | 3  | 3  | 3  | 3  | 3  |
| Outlays .....   | O      | 73 | 75 | 80 | 81 | 82 | 85 | 87 |
| Economic Research Service (gross) .....                             | BA     | 70 | 76 | 80 | 81 | 83 | 85 | 87 |
|   | O      | 73 | 75 | 80 | 81 | 82 | 85 | 87 |
| Offsetting collections from Federal sources .....                   |        | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Economic Research Service (net) .....                         | BA     | 67 | 73 | 77 | 78 | 80 | 82 | 84 |
|   | O      | 70 | 72 | 77 | 78 | 79 | 82 | 84 |

**National Agricultural Statistics Service**

*Federal funds*

**General and Special Funds:**

National Agricultural Statistics Service:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 115 | 141 | 136 | 139 | 141 | 144 | 148 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 12  | 16  | 16  | 16  | 17  | 17  | 17  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O  | 127            | 147        | 152        | 155        | 159        | 163        | 166        |
| National Agricultural Statistics Service (gross) .....     | BA | <b>127</b>     | <b>157</b> | <b>152</b> | <b>155</b> | <b>158</b> | <b>161</b> | <b>165</b> |
|  | O  | 127            | 147        | 152        | 155        | 159        | 163        | 166        |
| Offsetting collections from Federal sources .....          |    | -8             | -13        | -13        | -13        | -14        | -14        | -14        |
| Offsetting collections from non-Federal sources .....      |    | -4             | -3         | -3         | -3         | -3         | -3         | -3         |
| Total National Agricultural Statistics Service (net) ..... | BA | <b>115</b>     | <b>141</b> | <b>136</b> | <b>139</b> | <b>141</b> | <b>144</b> | <b>148</b> |
|  | O  | 115            | 131        | 136        | 139        | 142        | 146        | 149        |

**Agricultural Research Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                  | 352 BA | <b>1,006</b> | <b>957</b>   | <b>987</b>   | <b>1,006</b> | <b>1,026</b> | <b>1,049</b> | <b>1,075</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>50</b>    | <b>64</b>    | <b>64</b>    | <b>65</b>    | <b>67</b>    | <b>68</b>    | <b>70</b>    |
| Outlays .....   | O      | 1,005        | 1,078        | 1,049        | 1,065        | 1,089        | 1,111        | 1,140        |
| Salaries and expenses (gross) .....                                 | BA     | <b>1,056</b> | <b>1,021</b> | <b>1,051</b> | <b>1,071</b> | <b>1,093</b> | <b>1,117</b> | <b>1,145</b> |
|   | O      | 1,005        | 1,078        | 1,049        | 1,065        | 1,089        | 1,111        | 1,140        |
| Offsetting collections from Federal sources .....                   |        | -43          | -55          | -55          | -56          | -57          | -58          | -60          |
| Offsetting collections from non-Federal sources .....               |        | -7           | -9           | -9           | -9           | -9           | -10          | -10          |
| Total Salaries and expenses (net) .....                             | BA     | <b>1,006</b> | <b>957</b>   | <b>987</b>   | <b>1,006</b> | <b>1,027</b> | <b>1,049</b> | <b>1,075</b> |
|   | O      | 955          | 1,014        | 985          | 1,000        | 1,023        | 1,043        | 1,070        |

Buildings and facilities:

|                                    |        |            |           |           |           |           |           |           |
|------------------------------------|--------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 352 BA | <b>190</b> | <b>15</b> | <b>24</b> | <b>24</b> | <b>25</b> | <b>25</b> | <b>26</b> |
| Outlays .....                      | O      | 42         | 59        | 78        | 74        | 67        | 35        | 25        |

*Trust funds*

Miscellaneous contributed funds:

|   |        |              |            |              |              |              |              |              |
|---|--------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....                          | 352 BA | <b>18</b>    | <b>20</b>  | <b>23</b>    | <b>23</b>    | <b>23</b>    | <b>23</b>    | <b>23</b>    |
| Outlays .....   | O      | 20           | 20         | 22           | 23           | 24           | 24           | 24           |
| Total Federal funds Agricultural Research Service ..... | BA     | <b>1,196</b> | <b>972</b> | <b>1,011</b> | <b>1,030</b> | <b>1,052</b> | <b>1,074</b> | <b>1,101</b> |
|   | O      | 997          | 1,073      | 1,063        | 1,074        | 1,090        | 1,078        | 1,095        |
| Total Trust funds Agricultural Research Service .....   | BA     | <b>18</b>    | <b>20</b>  | <b>23</b>    | <b>23</b>    | <b>23</b>    | <b>23</b>    | <b>23</b>    |
|   | O      | 20           | 20         | 22           | 23           | 24           | 24           | 24           |

**Cooperative State Research, Education, and Extension Service**

*Federal funds*

**General and Special Funds:**

Integrated activities:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 352 BA | <b>43</b> | <b>45</b> | <b>63</b> | <b>64</b> | <b>66</b> | <b>67</b> | <b>68</b> |
| Outlays .....                      | O      | 19        | 31        | 42        | 61        | 62        | 64        | 67        |

Initiative for future agriculture and food systems:

|  |        |             |             |             |            |            |            |            |
|--|--------|-------------|-------------|-------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                             | 352 BA | <b>-120</b> | <b>-120</b> | <b>-120</b> |            |            |            |            |
| Appropriation, mandatory .....                                 | BA     | <b>120</b>  | <b>120</b>  | <b>120</b>  | <b>140</b> | <b>160</b> | <b>200</b> | <b>200</b> |
| Outlays .....  | O      | 39          | 41          | 45          | 77         | 57         | 115        | 171        |
| Total Initiative for future agriculture and food systems ..... | BA     |             |             |             | <b>140</b> | <b>160</b> | <b>200</b> | <b>200</b> |
|  | O      | 39          | 41          | 45          | 77         | 57         | 115        | 171        |

Research and education activities:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 352 BA | <b>551</b> | <b>560</b> | <b>526</b> | <b>536</b> | <b>547</b> | <b>559</b> | <b>573</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>12</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  | <b>17</b>  | <b>17</b>  | <b>17</b>  |
| Outlays .....   | O      | 527        | 560        | 544        | 542        | 559        | 566        | 579        |
| Research and education activities (gross) .....                     | BA     | <b>563</b> | <b>576</b> | <b>542</b> | <b>552</b> | <b>564</b> | <b>576</b> | <b>590</b> |
|   | O      | 527        | 560        | 544        | 542        | 559        | 566        | 579        |

|  |    |           |  |  |  |  |  |  |
|--|----|-----------|--|--|--|--|--|--|
| Change in uncollected customer payments from Federal sources ..... | BA | <b>3</b>  |  |  |  |  |  |  |
| Portion of cash collections credited to expired accounts .....     | BA | <b>-3</b> |  |  |  |  |  |  |



**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| Offsetting collections from Federal sources .....                                      |        | -12            | -16      | -16   | -16   | -17   | -17   | -17   |
| Total Research and education activities (net) .....                                    | BA     | 551            | 560      | 526   | 536   | 547   | 559   | 573   |
|  | O      | 515            | 544      | 528   | 526   | 542   | 549   | 562   |
| Buildings and facilities:  |        |                |          |       |       |       |       |       |
| Outlays .....  | 352 O  | 24             | 4        | 4     | 4     |       |       |       |
| Extension activities:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 352 BA | 439            | 418      | 422   | 430   | 439   | 448   | 460   |
| Appropriation, mandatory .....   | BA     | 10             |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....                    | BA     | 17             | 25       | 25    | 25    | 26    | 27    | 27    |
| Outlays .....  | O      | 449            | 465      | 473   | 452   | 461   | 472   | 481   |
| Extension activities (gross) .....   | BA     | 466            | 443      | 447   | 455   | 465   | 475   | 487   |
|  | O      | 449            | 465      | 473   | 452   | 461   | 472   | 481   |
| Offsetting collections from Federal sources .....                                      |        | -17            | -25      | -25   | -25   | -26   | -27   | -27   |
| Total Extension activities (net) .....   | BA     | 449            | 418      | 422   | 430   | 439   | 448   | 460   |
|  | O      | 432            | 440      | 448   | 427   | 435   | 445   | 454   |
| Outreach for socially disadvantaged farmers:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 351 BA | 3              | 3        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....  | O      |                | 3        | 4     | 4     | 4     | 4     | 4     |
| Total Federal funds Cooperative State Research, Education, and Extension Service ..... | BA     | 1,046          | 1,026    | 1,015 | 1,174 | 1,216 | 1,278 | 1,305 |
|  | O      | 1,029          | 1,063    | 1,071 | 1,099 | 1,100 | 1,177 | 1,258 |

**Animal and Plant Health Inspection Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |       |     |     |     |     |     |
|---|--------|-----|-------|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 808 | 692   | 695 | 708 | 722 | 738 | 757 |
|   |        |     |       | ✓-8 | ✓-8 | ✓-8 | ✓-8 | ✓-9 |
| Appropriation, mandatory .....                                      | BA     | 41  | 152   | 108 | 110 | 113 | 116 | 119 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 96  | 88    | 82  | 84  | 85  | 87  | 89  |
|   |        |     |       | ✓8  | ✓8  | ✓8  | ✓8  | ✓9  |
| Outlays .....   | O      | 821 | 1,156 | 898 | 899 | 918 | 939 | 963 |
| Salaries and expenses (gross) .....                                 | BA     | 945 | 932   | 885 | 902 | 920 | 941 | 965 |
|   | O      | 821 | 1,156 | 898 | 899 | 918 | 939 | 963 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -22 |       |     |     |     |     |     |
| Portion of cash collections credited to expired accounts .....      | BA     | 10  |       |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -84 | -88   | -82 | -84 | -85 | -87 | -89 |
| Offsetting collections from non-Federal sources .....               |        |     |       | ✓-8 | ✓-8 | ✓-8 | ✓-8 | ✓-9 |
| Total Salaries and expenses (net) .....                             | BA     | 849 | 844   | 795 | 810 | 827 | 846 | 867 |
|   | O      | 737 | 1,068 | 808 | 807 | 825 | 844 | 865 |

Buildings and facilities:

|                                    |        |    |    |   |   |   |   |   |
|------------------------------------|--------|----|----|---|---|---|---|---|
| Appropriation, discretionary ..... | 352 BA | 18 | 10 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                      | O      | 2  | 18 | 9 | 5 | 5 | 5 | 5 |

*Trust funds*

Miscellaneous trust funds:

|  |        |     |       |     |     |     |     |     |
|--|--------|-----|-------|-----|-----|-----|-----|-----|
| Appropriation, mandatory .....                                       | 352 BA | 15  | 13    | 13  | 13  | 13  | 13  | 13  |
| Outlays .....  | O      | 13  | 12    | 13  | 13  | 13  | 13  | 13  |
| Total Federal funds Animal and Plant Health Inspection Service ..... | BA     | 867 | 854   | 800 | 815 | 832 | 851 | 872 |
|  | O      | 739 | 1,086 | 817 | 812 | 830 | 849 | 870 |
| Total Trust funds Animal and Plant Health Inspection Service .....   | BA     | 15  | 13    | 13  | 13  | 13  | 13  | 13  |
|  | O      | 13  | 12    | 13  | 13  | 13  | 13  | 13  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Food Safety and Inspection Service</b>                                   |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>   |        |                |          |        |        |        |        |        |
| Salaries and expenses:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 554 BA | 730            | 756      | 797    | 812    | 829    | 847    | 868    |
|   |        |                |          | J -122 | J -124 | J -127 | J -130 | J -133 |
| Spending authority from offsetting collections, discretionary               | BA     | 102            | 99       | 99     | 100    | 102    | 104    | 106    |
|   |        |                |          | J 122  | J 124  | J 127  | J 130  | J 133  |
| Outlays   | O      | 814            | 852      | 896    | 911    | 930    | 950    | 974    |
| Salaries and expenses (gross)   | BA     | 832            | 855      | 896    | 912    | 931    | 951    | 974    |
|   | O      | 814            | 852      | 896    | 911    | 930    | 950    | 974    |
| Offsetting collections from Federal sources                                 |        | -1             |          |        |        |        |        |        |
| Offsetting collections from non-Federal sources                             |        | -101           | -99      | -99    | -100   | -102   | -104   | -106   |
|   |        |                |          | J -122 | J -124 | J -127 | J -130 | J -133 |
| Total Salaries and expenses (net)   | BA     | 730            | 756      | 675    | 688    | 702    | 717    | 735    |
|   | O      | 712            | 753      | 675    | 687    | 701    | 716    | 735    |
| <i>Trust funds</i>  |        |                |          |        |        |        |        |        |
| Expenses and refunds, inspection and grading of farm products:              |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 352 BA |                | 3        | 3      | 4      | 4      | 4      | 4      |
| Outlays   | O      | 5              | 3        | 3      | 4      | 4      | 4      | 4      |
| <b>Grain Inspection, Packers and Stockyards Administration</b>              |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>   |        |                |          |        |        |        |        |        |
| Salaries and expenses:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 352 BA | 33             | 40       | 42     | 43     | 44     | 45     | 46     |
|   |        |                | J -27    | J -29  | J -30  | J -30  | J -31  | J -32  |
| Spending authority from offsetting collections, discretionary               | BA     |                | J 27     | J 29   | J 30   | J 30   | J 31   | J 32   |
| Outlays   | O      | 33             | 39       | 42     | 42     | 44     | 45     | 46     |
| Salaries and expenses (gross)   | BA     | 33             | 40       | 42     | 43     | 44     | 45     | 46     |
|   | O      | 33             | 39       | 42     | 42     | 44     | 45     | 46     |
| Offsetting collections from non-Federal sources                             |        |                | J -27    | J -29  | J -30  | J -30  | J -31  | J -32  |
| Total Salaries and expenses (net)   | BA     | 33             | 13       | 13     | 13     | 14     | 14     | 14     |
|   | O      | 33             | 12       | 13     | 12     | 14     | 14     | 14     |
| <b>Public Enterprise Funds:</b>   |        |                |          |        |        |        |        |        |
| Limitation on inspection and weighing services expenses:                    |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory                   | 352 BA | 34             | 42       | 42     | 42     | 42     | 42     | 42     |
| Outlays   | O      | 34             | 42       | 42     | 42     | 42     | 42     | 42     |
| Limitation on inspection and weighing services expenses (gross)             | BA     | 34             | 42       | 42     | 42     | 42     | 42     | 42     |
|   | O      | 34             | 42       | 42     | 42     | 42     | 42     | 42     |
| Offsetting collections from non-Federal sources                             |        | -34            | -42      | -42    | -42    | -42    | -42    | -42    |
| Total Limitation on inspection and weighing services expenses (net)         | BA     |                |          |        |        |        |        |        |
|   | O      |                |          |        |        |        |        |        |
| Total Federal funds Grain Inspection, Packers and Stockyards Administration | BA     | 33             | 13       | 13     | 13     | 14     | 14     | 14     |
|   | O      | 33             | 12       | 13     | 12     | 14     | 14     | 14     |
| <b>Agricultural Marketing Service</b>                                       |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>   |        |                |          |        |        |        |        |        |
| Marketing services:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 352 BA | 71             | 75       | 76     | 77     | 79     | 81     | 83     |
| Spending authority from offsetting collections, discretionary               | BA     | 46             | 65       | 66     | 67     | 69     | 70     | 72     |
| Outlays   | O      | 121            | 126      | 146    | 144    | 148    | 150    | 154    |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Limitation on administrative level .....   |        | (61)           | (62)     | (63)  | (64)  | (65)  | (67)  | (69)  |
| Marketing services (gross) .....   | BA     | 117            | 140      | 142   | 144   | 148   | 151   | 155   |
|  | O      | 121            | 126      | 146   | 144   | 148   | 150   | 154   |
| Offsetting collections from non-Federal sources .....                              |        | -46            | -65      | -66   | -67   | -69   | -70   | -72   |
| Total Marketing services (net) .....   | BA     | 71             | 75       | 76    | 77    | 79    | 81    | 83    |
|  | O      | 75             | 61       | 80    | 77    | 79    | 80    | 82    |
| 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 | 9              | 8        | 8     | 8     | 8     | 8     | 8     |
| Outlays .....  | O      | .....          | 8        | 8     | 8     | 8     | 8     | 8     |
| Funds for strengthening markets, income, and supply (section 32):                  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 605 BA | 888            | 978      | 1,148 | 1,148 | 1,148 | 1,148 | 1,148 |
| Spending authority from offsetting collections, mandatory .....                    | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  | O      | 915            | 1,170    | 848   | 1,148 | 1,148 | 1,148 | 1,148 |
| Funds for strengthening markets, income, and supply (section 32) (gross) .....     | BA     | 889            | 979      | 1,149 | 1,149 | 1,149 | 1,149 | 1,149 |
|  | O      | 915            | 1,170    | 848   | 1,148 | 1,148 | 1,148 | 1,148 |
| Offsetting collections from non-Federal sources .....                              |        | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Funds for strengthening markets, income, and supply (section 32) (net) ..... | BA     | 888            | 978      | 1,148 | 1,148 | 1,148 | 1,148 | 1,148 |
|  | O      | 914            | 1,169    | 847   | 1,147 | 1,147 | 1,147 | 1,147 |
| <i>Trust funds</i>   |        |                |          |       |       |       |       |       |
| Expenses and refunds, inspection and grading of farm products:                     |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 352 BA | 130            | 120      | 120   | 120   | 120   | 120   | 120   |
| Outlays .....  | O      | 116            | 115      | 120   | 120   | 120   | 120   | 120   |
| Milk market orders assessment fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....                    | 351 BA | 44             | 44       | 44    | 44    | 44    | 44    | 44    |
| Outlays .....  | O      | 43             | 44       | 44    | 44    | 44    | 44    | 44    |
| Milk market orders assessment fund (gross) .....                                   | BA     | 44             | 44       | 44    | 44    | 44    | 44    | 44    |
|  | O      | 43             | 44       | 44    | 44    | 44    | 44    | 44    |
| Offsetting collections from non-Federal sources .....                              |        | -44            | -44      | -44   | -44   | -44   | -44   | -44   |
| Total Milk market orders assessment fund (net) .....                               | BA     | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
|  | O      | -1             | .....    | ..... | ..... | ..... | ..... | ..... |
| Total Federal funds Agricultural Marketing Service .....                           | BA     | 969            | 1,062    | 1,233 | 1,234 | 1,236 | 1,238 | 1,240 |
|  | O      | 990            | 1,239    | 936   | 1,233 | 1,235 | 1,236 | 1,238 |
| Total Trust funds Agricultural Marketing Service .....                             | BA     | 130            | 120      | 120   | 120   | 120   | 120   | 120   |
|  | O      | 115            | 115      | 120   | 120   | 120   | 120   | 120   |

**Risk Management Agency**

*Federal funds*

**General and Special Funds:**

Administrative and operating expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 351 BA | 74 | 71 | 78 | 79 | 81 | 83 | 85 |
| Outlays .....                      | O      | 84 | 73 | 76 | 79 | 81 | 82 | 84 |

**Public Enterprise Funds:**

Federal crop insurance corporation fund:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                              | 351 BA | ..... | -115  | -68   | -69   | -71   | -72   | -74   |
| Appropriation, mandatory .....                                  | BA     | 2,818 | 2,911 | 3,368 | 3,095 | 3,236 | 3,388 | 3,517 |
| Spending authority from offsetting collections, mandatory ..... | BA     | 819   | 1,190 | 856   | 891   | 935   | 971   | 992   |
| Outlays .....   | O      | 3,765 | 4,316 | 3,559 | 3,908 | 4,090 | 4,408 | 4,427 |
| Federal crop insurance corporation fund (gross) .....           | BA     | 3,637 | 3,986 | 4,156 | 3,917 | 4,100 | 4,287 | 4,435 |
|   | O      | 3,765 | 4,316 | 3,559 | 3,908 | 4,090 | 4,408 | 4,427 |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate     |              |              |              |              |              |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |    |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Offsetting collections from non-Federal sources .....     |    | -819           | -1,190       | -856         | -891         | -935         | -971         | -992         |
| Total Federal crop insurance corporation fund (net) ..... | BA | <b>2,818</b>   | <b>2,796</b> | <b>3,300</b> | <b>3,026</b> | <b>3,165</b> | <b>3,316</b> | <b>3,443</b> |
|   | O  | 2,946          | 3,126        | 2,703        | 3,017        | 3,155        | 3,437        | 3,435        |
| Total Federal funds Risk Management Agency .....          | BA | <b>2,892</b>   | <b>2,867</b> | <b>3,378</b> | <b>3,105</b> | <b>3,246</b> | <b>3,399</b> | <b>3,528</b> |
|   | O  | 3,030          | 3,199        | 2,779        | 3,096        | 3,236        | 3,519        | 3,519        |

**Farm Service Agency**

*Federal funds*

**General and Special Funds:**

|   |     |    |               |               |               |               |               |               |               |
|---|-----|----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Salaries and expenses:  |     |    |               |               |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 351 | BA | <b>938</b>    | <b>1,036</b>  | <b>1,017</b>  | <b>1,036</b>  | <b>1,057</b>  | <b>1,080</b>  | <b>1,108</b>  |
| Spending authority from offsetting collections, discretionary ..... |     | BA | <b>431</b>    | <b>408</b>    | <b>445</b>    | <b>453</b>    | <b>463</b>    | <b>473</b>    | <b>485</b>    |
| Outlays .....   |     | O  | 1,322         | 1,465         | 1,518         | 1,488         | 1,518         | 1,551         | 1,590         |
| Salaries and expenses (gross) .....                                 |     | BA | <b>1,369</b>  | <b>1,444</b>  | <b>1,462</b>  | <b>1,489</b>  | <b>1,520</b>  | <b>1,553</b>  | <b>1,593</b>  |
|   |     | O  | 1,322         | 1,465         | 1,518         | 1,488         | 1,518         | 1,551         | 1,590         |
| Change in uncollected customer payments from Federal sources .....  |     | BA | <b>-18</b>    |               |               |               |               |               |               |
| Offsetting collections from Federal sources .....                   |     |    | -385          | -377          | -414          | -422          | -430          | -440          | -451          |
| Offsetting collections from non-Federal sources .....               |     |    | -28           | -31           | -31           | -31           | -32           | -33           | -34           |
| Total Salaries and expenses (net) .....                             |     | BA | <b>938</b>    | <b>1,036</b>  | <b>1,017</b>  | <b>1,036</b>  | <b>1,058</b>  | <b>1,080</b>  | <b>1,108</b>  |
|   |     | O  | 909           | 1,057         | 1,073         | 1,035         | 1,056         | 1,078         | 1,105         |
| State mediation grants:   |     |    |               |               |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 351 | BA | <b>3</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      |
| Outlays .....   |     | O  | 3             | 3             | 3             | 4             | 4             | 4             | 4             |
| Tree assistance program:  |     |    |               |               |               |               |               |               |               |
| Outlays .....   | 351 | O  |               | 2             | 2             |               |               |               |               |
| Conservation reserve program:                                       |     |    |               |               |               |               |               |               |               |
| Outlays .....   | 302 | O  | 2             |               |               |               |               |               |               |
| Agricultural conservation program:                                  |     |    |               |               |               |               |               |               |               |
| Spending authority from offsetting collections, discretionary ..... | 302 | BA | <b>6</b>      |               |               |               |               |               |               |
| Outlays .....   |     | O  | 1             | 2             | 2             | 2             | 1             | 1             |               |
| Agricultural conservation program (gross) .....                     |     | BA | <b>6</b>      |               |               |               |               |               |               |
|   |     | O  | 1             | 2             | 2             | 2             | 1             | 1             |               |
| Change in uncollected customer payments from Federal sources .....  |     | BA | <b>-6</b>     |               |               |               |               |               |               |
| Total Agricultural conservation program (net) .....                 |     | BA |               |               |               |               |               |               |               |
|   |     | O  | 1             | 2             | 2             | 2             | 1             | 1             |               |
| Emergency conservation program:                                     |     |    |               |               |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 453 | BA |               | <b>49</b>     |               |               |               |               |               |
| Outlays .....   |     | O  | 32            | 79            | 45            | 27            |               |               |               |
| <b>Public Enterprise Funds:</b>                                     |     |    |               |               |               |               |               |               |               |
| Commodity Credit Corporation fund                                   |     |    |               |               |               |               |               |               |               |
| (Conservation and land management):                                 |     |    |               |               |               |               |               |               |               |
| (Authority to borrow, mandatory) .....                              | 302 | BA | <b>1,985</b>  | <b>2,016</b>  | <b>2,119</b>  | <b>2,149</b>  | <b>2,299</b>  | <b>2,348</b>  | <b>2,267</b>  |
| (Outlays) .....   |     | O  | 2,073         | 2,290         | 2,320         | 2,243         | 2,367         | 2,390         | 2,282         |
| (Farm income stabilization):  |     |    |               |               |               |               |               |               |               |
| (Appropriation, discretionary) .....                                | 351 | BA |               | <b>-175</b>   | <b>-50</b>    | <b>-51</b>    | <b>-52</b>    | <b>-53</b>    | <b>-54</b>    |
| (Authority to borrow, mandatory) .....                              |     | BA | <b>14,760</b> | <b>13,337</b> | <b>12,902</b> | <b>15,809</b> | <b>15,113</b> | <b>13,781</b> | <b>11,982</b> |
| (Spending authority from offsetting collections, mandatory) .....   |     | BA | <b>10,695</b> | <b>11,911</b> | <b>12,850</b> | <b>12,589</b> | <b>12,477</b> | <b>12,257</b> | <b>12,327</b> |
| (Outlays) .....   |     | O  | 24,536        | 25,368        | 25,890        | 28,511        | 27,776        | 26,225        | 24,508        |
| Commodity Credit Corporation fund (gross) .....                     |     | BA | <b>27,440</b> | <b>27,089</b> | <b>27,821</b> | <b>30,496</b> | <b>29,837</b> | <b>28,333</b> | <b>26,522</b> |
|   |     | O  | 26,609        | 27,658        | 28,210        | 30,754        | 30,143        | 28,615        | 26,790        |
| Offsetting collections from Federal sources .....                   |     |    | -1,424        | -1,776        | -1,756        | -1,756        | -1,756        | -1,756        | -1,756        |
| Offsetting collections from non-Federal sources .....               |     |    | -9,271        | -10,135       | -11,094       | -10,833       | -10,721       | -10,501       | -10,571       |
| Total (Farm income stabilization) (net) .....                       |     | BA | <b>14,760</b> | <b>13,162</b> | <b>12,852</b> | <b>15,758</b> | <b>15,061</b> | <b>13,728</b> | <b>11,928</b> |
|   |     | O  | 13,841        | 13,457        | 13,040        | 15,922        | 15,299        | 13,968        | 12,181        |
| Total Commodity Credit Corporation fund .....                       |     | BA | <b>16,745</b> | <b>15,178</b> | <b>14,971</b> | <b>17,907</b> | <b>17,360</b> | <b>16,076</b> | <b>14,195</b> |
|   |     | O  | 15,914        | 15,747        | 15,360        | 18,165        | 17,666        | 16,358        | 14,463        |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate      |               |               |               |               |               |
|--|-----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |           |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| <b>Credit Accounts:</b>  |           |                |               |               |               |               |               |               |
| Agricultural credit insurance fund program account:  |           |                |               |               |               |               |               |               |
| Appropriation, discretionary .....   | 351 BA    | 460            | 499           | 509           | 519           | 529           | 541           | 554           |
| Appropriation, mandatory .....   | BA        | 1,286          | 144           |               |               |               |               |               |
| Outlays .....  | O         | 1,744          | 647           | 510           | 519           | 529           | 540           | 554           |
| Limitation on direct loan activity .....   |           | (885)          | (802)         | (852)         | (868)         | (886)         | (905)         | (928)         |
| Limitation on loan guarantee commitments .....   |           | (2,755)        | (3,000)       | (2,666)       | (2,716)       | (2,771)       | (2,832)       | (2,904)       |
| <b>Total Agricultural credit insurance fund program account .....</b>                      | <b>BA</b> | <b>1,746</b>   | <b>643</b>    | <b>509</b>    | <b>519</b>    | <b>529</b>    | <b>541</b>    | <b>554</b>    |
|  | <b>O</b>  | <b>1,744</b>   | <b>647</b>    | <b>510</b>    | <b>519</b>    | <b>529</b>    | <b>540</b>    | <b>554</b>    |
| Agricultural credit insurance fund liquidating account:                                    |           |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....                            | 351 BA    | 62             | 38            | 17            | 14            | 13            | 11            | 10            |
| Outlays .....  | O         | 12             | 38            | 17            | 14            | 13            | 11            | 10            |
| <b>Agricultural credit insurance fund liquidating account (gross) .....</b>                | <b>BA</b> | <b>62</b>      | <b>38</b>     | <b>17</b>     | <b>14</b>     | <b>13</b>     | <b>11</b>     | <b>10</b>     |
|  | <b>O</b>  | <b>12</b>      | <b>38</b>     | <b>17</b>     | <b>14</b>     | <b>13</b>     | <b>11</b>     | <b>10</b>     |
| Offsetting collections from non-Federal sources .....                                      |           | -862           | -838          | -784          | -550          | -485          | -440          | -400          |
| <b>Total Agricultural credit insurance fund liquidating account (net) .....</b>            | <b>BA</b> | <b>-800</b>    | <b>-800</b>   | <b>-767</b>   | <b>-536</b>   | <b>-472</b>   | <b>-429</b>   | <b>-390</b>   |
|  | <b>O</b>  | <b>-850</b>    | <b>-800</b>   | <b>-767</b>   | <b>-536</b>   | <b>-472</b>   | <b>-429</b>   | <b>-390</b>   |
| Commodity Credit Corporation export loans program account:                                 |           |                |               |               |               |               |               |               |
| Appropriation, discretionary .....   | 351 BA    | 4              | 4             | 4             | 4             | 4             | 4             | 4             |
| Appropriation, mandatory .....   | BA        | 413            | 843           | 297           | 297           | 297           | 297           | 297           |
| Outlays .....  | O         | 261            | 851           | 293           | 301           | 301           | 301           | 301           |
| <b>Total Commodity Credit Corporation export loans program account .....</b>               | <b>BA</b> | <b>417</b>     | <b>847</b>    | <b>301</b>    | <b>301</b>    | <b>301</b>    | <b>301</b>    | <b>301</b>    |
|  | <b>O</b>  | <b>261</b>     | <b>851</b>    | <b>293</b>    | <b>301</b>    | <b>301</b>    | <b>301</b>    | <b>301</b>    |
| Commodity Credit Corporation guaranteed loans liquidating account:                         |           |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....                            | 351 BA    | -3             | 1             | 1             | 1             | 1             | 1             | 1             |
| Outlays .....  | O         | -3             | 1             | 1             |               |               |               |               |
| <b>Commodity Credit Corporation guaranteed loans liquidating account (gross) .....</b>     | <b>BA</b> | <b>-3</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      |
|  | <b>O</b>  | <b>-3</b>      | <b>1</b>      | <b>1</b>      |               |               |               |               |
| Offsetting collections from non-Federal sources .....                                      |           | -498           | -479          | -450          | -438          | -436          | -436          | -432          |
| <b>Total Commodity Credit Corporation guaranteed loans liquidating account (net) .....</b> | <b>BA</b> | <b>-501</b>    | <b>-478</b>   | <b>-449</b>   | <b>-437</b>   | <b>-435</b>   | <b>-435</b>   | <b>-431</b>   |
|  | <b>O</b>  | <b>-501</b>    | <b>-478</b>   | <b>-449</b>   | <b>-438</b>   | <b>-436</b>   | <b>-436</b>   | <b>-432</b>   |
| Farm storage facility loans program account:   |           |                |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 351 BA    | 4              | 2             | 1             | 1             | 1             | 1             | 1             |
| Outlays .....  | O         | 2              | 2             | 1             | 1             | 1             | 1             | 1             |
| Apple loans program account:   |           |                |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 351 BA    |                | 1             |               |               |               |               |               |
| Outlays .....  | O         |                | 1             |               |               |               |               |               |
| Emergency boll weevil loan program account:  |           |                |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 351 BA    |                | 1             |               |               |               |               |               |
| Outlays .....  | O         |                | 1             |               |               |               |               |               |
| <b>Total Federal funds Farm Service Agency .....</b>                                       | <b>BA</b> | <b>18,552</b>  | <b>16,483</b> | <b>15,587</b> | <b>18,795</b> | <b>18,346</b> | <b>17,139</b> | <b>15,342</b> |
|  | <b>O</b>  | <b>17,517</b>  | <b>17,114</b> | <b>16,073</b> | <b>19,080</b> | <b>18,650</b> | <b>17,418</b> | <b>15,606</b> |

**Natural Resources Conservation Service**

Federal funds

**General and Special Funds:**

Conservation operations:

|   |           |            |            |            |            |            |            |            |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 302 BA    | 778        | 703        | 704        | 717        | 732        | 748        | 767        |
| Appropriation, mandatory .....                                      | BA        | 5          | 14         | 14         | 14         | 14         | 14         |            |
| Spending authority from offsetting collections, discretionary ..... | BA        | 123        | 56         | 56         | 57         | 58         | 59         | 61         |
| Outlays .....   | O         | 984        | 816        | 779        | 794        | 806        | 819        | 825        |
| <b>Conservation operations (gross) .....</b>                        | <b>BA</b> | <b>906</b> | <b>773</b> | <b>774</b> | <b>788</b> | <b>804</b> | <b>821</b> | <b>828</b> |
|   | <b>O</b>  | <b>984</b> | <b>816</b> | <b>779</b> | <b>794</b> | <b>806</b> | <b>819</b> | <b>825</b> |
| Change in uncollected customer payments from Federal sources .....  | BA        | 61         |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |           | -167       | -35        | -35        | -36        | -36        | -37        | -38        |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |                   |                   |                   | 2008              |
|---|--------|----------------|--------------|--------------|-------------------|-------------------|-------------------|-------------------|
|   |        |                | 2003         | 2004         | 2005              | 2006              | 2007              |                   |
| Offsetting collections from non-Federal sources .....               |        | -17            | -21          | -21          | -21               | -22               | -22               | -23               |
| Total Conservation operations (net) .....                           | BA     | <b>783</b>     | <b>717</b>   | <b>718</b>   | <b>731</b>        | <b>746</b>        | <b>762</b>        | <b>767</b>        |
|   | O      | 800            | 760          | 723          | 737               | 748               | 760               | 764               |
| Farm bill technical assistance:                                     |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 302 BA |                | <b>333</b>   | <b>432</b>   | <b>440</b>        | <b>449</b>        | <b>459</b>        | <b>471</b>        |
| Outlays .....   | O      |                | 293          | 413          | 437               | 448               | 458               | 469               |
| Farm security and rural investment programs:                        |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 302 BA |                | -145         | -259         | -264              | -269              | -275              | -282              |
| Appropriation, mandatory .....                                      | BA     | <b>567</b>     | <b>1,220</b> | <b>1,677</b> | <b>2,210</b>      | <b>2,219</b>      | <b>2,296</b>      | <b>2,499</b>      |
| Outlays .....   | O      | 213            | 613          | 1,091        | 1,578             | 1,898             | 2,027             | 2,215             |
|   |        |                |              |              | <sup>B</sup> -215 | <sup>B</sup> -332 | <sup>B</sup> -447 | <sup>B</sup> -603 |
|   |        |                |              |              | <sup>B</sup> -215 | <sup>B</sup> -332 | <sup>B</sup> -447 | <sup>B</sup> -603 |
| Total Farm security and rural investment programs .....             | BA     | <b>567</b>     | <b>1,075</b> | <b>1,418</b> | <b>1,731</b>      | <b>1,618</b>      | <b>1,574</b>      | <b>1,614</b>      |
|   | O      | 213            | 613          | 1,091        | 1,363             | 1,566             | 1,580             | 1,612             |
| Watershed surveys and planning:                                     |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 301 BA | <b>11</b>      |              | <b>5</b>     | <b>5</b>          | <b>5</b>          | <b>5</b>          | <b>5</b>          |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | <b>1</b>     | <b>1</b>     | <b>1</b>          | <b>1</b>          | <b>1</b>          | <b>1</b>          |
| Outlays .....   | O      | 11             | 3            | 5            | 6                 | 6                 | 7                 | 7                 |
| Watershed surveys and planning (gross) .....                        | BA     | <b>11</b>      | <b>1</b>     | <b>6</b>     | <b>6</b>          | <b>6</b>          | <b>6</b>          | <b>6</b>          |
|   | O      | 11             | 3            | 5            | 6                 | 6                 | 7                 | 7                 |
| Offsetting collections from non-Federal sources .....               |        |                | -1           | -1           | -1                | -1                | -1                | -1                |
| Total Watershed surveys and planning (net) .....                    | BA     | <b>11</b>      |              | <b>5</b>     | <b>5</b>          | <b>5</b>          | <b>5</b>          | <b>5</b>          |
|   | O      | 11             | 2            | 4            | 5                 | 5                 | 6                 | 6                 |
| Watershed and flood prevention operations:                          |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 301 BA | <b>200</b>     | <b>110</b>   | <b>40</b>    | <b>41</b>         | <b>42</b>         | <b>42</b>         | <b>44</b>         |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>22</b>      | <b>2</b>     | <b>5</b>     | <b>5</b>          | <b>5</b>          | <b>5</b>          | <b>5</b>          |
| Outlays .....   | O      | 195            | 228          | 214          | 91                | 76                | 47                | 48                |
| Watershed and flood prevention operations (gross) .....             | BA     | <b>222</b>     | <b>112</b>   | <b>45</b>    | <b>46</b>         | <b>47</b>         | <b>47</b>         | <b>49</b>         |
|   | O      | 195            | 228          | 214          | 91                | 76                | 47                | 48                |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |              |              |                   |                   |                   |                   |
| Offsetting collections from Federal sources .....                   |        | -14            |              | -3           | -3                | -3                | -3                | -3                |
| Offsetting collections from non-Federal sources .....               |        | -7             | -2           | -2           | -2                | -2                | -2                | -2                |
| Total Watershed and flood prevention operations (net) .....         | BA     | <b>200</b>     | <b>110</b>   | <b>40</b>    | <b>41</b>         | <b>42</b>         | <b>42</b>         | <b>44</b>         |
|   | O      | 174            | 226          | 209          | 86                | 71                | 42                | 43                |
| Watershed rehabilitation program:                                   |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 301 BA | <b>10</b>      | -45          | -40          | -40               | -40               | -39               | -39               |
| Appropriation, mandatory .....                                      | BA     |                | <b>45</b>    | <b>50</b>    | <b>50</b>         | <b>50</b>         | <b>50</b>         | <b>50</b>         |
| Outlays .....   | O      | 6              | 2            | 8            | 9                 | 10                | 10                | 10                |
| Total Watershed rehabilitation program .....                        | BA     | <b>10</b>      |              | <b>10</b>    | <b>10</b>         | <b>10</b>         | <b>11</b>         | <b>11</b>         |
|   | O      | 6              | 2            | 8            | 9                 | 10                | 10                | 10                |
| Resource conservation and development:                              |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 302 BA | <b>48</b>      | <b>49</b>    | <b>50</b>    | <b>51</b>         | <b>52</b>         | <b>53</b>         | <b>54</b>         |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | <b>1</b>     | <b>1</b>     | <b>1</b>          | <b>1</b>          | <b>1</b>          | <b>1</b>          |
| Outlays .....   | O      | 49             | 50           | 52           | 52                | 53                | 54                | 55                |
| Resource conservation and development (gross) .....                 | BA     | <b>48</b>      | <b>50</b>    | <b>51</b>    | <b>52</b>         | <b>53</b>         | <b>54</b>         | <b>55</b>         |
|   | O      | 49             | 50           | 52           | 52                | 53                | 54                | 55                |
| Offsetting collections from non-Federal sources .....               |        |                | -1           | -1           | -1                | -1                | -1                | -1                |
| Total Resource conservation and development (net) .....             | BA     | <b>48</b>      | <b>49</b>    | <b>50</b>    | <b>51</b>         | <b>52</b>         | <b>53</b>         | <b>54</b>         |
|   | O      | 49             | 49           | 51           | 51                | 52                | 53                | 54                |
| Great plains conservation program:                                  |        |                |              |              |                   |                   |                   |                   |
| Outlays .....   | 302 O  | 2              | 2            | 1            |                   |                   |                   |                   |
| Forestry incentives program:  |        |                |              |              |                   |                   |                   |                   |
| Appropriation, discretionary .....                                  | 302 BA | <b>7</b>       |              |              |                   |                   |                   |                   |
| Outlays .....   | O      | 7              | 6            | 6            | 2                 |                   |                   |                   |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   | 2002<br>actual     | estimate     |              |              |              |              |              |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |                    | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Water bank program:   |                    |              |              |              |              |              |              |
| Outlays .....   | 302 O              | 3            | 3            | 1            |              |              |              |
| Colorado river basin salinity control program:                    |                    |              |              |              |              |              |              |
| Outlays .....   | 304 O              | 1            | 1            | 1            |              |              |              |
| Wetlands reserve program:   |                    |              |              |              |              |              |              |
| Outlays .....   | 302 O              | 1            | 3            | 3            |              |              |              |
| Wildlife habitat incentives program:                              |                    |              |              |              |              |              |              |
| Outlays .....   | 302 O              | 6            | 4            | 4            | 4            | 4            | 4            |
| <b>Credit Accounts:</b>   |                    |              |              |              |              |              |              |
| Agricultural resource conservation demonstration program account: |                    |              |              |              |              |              |              |
| Appropriation, mandatory .....                                    | 351 BA             |              | 1            |              |              |              |              |
| Outlays .....   | O                  | 3            | 1            |              |              |              |              |
|   | <i>Trust funds</i> |              |              |              |              |              |              |
| Miscellaneous contributed funds:                                  |                    |              |              |              |              |              |              |
| Appropriation, mandatory .....                                    | 302 BA             | 11           |              |              |              |              |              |
| Outlays .....   | O                  | 4            | 4            | 4            | 3            |              |              |
| Total Federal funds Natural Resources Conservation Service .....  | BA                 | <b>1,626</b> | <b>2,285</b> | <b>2,673</b> | <b>3,009</b> | <b>2,922</b> | <b>2,906</b> |
|   | O                  | 1,276        | 1,965        | 2,515        | 2,694        | 2,904        | 2,962        |
| Total Trust funds Natural Resources Conservation Service .....    | BA                 | <b>11</b>    |              |              |              |              |              |
|   | O                  | 4            | 4            | 4            | 3            |              |              |

**Rural Development**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 452 BA | 133        | 141        | 148        | 151        | 154        | 157        | 161        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 482        | 509        | 552        | 562        | 574        | 586        | 601        |
| Outlays .....   | O      | 623        | 638        | 691        | 709        | 724        | 740        | 758        |
| Salaries and expenses (gross) .....                                 | BA     | <b>615</b> | <b>650</b> | <b>700</b> | <b>713</b> | <b>728</b> | <b>743</b> | <b>762</b> |
|   | O      | 623        | 638        | 691        | 709        | 724        | 740        | 758        |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1         |            |            |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 16         |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -497       | -509       | -552       | -562       | -574       | -586       | -601       |
| Total Salaries and expenses (net) .....                             | BA     | <b>133</b> | <b>141</b> | <b>148</b> | <b>151</b> | <b>154</b> | <b>157</b> | <b>161</b> |
|   | O      | 126        | 129        | 139        | 147        | 150        | 154        | 157        |

**Credit Accounts:**

Rural community advancement program:

|   |        |              |            |            |            |            |            |            |
|---|--------|--------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....              | 452 BA | 806          | 792        | 478        | 487        | 497        | 508        | 521        |
| Appropriation, mandatory .....                  | BA     | 434          |            |            |            |            |            |            |
| Outlays .....                                   | O      | 842          | 704        | 632        | 616        | 561        | 560        | 539        |
| Limitation on direct loan activity .....        |        | (1,051)      | (1,064)    | (1,305)    | (1,329)    | (1,356)    | (1,386)    | (1,422)    |
| Limitation on loan guarantee commitments .....  |        | (989)        | (1,018)    | (887)      | (904)      | (922)      | (942)      | (966)      |
| Total Rural community advancement program ..... | BA     | <b>1,240</b> | <b>792</b> | <b>478</b> | <b>487</b> | <b>497</b> | <b>508</b> | <b>521</b> |
|   | O      | 842          | 704        | 632        | 616        | 561        | 560        | 539        |
| Total Federal funds Rural Development .....     | BA     | <b>1,373</b> | <b>933</b> | <b>626</b> | <b>638</b> | <b>651</b> | <b>665</b> | <b>682</b> |
|   | O      | 968          | 833        | 771        | 763        | 711        | 714        | 696        |

**Rural Housing Service**

*Federal funds*

**General and Special Funds:**

Rural housing assistance grants:

|                                      |        |     |     |     |     |     |     |     |
|--------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....   | 604 BA | 39  | 42  | 42  | 43  | 43  | 45  | 46  |
| Outlays .....                        | O      | 48  | 53  | 51  | 45  | 44  | 44  | 44  |
| Rental assistance program:           |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....   | 604 BA | 701 | 712 | 740 | 754 | 769 | 786 | 806 |
| Outlays .....                        | O      | 651 | 689 | 717 | 750 | 773 | 792 | 805 |
| Mutual and self-help housing grants: |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....   | 604 BA | 35  | 34  | 34  | 35  | 35  | 36  | 37  |
| Outlays .....                        | O      | 26  | 42  | 38  | 41  | 35  | 36  | 38  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |         | 2002<br>actual   | estimate         |                  |                  |                  |                  | 2008             |
|--|---------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |         |                  | 2003             | 2004             | 2005             | 2006             | 2007             |                  |
| Rural community grants:                                      |         |                  |                  |                  |                  |                  |                  |                  |
| Appropriation, discretionary                                 | 452 BA  |                  | -10              | -10              | -10              | -10              | -10              |                  |
| Appropriation, mandatory                                     | BA      |                  | 10               | 10               | 10               | 10               | 10               |                  |
| Outlays  | O       |                  |                  |                  |                  |                  |                  |                  |
| Total Rural community grants                                 | BA<br>O |                  |                  |                  |                  |                  |                  |                  |
| Rural community fire protection grants:                      |         |                  |                  |                  |                  |                  |                  |                  |
| Outlays  | 452 O   | 1                |                  |                  |                  |                  |                  |                  |
| <b>Credit Accounts:</b>                                      |         |                  |                  |                  |                  |                  |                  |                  |
| Farm labor program account:                                  |         |                  |                  |                  |                  |                  |                  |                  |
| Appropriation, discretionary                                 | 604 BA  | 31               | 35               | 35               | 35               | 37               | 37               | 39               |
| Outlays  | O       | 2                | 12               | 23               | 41               | 22               | 30               | 33               |
| Limitation on direct loan activity                           |         | (47)             | (36)             | (42)             | (43)             | (44)             | (45)             | (46)             |
| Rural housing insurance fund program account:                |         |                  |                  |                  |                  |                  |                  |                  |
| Appropriation, discretionary                                 | 371 BA  | 664              | 692              | 696              | 709              | 723              | 739              | 759              |
| Appropriation, mandatory                                     | BA      | 168              | 2                |                  |                  |                  |                  |                  |
| Outlays  | O       | 837              | 712              | 715              | 708              | 719              | 735              | 756              |
| Limitation on direct loan activity                           |         | (1,248)          | (1,074)          | (1,494)          | (1,522)          | (1,553)          | (1,587)          | (1,627)          |
| Limitation on loan guarantee commitments                     |         | (2,724)          | (2,850)          | (2,825)          | (2,878)          | (2,936)          | (3,001)          | (3,077)          |
| Total Rural housing insurance fund program account           | BA<br>O | 832<br>837       | 694<br>712       | 696<br>715       | 709<br>708       | 723<br>719       | 739<br>735       | 759<br>756       |
| Rural housing insurance fund liquidating account:            |         |                  |                  |                  |                  |                  |                  |                  |
| Spending authority from offsetting collections, mandatory    | 371 BA  | 489              | 371              | 239              | 195              | 89               | 65               | 60               |
| Outlays  | O       | 589              | 397              | 239              | 217              | 177              | 64               | 60               |
| Rural housing insurance fund liquidating account (gross)     | BA<br>O | 489<br>589       | 371<br>397       | 239<br>239       | 195<br>217       | 89<br>177        | 65<br>64         | 60<br>60         |
| Offsetting collections from Federal sources                  |         | -4               |                  |                  |                  |                  |                  |                  |
| Offsetting collections from non-Federal sources              |         | -1,862           | -1,703           | -1,529           | -1,396           | -1,283           | -1,189           | -1,102           |
| Total Rural housing insurance fund liquidating account (net) | BA<br>O | -1,377<br>-1,277 | -1,332<br>-1,306 | -1,290<br>-1,290 | -1,201<br>-1,179 | -1,194<br>-1,106 | -1,124<br>-1,125 | -1,042<br>-1,042 |
| Total Federal funds Rural Housing Service                    | BA<br>O | 261<br>288       | 185<br>202       | 257<br>254       | 375<br>406       | 413<br>487       | 519<br>512       | 645<br>634       |

**Rural Business — Cooperative Service**

*Federal funds*

**General and Special Funds:**

|  |         |          |          |          |          |          |          |          |
|--|---------|----------|----------|----------|----------|----------|----------|----------|
| Rural empowerment zones and enterprise community grants:     |         |          |          |          |          |          |          |          |
| Appropriation, discretionary                                 | 452 BA  | 15       |          |          |          |          |          |          |
| Outlays  | O       | 13       | 14       | 13       | 3        |          |          |          |
| Rural cooperative development grants:                        |         |          |          |          |          |          |          |          |
| Appropriation, discretionary                                 | 452 BA  | 8        | -21      | -29      | -29      | -29      | -29      | 10       |
| Appropriation, mandatory                                     | BA      | 40       | 40       | 40       | 40       | 40       | 40       |          |
| Outlays  | O       | 18       | 41       | 23       | 13       | 13       | 13       | 11       |
| Total Rural cooperative development grants                   | BA<br>O | 48<br>18 | 19<br>41 | 11<br>23 | 11<br>13 | 11<br>13 | 11<br>13 | 10<br>11 |
| Rural economic development grants:                           |         |          |          |          |          |          |          |          |
| Spending authority from offsetting collections, mandatory    | 452 BA  | 15       | 17       | 17       | 17       | 17       | 17       | 17       |
| Outlays  | O       | 3        | 4        | 15       | 18       | 20       | 20       | 20       |
| Rural economic development grants (gross)                    | BA<br>O | 15<br>3  | 17<br>4  | 17<br>15 | 17<br>18 | 17<br>20 | 17<br>20 | 17<br>20 |
| Change in uncollected customer payments from Federal sources | BA      | -12      | -1       |          |          |          |          |          |
| Offsetting collections from Federal sources                  |         | -3       | -16      | -17      | -17      | -17      | -17      | -17      |
| Total Rural economic development grants (net)                | BA<br>O |          | -12      | -2       | 1        | 3        | 3        | 3        |
| National Sheep Industry Improvement Center:                  |         |          |          |          |          |          |          |          |
| Appropriation, mandatory                                     | 452 BA  | 1        |          |          |          |          |          |          |
| Outlays  | O       | 1        | 2        | 1        | 1        |          |          |          |



**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   | 2002<br>actual | estimate   |            |            |            |           |           |
|---|----------------|------------|------------|------------|------------|-----------|-----------|
|   |                | 2003       | 2004       | 2005       | 2006       | 2007      | 2008      |
| <b>Rural strategic investment program grants:</b>                     |                |            |            |            |            |           |           |
| Appropriation, discretionary .....                                    | 452 BA         | -15        |            |            |            |           |           |
| Appropriation, mandatory .....  | BA             | 100        |            |            |            |           |           |
| Outlays .....   | O              |            | 43         | 43         |            |           |           |
| <b>Total Rural strategic investment program grants .....</b>          | <b>BA</b>      | <b>85</b>  |            |            |            |           |           |
|   | <b>O</b>       |            | 43         | 43         |            |           |           |
| <b>Credit Accounts:</b>   |                |            |            |            |            |           |           |
| <b>Rural development loan fund program account:</b>                   |                |            |            |            |            |           |           |
| Appropriation, discretionary .....                                    | 452 BA         | 17         | 24         | 22         | 22         | 23        | 24        |
| Appropriation, mandatory .....  | BA             | 1          |            |            |            |           |           |
| Outlays .....   | O              | 21         | 26         | 23         | 23         | 23        | 23        |
| Limitation on direct loan activity .....                              |                | (31)       | (40)       | (40)       | (41)       | (42)      | (44)      |
| <b>Total Rural development loan fund program account .....</b>        | <b>BA</b>      | <b>18</b>  | <b>24</b>  | <b>22</b>  | <b>22</b>  | <b>23</b> | <b>24</b> |
|   | <b>O</b>       | <b>21</b>  | <b>26</b>  | <b>23</b>  | <b>23</b>  | <b>22</b> | <b>23</b> |
| <b>Rural development loan fund liquidating account:</b>               |                |            |            |            |            |           |           |
| Offsetting collections from non-Federal sources .....                 | 452            | -4         | -4         | -4         | -4         | -4        | -3        |
| <b>Rural development loan fund liquidating account (net) .....</b>    | <b>BA</b>      | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b> | <b>-3</b> |
|   | <b>O</b>       | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b> | <b>-3</b> |
| <b>Rural economic development loans program account:</b>              |                |            |            |            |            |           |           |
| Appropriation, discretionary .....                                    | 452 BA         | 4          | 3          | 3          | 3          | 3         | 3         |
| Outlays .....   | O              | 5          | 4          | 4          | 3          | 3         | 3         |
| Limitation on direct loan activity .....                              |                | (15)       | (15)       | (15)       | (15)       | (16)      | (16)      |
| <b>Rural business investment program account:</b>                     |                |            |            |            |            |           |           |
| Appropriation, mandatory .....  | 452 BA         | 100        |            |            |            |           |           |
| Outlays .....   | O              |            | 20         | 38         | 27         | 10        | 5         |
| Limitation on loan guarantee commitments .....                        |                |            | (280)      |            |            |           |           |
| <b>Renewable energy program account:</b>                              |                |            |            |            |            |           |           |
| Appropriation, discretionary .....                                    | 451 BA         | -5         | -20        | -20        | -20        | -20       |           |
| Appropriation, mandatory .....  | BA             | 23         | 23         | 23         | 23         | 23        |           |
| Outlays .....   | O              | 8          | 8          | 5          | 3          | 4         | 2         |
| <b>Total Renewable energy program account .....</b>                   | <b>BA</b>      | <b>18</b>  | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>  |           |
|   | <b>O</b>       | <b>8</b>   | <b>8</b>   | <b>5</b>   | <b>3</b>   | <b>4</b>  | <b>2</b>  |
| <b>Total Federal funds Rural Business — Cooperative Service .....</b> | <b>BA</b>      | <b>182</b> | <b>145</b> | <b>35</b>  | <b>35</b>  | <b>36</b> | <b>34</b> |
|   | <b>O</b>       | <b>54</b>  | <b>99</b>  | <b>147</b> | <b>115</b> | <b>51</b> | <b>39</b> |

**Rural Utilities Service**

*Federal funds*

**General and Special Funds:**

|                          |       |   |   |   |   |  |  |
|--------------------------|-------|---|---|---|---|--|--|
| High energy cost grants: |       |   |   |   |   |  |  |
| Outlays .....            | 452 O | 5 | 3 | 5 | 2 |  |  |

**Public Enterprise Funds:**

|   |           |          |          |          |          |          |          |
|---|-----------|----------|----------|----------|----------|----------|----------|
| <b>Rural communication development fund liquidating account:</b>                  |           |          |          |          |          |          |          |
| Appropriation, mandatory .....  | 452 BA    | 1        | 2        | 2        | 2        | 2        | 2        |
| Spending authority from offsetting collections, mandatory .....                   | BA        |          | 1        | 1        | 1        | 1        | 1        |
| Outlays .....   | O         | 2        | 2        | 2        | 2        | 1        | 1        |
| <b>Rural communication development fund liquidating account (gross) .....</b>     | <b>BA</b> | <b>1</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> |
|   | <b>O</b>  | <b>2</b> | <b>2</b> | <b>2</b> | <b>1</b> | <b>1</b> | <b>1</b> |
| Offsetting collections from non-Federal sources .....                             |           |          | -1       | -1       | -1       | -1       | -1       |
| <b>Total Rural communication development fund liquidating account (net) .....</b> | <b>BA</b> | <b>1</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
|   | <b>O</b>  | <b>2</b> | <b>1</b> | <b>1</b> | <b>1</b> |          |          |

**Credit Accounts:**

|  |        |         |         |         |         |         |         |
|--|--------|---------|---------|---------|---------|---------|---------|
| <b>Rural electrification and telecommunications loans program account:</b> |        |         |         |         |         |         |         |
| Appropriation, discretionary .....   | 271 BA | 42      | 50      | 42      | 43      | 44      | 46      |
| Appropriation, mandatory .....   | BA     | 34      |         |         |         |         |         |
| Outlays .....  | O      | 98      | 70      | 65      | 55      | 49      | 48      |
| Limitation on direct loan activity .....                                   |        | (4,569) | (3,016) | (3,035) | (3,092) | (3,155) | (3,306) |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        | 2008   |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| Limitation on loan guarantee commitments .....                                     |        |                | (100)    | (100)  | (102)  | (104)  | (106)  | (109)  |
| Total Rural electrification and telecommunications loans program account .....     | BA     | 76             | 50       | 42     | 43     | 44     | 45     | 46     |
|  | O      | 98             | 70       | 65     | 55     | 49     | 47     | 48     |
| Rural electrification and telecommunications liquidating account:                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 271 BA |                | -3       | -3     | -3     | -3     | -3     | -3     |
| Appropriation, mandatory .....   | BA     | 20             | 77       | 370    | 349    | 180    | 179    | 436    |
| Spending authority from offsetting collections, mandatory .....                    | BA     | 1,025          | 1,002    | 634    | 745    | 727    | 606    | 306    |
| Outlays .....  | O      | 1,215          | 1,079    | 1,004  | 1,094  | 907    | 785    | 742    |
| Rural electrification and telecommunications liquidating account (gross) .....     | BA     | 1,045          | 1,076    | 1,001  | 1,091  | 904    | 782    | 739    |
|  | O      | 1,215          | 1,079    | 1,004  | 1,094  | 907    | 785    | 742    |
| Offsetting collections from non-Federal sources .....                              |        | -2,859         | -2,427   | -2,223 | -2,026 | -1,864 | -1,706 | -1,560 |
| Total Rural electrification and telecommunications liquidating account (net) ..... | BA     | -1,814         | -1,351   | -1,222 | -935   | -960   | -924   | -821   |
|  | O      | -1,644         | -1,348   | -1,219 | -932   | -957   | -921   | -818   |
| Rural telephone bank program account:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 452 BA | 7              | 3        | 3      | 3      | 3      | 3      | 3      |
| Appropriation, mandatory .....   | BA     | 4              | 1        |        |        |        |        |        |
| Outlays .....  | O      | 8              | 6        | 5      | 5      | 5      | 5      | 5      |
| Limitation on direct loan activity .....   |        | (175)          |          |        |        |        |        |        |
| Total Rural telephone bank program account .....                                   | BA     | 11             | 4        | 3      | 3      | 3      | 3      | 3      |
|  | O      | 8              | 6        | 5      | 5      | 5      | 5      | 5      |
| Rural telephone bank liquidating account:  |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....   | 452 BA | -23            | -22      | -22    | -20    | -18    | -18    | -17    |
| Spending authority from offsetting collections, mandatory .....                    | BA     | 211            | 129      | 118    | 117    | 113    | 107    | 99     |
| Outlays .....  | O      | 23             | 29       | 29     | 27     | 40     | 38     | 51     |
| Rural telephone bank liquidating account (gross) .....                             | BA     | 188            | 107      | 96     | 97     | 95     | 89     | 82     |
|  | O      | 23             | 29       | 29     | 27     | 40     | 38     | 51     |
| Offsetting collections from interest on Federal securities .....                   |        | -53            |          |        |        |        |        |        |
| Offsetting collections from non-Federal sources .....                              |        | -167           | -138     | -126   | -125   | -111   | -107   | -99    |
| Total Rural telephone bank liquidating account (net) .....                         | BA     | -32            | -31      | -30    | -28    | -16    | -18    | -17    |
|  | O      | -197           | -109     | -97    | -98    | -71    | -69    | -48    |
| Distance learning, telemedicine, and broadband program:                            |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 452 BA | 49             | 27       | 16     | 16     | 27     | 29     | 39     |
| Appropriation, mandatory .....   | BA     | 21             | 20       | 20     | 20     | 10     | 10     |        |
| Outlays .....  | O      | 20             | 21       | 30     | 33     | 35     | 36     | 38     |
| Limitation on direct loan activity .....   |        | (380)          | (825)    | (246)  | (251)  | (256)  | (261)  | (268)  |
| Total Distance learning, telemedicine, and broadband program .....                 | BA     | 70             | 47       | 36     | 36     | 37     | 39     | 39     |
|  | O      | 20             | 21       | 30     | 33     | 35     | 36     | 38     |
| Local television loan guarantee program account:                                   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 452 BA | 10             |          |        |        |        |        |        |
| Appropriation, mandatory .....   | BA     | 80             |          |        |        |        |        |        |
| Outlays .....  | O      | 2              | 18       | 39     | 22     | 2      |        |        |
| Limitation on loan guarantee commitments .....                                     |        | (103)          |          |        |        |        |        |        |
| Total Local television loan guarantee program account .....                        | BA     | 90             |          |        |        |        |        |        |
|  | O      | 2              | 18       | 39     | 22     | 2      |        |        |
| Rural development insurance fund liquidating account:                              |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....   | 452 BA | 265            | 156      | 65     |        |        |        |        |
| Outlays .....  | O      | 368            | 170      | 116    | 25     | 5      |        |        |
| Rural development insurance fund liquidating account (gross) .....                 | BA     | 265            | 156      | 65     |        |        |        |        |
|  | O      | 368            | 170      | 116    | 25     | 5      |        |        |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |        |        |        |        |        |
|--|----|----------------|----------|--------|--------|--------|--------|--------|
|  |    |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Offsetting collections from non-Federal sources .....                  |    | -428           | -323     | -303   | -284   | -267   | -250   | -235   |
| Total Rural development insurance fund liquidating account (net) ..... | BA | -163           | -167     | -238   | -284   | -267   | -250   | -235   |
|  | O  | -60            | -153     | -187   | -259   | -262   | -250   | -235   |
| Total Federal funds Rural Utilities Service .....                      | BA | -1,761         | -1,446   | -1,407 | -1,163 | -1,157 | -1,103 | -983   |
|  | O  | -1,766         | -1,491   | -1,358 | -1,171 | -1,199 | -1,152 | -1,010 |

**Foreign Agricultural Service**

*Federal funds*

**General and Special Funds:**

|   |     |    |       |       |       |       |       |       |       |
|---|-----|----|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses:  |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....  | 352 | BA | 134   | 131   | 141   | 144   | 147   | 150   | 154   |
| Spending authority from offsetting collections, discretionary .....         |     | BA | 63    | 72    | 74    | 75    | 77    | 79    | 81    |
| Outlays .....   |     | O  | 203   | 202   | 215   | 219   | 223   | 228   | 234   |
| Salaries and expenses (gross) .....   |     | BA | 197   | 203   | 215   | 219   | 224   | 229   | 235   |
|   |     | O  | 203   | 202   | 215   | 219   | 223   | 228   | 234   |
| Change in uncollected customer payments from Federal sources .....          |     | BA | -36   |       |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....              |     | BA | 49    |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                           |     |    | -76   | -72   | -74   | -75   | -77   | -79   | -81   |
| Total Salaries and expenses (net) .....                                     |     | BA | 134   | 131   | 141   | 144   | 147   | 150   | 154   |
|   |     | O  | 127   | 130   | 141   | 144   | 146   | 149   | 153   |
| Scientific activities overseas (foreign currency program):                  |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 352 | O  | 1     | 1     |       |       |       |       |       |
| Public Law 480 title I ocean freight differential grants:                   |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....  | 351 | BA | 20    | 28    | 28    | 29    | 29    | 30    | 31    |
| Spending authority from offsetting collections, mandatory .....             |     | BA | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   |     | O  | 42    | 27    | 37    | 29    | 30    | 30    | 31    |
| Public Law 480 title I ocean freight differential grants (gross) .....      |     | BA | 21    | 29    | 29    | 30    | 30    | 31    | 32    |
|   |     | O  | 42    | 27    | 37    | 29    | 30    | 30    | 31    |
| Offsetting collections from Federal sources .....                           |     |    | -1    | -1    | -1    | -1    | -1    | -1    | -1    |
| Total Public Law 480 title I ocean freight differential grants (net) .....  |     | BA | 20    | 28    | 28    | 29    | 29    | 30    | 31    |
|   |     | O  | 41    | 26    | 36    | 28    | 29    | 29    | 30    |
| Public law 480 title II grants:   |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....  | 151 | BA | 864   | 1,185 | 1,185 | 1,207 | 1,232 | 1,259 | 1,291 |
| Spending authority from offsetting collections, mandatory .....             |     | BA | 23    |       |       |       |       |       |       |
| Outlays .....   |     | O  | 945   | 1,080 | 1,144 | 1,180 | 1,209 | 1,240 | 1,269 |
| Public law 480 title II grants (gross) .....                                |     | BA | 887   | 1,185 | 1,185 | 1,207 | 1,232 | 1,259 | 1,291 |
|   |     | O  | 945   | 1,080 | 1,144 | 1,180 | 1,209 | 1,240 | 1,269 |
| Offsetting collections from Federal sources .....                           |     |    | -23   |       |       |       |       |       |       |
| Total Public law 480 title II grants (net) .....                            |     | BA | 864   | 1,185 | 1,185 | 1,207 | 1,232 | 1,259 | 1,291 |
|   |     | O  | 922   | 1,080 | 1,144 | 1,180 | 1,209 | 1,240 | 1,269 |
| McGovern-Dole international food for education and child nutrition program: |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....  | 151 | BA |       |       | 50    | 51    | 52    | 53    | 54    |
| Outlays .....   |     | O  |       |       | 50    | 51    | 52    | 53    | 54    |
| <b>Credit Accounts:</b>   |     |    |       |       |       |       |       |       |       |
| Public law 480 title I program account:                                     |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....  | 351 | BA | 128   | 101   | 108   | 110   | 112   | 114   | 117   |
| Appropriation, mandatory .....  |     | BA | 63    | 13    |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....         |     | BA | 14    |       |       |       |       |       |       |
| Outlays .....   |     | O  | 251   | 142   | 137   | 114   | 111   | 113   | 116   |
| Limitation on direct loan activity .....                                    |     |    | (168) | (132) | (132) | (134) | (137) | (140) | (144) |
| Public law 480 title I program account (gross) .....                        |     | BA | 205   | 114   | 108   | 110   | 112   | 114   | 117   |
|   |     | O  | 251   | 142   | 137   | 114   | 111   | 113   | 116   |
| Change in uncollected customer payments from Federal sources .....          |     | BA | 13    |       |       |       |       |       |       |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Offsetting collections from Federal sources .....  |        | -27            |          |       |       |       |       |       |
| Total Public law 480 title I program account (net) .....   | BA     | 191            | 114      | 108   | 110   | 112   | 114   | 117   |
|  | O      | 224            | 142      | 137   | 114   | 111   | 113   | 116   |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account:                  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....  | 151 BA | 93             |          |       |       |       |       |       |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross) .....     | BA     | 93             |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....  |        | -8             | -33      | -67   |       |       |       |       |
| Offsetting collections from non-Federal sources .....  |        | -496           | -509     | -438  | -383  | -415  | -401  | -389  |
| Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net) ..... | BA     | -411           | -542     | -505  | -383  | -415  | -401  | -389  |
|  | O      | -504           | -542     | -505  | -383  | -415  | -401  | -389  |
| <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     | 798            | 916      | 1,007 | 1,158 | 1,157 | 1,205 | 1,258 |
|  | O      | 811            | 837      | 1,003 | 1,134 | 1,132 | 1,183 | 1,233 |
| 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:**

|   |        |        |        |        |        |             |             |             |
|---|--------|--------|--------|--------|--------|-------------|-------------|-------------|
| Nutrition programs administration:                                  |        |        |        |        |        |             |             |             |
| Appropriation, discretionary .....                                  | 605 BA | 130    | 137    | 145    | 148    | 151         | 154         | 158         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1      | 1      | 1      | 1      | 1           | 1           | 1           |
| Outlays .....   | O      | 128    | 140    | 146    | 148    | 152         | 155         | 158         |
| Nutrition programs administration (gross) .....                     | BA     | 131    | 138    | 146    | 149    | 152         | 155         | 159         |
|   | O      | 128    | 140    | 146    | 148    | 152         | 155         | 158         |
| Offsetting collections from Federal sources .....                   |        | -1     | -1     | -1     | -1     | -1          | -1          | -1          |
| Total Nutrition programs administration (net) .....                 | BA     | 130    | 137    | 145    | 148    | 151         | 154         | 158         |
|   | O      | 127    | 139    | 145    | 147    | 151         | 154         | 157         |
| Food stamp program:   |        |        |        |        |        |             |             |             |
| Appropriation, discretionary .....                                  | 605 BA | 17     | 17     | 17     | 17     | 18          | 18          | 19          |
| Appropriation, mandatory .....                                      | BA     | 22,832 | 26,233 | 27,729 | 28,219 | 28,461      | 28,859      | 29,713      |
|   |        |        |        |        |        | <i>B-25</i> | <i>B-34</i> | <i>B-36</i> |
| Spending authority from offsetting collections, mandatory .....     | BA     | 105    | 105    | 105    | 105    | 105         | 105         | 105         |
| Outlays .....   | O      | 22,174 | 25,196 | 25,831 | 26,327 | 26,572      | 26,965      | 27,816      |
|   |        |        |        |        |        | <i>B-25</i> | <i>B-34</i> | <i>B-36</i> |
| Food stamp program (gross) .....                                    | BA     | 22,954 | 26,355 | 27,851 | 28,341 | 28,559      | 28,948      | 29,801      |
|   | O      | 22,174 | 25,196 | 25,831 | 26,327 | 26,547      | 26,931      | 27,780      |
| Offsetting collections from non-Federal sources .....               |        | -105   | -105   | -105   | -105   | -105        | -105        | -105        |
| Total Food stamp program (net) .....                                | BA     | 22,849 | 26,250 | 27,746 | 28,236 | 28,454      | 28,843      | 29,696      |
|   | O      | 22,069 | 25,091 | 25,726 | 26,222 | 26,442      | 26,826      | 27,675      |
| Child nutrition programs:   |        |        |        |        |        |             |             |             |
| Appropriation, discretionary .....                                  | 605 BA | 7      | 7      | 13     | 13     | 14          | 14          | 14          |
| Appropriation, mandatory .....                                      | BA     | 10,083 | 10,572 | 11,408 | 11,843 | 12,281      | 12,822      | 13,327      |
| Spending authority from offsetting collections, mandatory .....     | BA     | 6      |        |        |        |             |             |             |
| Outlays .....   | O      | 10,260 | 11,414 | 11,351 | 11,807 | 12,240      | 12,771      | 13,283      |
| Child nutrition programs (gross) .....                              | BA     | 10,096 | 10,579 | 11,421 | 11,856 | 12,295      | 12,836      | 13,341      |
|   | O      | 10,260 | 11,414 | 11,351 | 11,807 | 12,240      | 12,771      | 13,283      |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |               |               |               |               |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |        |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Offsetting collections from Federal sources .....                                   |        | -6             |               |               |               |               |               |               |
| Total Child nutrition programs (net) .....  | BA     | <b>10,090</b>  | <b>10,579</b> | <b>11,421</b> | <b>11,856</b> | <b>12,295</b> | <b>12,836</b> | <b>13,341</b> |
|   | O      | 10,254         | 11,414        | 11,351        | 11,807        | 12,240        | 12,771        | 13,283        |
| Special supplemental nutrition program for women, infants, and children (WIC):      |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....  | 605 BA | <b>4,462</b>   | <b>4,726</b>  | <b>4,769</b>  | <b>4,858</b>  | <b>4,957</b>  | <b>5,066</b>  | <b>5,195</b>  |
| Appropriation, mandatory .....  | BA     | 15             |               |               |               |               |               |               |
| Outlays .....   | O      | 4,330          | 4,818         | 4,746         | 4,851         | 4,949         | 5,057         | 5,184         |
| Total Special supplemental nutrition program for women, infants, and children (WIC) | BA     | <b>4,477</b>   | <b>4,726</b>  | <b>4,769</b>  | <b>4,858</b>  | <b>4,957</b>  | <b>5,066</b>  | <b>5,195</b>  |
|   | O      | 4,330          | 4,818         | 4,746         | 4,851         | 4,949         | 5,057         | 5,184         |
| Commodity assistance program:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....  | 605 BA | <b>150</b>     | <b>145</b>    | <b>166</b>    | <b>169</b>    | <b>173</b>    | <b>176</b>    | <b>180</b>    |
| Appropriation, mandatory .....  | BA     | 5              | 15            | 15            | 15            | 15            | 15            | 15            |
| Spending authority from offsetting collections, mandatory .....                     | BA     | 5              |               |               |               |               |               |               |
| Outlays .....   | O      | 164            | 159           | 179           | 184           | 187           | 191           | 196           |
| Commodity assistance program (gross) .....  | BA     | <b>160</b>     | <b>160</b>    | <b>181</b>    | <b>184</b>    | <b>188</b>    | <b>191</b>    | <b>195</b>    |
|   | O      | 164            | 159           | 179           | 184           | 187           | 191           | 196           |
| Offsetting collections from Federal sources .....                                   |        | -5             |               |               |               |               |               |               |
| Total Commodity assistance program (net) .....                                      | BA     | <b>155</b>     | <b>160</b>    | <b>181</b>    | <b>184</b>    | <b>188</b>    | <b>191</b>    | <b>195</b>    |
|   | O      | 159            | 159           | 179           | 184           | 187           | 191           | 196           |
| Food donations programs:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....  | 605 BA | <b>151</b>     | <b>1</b>      |               |               |               |               |               |
| Outlays .....   | O      | 157            | 40            |               |               |               |               |               |
| Total Federal funds Food and Nutrition Service .....                                | BA     | <b>37,852</b>  | <b>41,853</b> | <b>44,262</b> | <b>45,282</b> | <b>46,045</b> | <b>47,090</b> | <b>48,585</b> |
|   | O      | 37,096         | 41,661        | 42,147        | 43,211        | 43,969        | 44,999        | 46,495        |

**Forest Service**  
*Federal funds*

**General and Special Funds:**

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| National forest system:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 302 BA | <b>1,170</b> | <b>1,366</b> | <b>1,370</b> | <b>1,396</b> | <b>1,424</b> | <b>1,455</b> | <b>1,492</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | 128          | 50           | 50           | 51           | 52           | 53           | 54           |
| Outlays .....   | O      | 1,491        | 1,410        | 1,420        | 1,443        | 1,472        | 1,503        | 1,541        |
| National forest system (gross) .....                                | BA     | <b>1,298</b> | <b>1,416</b> | <b>1,420</b> | <b>1,447</b> | <b>1,476</b> | <b>1,508</b> | <b>1,546</b> |
|   | O      | 1,491        | 1,410        | 1,420        | 1,443        | 1,472        | 1,503        | 1,541        |
| Change in uncollected customer payments from Federal sources .....  | BA     | -15          |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -28          | -13          | -13          | -13          | -14          | -14          | -14          |
| Offsetting collections from non-Federal sources .....               |        | -85          | -37          | -37          | -38          | -38          | -39          | -40          |
| Total National forest system (net) .....                            | BA     | <b>1,170</b> | <b>1,366</b> | <b>1,370</b> | <b>1,396</b> | <b>1,424</b> | <b>1,455</b> | <b>1,492</b> |
|   | O      | 1,378        | 1,360        | 1,370        | 1,392        | 1,420        | 1,450        | 1,487        |
| Capital improvement and maintenance:                                |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 302 BA | <b>455</b>   | <b>552</b>   | <b>525</b>   | <b>535</b>   | <b>546</b>   | <b>558</b>   | <b>572</b>   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10           | 19           | 19           | 19           | 20           | 20           | 21           |
| Outlays .....   | O      | 559          | 565          | 523          | 553          | 562          | 574          | 589          |
| Capital improvement and maintenance (gross) .....                   | BA     | <b>465</b>   | <b>571</b>   | <b>544</b>   | <b>554</b>   | <b>566</b>   | <b>578</b>   | <b>593</b>   |
|   | O      | 559          | 565          | 523          | 553          | 562          | 574          | 589          |
| Change in uncollected customer payments from Federal sources .....  | BA     | 3            |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -9           | -15          | -15          | -15          | -16          | -16          | -16          |
| Offsetting collections from non-Federal sources .....               |        | -4           | -4           | -4           | -4           | -4           | -4           | -4           |
| Total Capital improvement and maintenance (net) .....               | BA     | <b>455</b>   | <b>552</b>   | <b>525</b>   | <b>535</b>   | <b>546</b>   | <b>558</b>   | <b>573</b>   |
|   | O      | 546          | 546          | 504          | 534          | 542          | 554          | 569          |
| Forest and rangeland research:                                      |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 302 BA | <b>241</b>   | <b>243</b>   | <b>253</b>   | <b>258</b>   | <b>263</b>   | <b>269</b>   | <b>276</b>   |
| Spending authority from offsetting collections, discretionary ..... | BA     | -16          | 23           | 23           | 23           | 24           | 24           | 25           |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate     |              |              |              |              |              |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....  | O      | 277            | 193          | 273          | 279          | 285          | 291          | 299          |
| Forest and rangeland research (gross) .....                                    | BA     | <b>225</b>     | <b>266</b>   | <b>276</b>   | <b>281</b>   | <b>287</b>   | <b>293</b>   | <b>301</b>   |
|  | O      | 277            | 193          | 273          | 279          | 285          | 291          | 299          |
| Change in uncollected customer payments from Federal sources .....             | BA     | <b>43</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                              |        | -27            | -23          | -23          | -23          | -24          | -24          | -25          |
| Total Forest and rangeland research (net) .....                                | BA     | <b>241</b>     | <b>243</b>   | <b>253</b>   | <b>258</b>   | <b>263</b>   | <b>269</b>   | <b>276</b>   |
|  | O      | 250            | 170          | 250          | 256          | 261          | 267          | 274          |
| State and private forestry:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | <b>297</b>     | <b>269</b>   | <b>316</b>   | <b>322</b>   | <b>328</b>   | <b>336</b>   | <b>344</b>   |
| Appropriation, mandatory .....   | BA     |                | <b>20</b>    | <b>25</b>    | <b>25</b>    | <b>23</b>    | <b>7</b>     |              |
| Spending authority from offsetting collections, discretionary .....            | BA     | <b>5</b>       | <b>8</b>     | <b>8</b>     | <b>8</b>     | <b>8</b>     | <b>8</b>     | <b>9</b>     |
| Outlays .....  | O      | 311            | 305          | 340          | 354          | 359          | 353          | 352          |
| State and private forestry (gross) .....                                       | BA     | <b>302</b>     | <b>297</b>   | <b>349</b>   | <b>355</b>   | <b>359</b>   | <b>351</b>   | <b>353</b>   |
|  | O      | 311            | 305          | 340          | 354          | 359          | 353          | 352          |
| Change in uncollected customer payments from Federal sources .....             | BA     | <b>5</b>       |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                              |        | -10            | -8           | -8           | -8           | -8           | -8           | -9           |
| Total State and private forestry (net) .....                                   | BA     | <b>297</b>     | <b>289</b>   | <b>341</b>   | <b>347</b>   | <b>351</b>   | <b>343</b>   | <b>344</b>   |
|  | O      | 301            | 297          | 332          | 346          | 351          | 345          | 343          |
| Management of national forest lands for subsistence uses:                      |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | <b>5</b>       | <b>6</b>     | <b>6</b>     | <b>6</b>     | <b>6</b>     | <b>6</b>     | <b>7</b>     |
| Outlays .....  | O      | 5              | 6            | 6            | 6            | 6            | 6            | 7            |
| Wildland fire management:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | <b>1,796</b>   | <b>1,369</b> | <b>1,542</b> | <b>1,571</b> | <b>1,603</b> | <b>1,638</b> | <b>1,680</b> |
| Spending authority from offsetting collections, discretionary .....            | BA     | <b>451</b>     | <b>60</b>    | <b>60</b>    | <b>61</b>    | <b>62</b>    | <b>64</b>    | <b>65</b>    |
| Outlays .....  | O      | 2,097          | 1,760        | 1,605        | 1,656        | 1,661        | 1,697        | 1,741        |
| Wildland fire management (gross) .....   | BA     | <b>2,247</b>   | <b>1,429</b> | <b>1,602</b> | <b>1,632</b> | <b>1,665</b> | <b>1,702</b> | <b>1,745</b> |
|  | O      | 2,097          | 1,760        | 1,605        | 1,656        | 1,661        | 1,697        | 1,741        |
| Change in uncollected customer payments from Federal sources .....             | BA     | <b>6</b>       |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                              |        | -458           | -60          | -60          | -61          | -62          | -64          | -65          |
| Total Wildland fire management (net) .....                                     | BA     | <b>1,795</b>   | <b>1,369</b> | <b>1,542</b> | <b>1,571</b> | <b>1,603</b> | <b>1,638</b> | <b>1,680</b> |
|  | O      | 1,639          | 1,700        | 1,545        | 1,595        | 1,599        | 1,633        | 1,676        |
| Southeast Alaska economic disaster fund:                                       |        |                |              |              |              |              |              |              |
| Outlays .....  | 451 O  | 10             |              |              |              |              |              |              |
| Range betterment fund:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | <b>3</b>       | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     |
| Outlays .....  | O      | 3              | 3            | 3            | 3            | 3            | 4            | 4            |
| Land acquisition:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | <b>151</b>     | <b>132</b>   | <b>45</b>    | <b>46</b>    | <b>47</b>    | <b>48</b>    | <b>49</b>    |
| Outlays .....  | O      | 260            | 115          | 75           | 46           | 46           | 48           | 49           |
| Forest Service permanent appropriations<br>(Conservation and land management): |        |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....   | 302 BA | <b>93</b>      | <b>106</b>   | <b>106</b>   | <b>106</b>   | <b>106</b>   | <b>106</b>   | <b>106</b>   |
|  |        |                |              |              | <i>B</i> 37  | <i>B</i> 50  | <i>B</i> 50  | <i>B</i> 55  |
| (Outlays) .....  | O      | 192            | 109          | 106          | 106          | 106          | 106          | 106          |
|  |        |                |              |              | <i>B</i> 20  | <i>B</i> 38  | <i>B</i> 43  | <i>B</i> 53  |
| Total (Conservation and land management) .....                                 | BA     | <b>93</b>      | <b>106</b>   | <b>106</b>   | <b>143</b>   | <b>156</b>   | <b>156</b>   | <b>161</b>   |
|  | O      | 192            | 109          | 106          | 126          | 144          | 149          | 159          |
| (Recreational resources):  |        |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....   | 303 BA | <b>37</b>      | <b>48</b>    | <b>50</b>    | <b>50</b>    | <b>50</b>    | <b>50</b>    | <b>50</b>    |
| (Outlays) .....  | O      | 78             | 44           | 50           | 50           | 50           | 50           | 50           |
| (General purpose fiscal assistance):   |        |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....   | 806 BA | <b>441</b>     | <b>395</b>   | <b>390</b>   | <b>390</b>   | <b>390</b>   | <b>390</b>   | <b>390</b>   |
| (Outlays) .....  | O      | 441            | 395          | 390          | 390          | 390          | 390          | 390          |
| Total Forest Service permanent appropriations .....                            | BA     | <b>571</b>     | <b>549</b>   | <b>546</b>   | <b>583</b>   | <b>596</b>   | <b>596</b>   | <b>601</b>   |
|  | O      | 711            | 548          | 546          | 566          | 584          | 589          | 599          |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |          | 2002<br>actual | estimate |        |        |        |        |        |
|--|----------|----------------|----------|--------|--------|--------|--------|--------|
|  |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Intragovernmental Funds:</b>                              |          |                |          |        |        |        |        |        |
| Working capital fund:  |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory    | 302 BA   | 226            | 180      | 180    | 134    | 134    | 134    | 134    |
| Outlays  | O        | 253            | 180      | 180    | 134    | 134    | 134    | 134    |
| Working capital fund (gross)                                 | BA       | 226            | 180      | 180    | 134    | 134    | 134    | 134    |
|  | O        | 253            | 180      | 180    | 134    | 134    | 134    | 134    |
| Change in uncollected customer payments from Federal sources | BA       | 2              |          |        |        |        |        |        |
| Offsetting collections from Federal sources                  |          | -228           | -180     | -180   | -134   | -134   | -134   | -134   |
| Total Working capital fund (net)                             | BA       |                |          |        |        |        |        |        |
|  | O        | 25             |          |        |        |        |        |        |
| <i>Trust funds</i>   |          |                |          |        |        |        |        |        |
| Forest Service trust funds:                                  |          |                |          |        |        |        |        |        |
| Appropriation, discretionary                                 | 302 BA   | 276            |          |        |        |        |        |        |
| Appropriation, mandatory                                     | BA       | 107            | 116      | 115    | 200    | 200    | 200    | 200    |
| Spending authority from offsetting collections, mandatory    | BA       | -9             |          |        |        |        |        |        |
| Outlays  | O        | 298            | 131      | 115    | 183    | 200    | 200    | 200    |
| Forest Service trust funds (gross)                           | BA       | 374            | 116      | 115    | 200    | 200    | 200    | 200    |
|  | O        | 298            | 131      | 115    | 183    | 200    | 200    | 200    |
| Offsetting collections from Federal sources                  |          | 9              |          |        |        |        |        |        |
| Total Forest Service trust funds (net)                       | BA       | 383            | 116      | 115    | 200    | 200    | 200    | 200    |
|  | O        | 307            | 131      | 115    | 183    | 200    | 200    | 200    |
| Total Federal funds Forest Service                           | BA       | 4,688          | 4,509    | 4,631  | 4,745  | 4,839  | 4,916  | 5,025  |
|  | O        | 5,128          | 4,745    | 4,631  | 4,744  | 4,812  | 4,896  | 5,008  |
| Total Trust funds Forest Service                             | BA       | 383            | 116      | 115    | 200    | 200    | 200    | 200    |
|  | O        | 307            | 131      | 115    | 183    | 200    | 200    | 200    |
| <b>Summary</b>   |          |                |          |        |        |        |        |        |
| Federal funds:   |          |                |          |        |        |        |        |        |
| (As shown in detail above)                                   | BA       | 72,041         | 74,271   | 76,671 | 81,824 | 82,457 | 82,873 | 83,300 |
|  | O        | 69,540         | 75,278   | 74,446 | 79,896 | 80,638 | 81,050 | 81,343 |
| Deductions for offsetting receipts:                          |          |                |          |        |        |        |        |        |
| Intrafund transactions:                                      |          |                |          |        |        |        |        |        |
|  | 352 BA/O | -9             | -9       | -12    | -12    | -13    | -15    | -15    |
|  | 605 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Proprietary receipts from the public                         | 271 BA/O | -109           | -23      | -20    | -59    | -71    | -84    | -98    |
|  | 302 BA/O | -359           | -227     | -227   | -226   | -219   | -219   | -219   |
|  | 303 BA/O | -39            | -44      | -46    | -4     | -4     | -4     | -4     |
|  | 351 BA/O | -184           | -1,545   | -5     | -4     | -4     | -4     | -4     |
|  | 371 BA/O | -268           | -665     |        |        |        |        |        |
|  | 452 BA/O | -60            | -4       | -5     | -5     | -5     | -5     | -5     |
| Total Federal funds  | BA       | 71,013         | 71,753   | 76,355 | 81,476 | 82,090 | 82,491 | 82,899 |
|  | O        | 68,512         | 72,760   | 74,130 | 79,548 | 80,271 | 80,668 | 80,942 |
| Trust funds:   |          |                |          |        |        |        |        |        |
| (As shown in detail above)                                   | BA       | 558            | 277      | 279    | 365    | 365    | 365    | 365    |
|  | O        | 465            | 290      | 282    | 351    | 366    | 366    | 366    |
| Deductions for offsetting receipts:                          |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public                         | 302 BA/O | -76            | -115     | -123   | -120   | -120   | -120   | -120   |
|  | 352 BA/O | -167           | -159     | -162   | -162   | -162   | -162   | -162   |
| Total Trust funds  | BA       | 315            | 3        | -6     | 83     | 83     | 83     | 83     |
|  | O        | 222            | 16       | -3     | 69     | 84     | 84     | 84     |
| Interfund transactions                                       | 302 BA/O | -1             | -1       | -1     | -1     | -1     | -1     | -1     |
|  | 352 BA/O | -2             | -2       | -2     |        |        |        |        |
| Total Department of Agriculture                              | BA       | 71,325         | 71,753   | 76,346 | 81,558 | 82,172 | 82,573 | 82,981 |
|  | O        | 68,731         | 72,773   | 74,124 | 79,616 | 80,354 | 80,751 | 81,025 |

**DEPARTMENT OF COMMERCE**  
(In millions of dollars)

| Account   | 2002<br>actual | estimate |      |      |      |      |      |      |
|---|----------------|----------|------|------|------|------|------|------|
|   |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |      |
| <b>Departmental Management</b>                                      |                |          |      |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |                |          |      |      |      |      |      |      |
| Salaries and expenses:  |                |          |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA         | 49       | 48   | 57   | 58   | 60   | 61   | 62   |
| Spending authority from offsetting collections, discretionary ..... | BA             | 120      | 138  | 137  | 140  | 142  | 146  | 149  |
| Outlays .....   | O              | 154      | 236  | 193  | 198  | 201  | 206  | 211  |
| Salaries and expenses (gross) .....                                 | BA             | 169      | 186  | 194  | 198  | 202  | 207  | 211  |
|   | O              | 154      | 236  | 193  | 198  | 201  | 206  | 211  |
| Change in uncollected customer payments from Federal sources .....  | BA             | 7        |      |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |                | -127     | -138 | -137 | -140 | -142 | -146 | -149 |
| Total Salaries and expenses (net) .....                             | BA             | 49       | 48   | 57   | 58   | 60   | 61   | 62   |
|   | O              | 27       | 98   | 56   | 58   | 59   | 60   | 62   |
| Office of the Inspector General:                                    |                |          |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA         | 20       | 23   | 23   | 23   | 24   | 24   | 25   |
| Spending authority from offsetting collections, discretionary ..... | BA             | 1        |      |      |      |      |      |      |
| Outlays .....   | O              | 21       | 23   | 23   | 24   | 24   | 25   | 25   |
| Office of the Inspector General (gross) .....                       | BA             | 21       | 23   | 23   | 23   | 24   | 24   | 25   |
|   | O              | 21       | 23   | 23   | 24   | 24   | 25   | 25   |
| Offsetting collections from Federal sources .....                   |                | -1       |      |      |      |      |      |      |
| Total Office of the Inspector General (net) .....                   | BA             | 20       | 23   | 23   | 23   | 24   | 24   | 25   |
|   | O              | 20       | 23   | 23   | 24   | 24   | 25   | 25   |
| <b>Intragovernmental Funds:</b>                                     |                |          |      |      |      |      |      |      |
| Working capital fund:   |                |          |      |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....     | 376 BA         | 114      | 122  | 130  | 130  | 130  | 131  | 131  |
| Outlays .....   | O              | 117      | 141  | 130  | 130  | 130  | 131  | 131  |
| Working capital fund (gross) .....                                  | BA             | 114      | 122  | 130  | 130  | 130  | 131  | 131  |
|   | O              | 117      | 141  | 130  | 130  | 130  | 131  | 131  |
| Offsetting collections from Federal sources .....                   |                | -114     | -122 | -130 | -130 | -130 | -131 | -131 |
| Total Working capital fund (net) .....                              | BA             | 3        | 19   |      |      |      |      |      |
|   | O              |          |      |      |      |      |      |      |
| Franchise fund:   |                |          |      |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....     | 376 BA         | 10       | 17   | 13   | 13   | 13   | 13   | 13   |
| Outlays .....   | O              | 12       | 18   | 13   | 13   | 13   | 13   | 13   |
| Franchise fund (gross) .....  | BA             | 10       | 17   | 13   | 13   | 13   | 13   | 13   |
|   | O              | 12       | 18   | 13   | 13   | 13   | 13   | 13   |
| Change in uncollected customer payments from Federal sources .....  | BA             | 2        |      |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |                | -12      | -17  | -13  | -13  | -13  | -13  | -13  |
| Total Franchise fund (net) .....                                    | BA             |          |      |      |      |      |      |      |
|   | O              |          | 1    |      |      |      |      |      |
| <b>Credit Accounts:</b>   |                |          |      |      |      |      |      |      |
| Emergency oil and gas guaranteed loan program account:              |                |          |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA         | -5       | -1   |      |      |      |      |      |
| Outlays .....   | O              | 2        | 1    |      |      |      |      |      |
| Emergency steel guaranteed loan program account:                    |                |          |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA         |          | -96  | -26  |      |      |      |      |
| Appropriation, mandatory .....                                      | BA             |          | 54   |      |      |      |      |      |
| Outlays .....   | O              | 19       | 56   |      |      |      |      |      |
| Total Emergency steel guaranteed loan program account .....         | BA             |          | -42  | -26  |      |      |      |      |
|   | O              | 19       | 56   |      |      |      |      |      |
| <i>Trust funds</i>  |                |          |      |      |      |      |      |      |
| Gifts and bequests:   |                |          |      |      |      |      |      |      |
| Appropriation, mandatory .....                                      | 376 BA         | 1        | 1    | 1    | 1    | 1    | 1    | 1    |



**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate  |           |           |           |           |           |
|---|----|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |    |                | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      |
| Outlays .....                                     | O  | 1              | 1         | 1         | 1         | 1         | 1         | 1         |
| Total Federal funds Departmental Management ..... | BA | <b>64</b>      | <b>28</b> | <b>54</b> | <b>81</b> | <b>84</b> | <b>85</b> | <b>87</b> |
|   | O  | 71             | 198       | 79        | 82        | 83        | 85        | 87        |
| Total Trust funds Departmental Management .....   | 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         |

**Economic Development Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 452 BA | <b>31</b> | <b>31</b> | <b>33</b> | <b>34</b> | <b>34</b> | <b>35</b> | <b>36</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>2</b>  | <b>2</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
| Outlays .....   | O      | 31        | 32        | 34        | 34        | 35        | 36        | 37        |
| Salaries and expenses (gross) .....                                 | BA     | <b>33</b> | <b>33</b> | <b>34</b> | <b>35</b> | <b>35</b> | <b>36</b> | <b>37</b> |
|   | O      | 31        | 32        | 34        | 34        | 35        | 36        | 37        |
| Offsetting collections from Federal sources .....                   |        | -2        | -2        | -1        | -1        | -1        | -1        | -1        |
| Total Salaries and expenses (net) .....                             | BA     | <b>31</b> | <b>31</b> | <b>33</b> | <b>34</b> | <b>34</b> | <b>35</b> | <b>36</b> |
|   | O      | 29        | 30        | 33        | 33        | 34        | 35        | 36        |

Economic development assistance programs:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 452 BA | <b>335</b> | <b>317</b> | <b>331</b> | <b>337</b> | <b>344</b> | <b>352</b> | <b>361</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>10</b>  | <b>16</b>  | <b>18</b>  | <b>18</b>  | <b>19</b>  | <b>19</b>  | <b>20</b>  |
| Outlays .....   | O      | 365        | 445        | 425        | 403        | 371        | 357        | 361        |
| Economic development assistance programs (gross) .....              | BA     | <b>345</b> | <b>333</b> | <b>349</b> | <b>355</b> | <b>363</b> | <b>371</b> | <b>381</b> |
|   | O      | 365        | 445        | 425        | 403        | 371        | 357        | 361        |
| Offsetting collections from Federal sources .....                   |        | -10        | -16        | -18        | -18        | -19        | -19        | -20        |
| Total Economic development assistance programs (net) .....          | BA     | <b>335</b> | <b>317</b> | <b>331</b> | <b>337</b> | <b>344</b> | <b>352</b> | <b>361</b> |
|   | O      | 355        | 429        | 407        | 385        | 352        | 338        | 341        |

**Credit Accounts:**

Economic development revolving fund liquidating account:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, mandatory .....           | 452 BA | <b>7</b>   | <b>4</b>   | <b>6</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
| Outlays .....   | O      | 5          | 4          | 6          | 5          | 5          | 5          | 5          |
| Economic development revolving fund liquidating account (gross) .....     | BA     | <b>7</b>   | <b>4</b>   | <b>6</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
|   | O      | 5          | 4          | 6          | 5          | 5          | 5          | 5          |
| Offsetting collections from non-Federal sources .....                     |        | -7         | -4         | -6         | -5         | -5         | -5         | -5         |
| Total Economic development revolving fund liquidating account (net) ..... | BA     |            |            |            |            |            |            |            |
|   | O      | -2         |            |            |            |            |            |            |
| Total Federal funds Economic Development Administration .....             | BA     | <b>366</b> | <b>348</b> | <b>364</b> | <b>371</b> | <b>378</b> | <b>387</b> | <b>397</b> |
|   | O      | 382        | 459        | 440        | 418        | 386        | 373        | 377        |

**Bureau of the Census**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |            |            |            |            |            |            |            |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 376 BA | <b>169</b> | <b>205</b> | <b>221</b> | <b>225</b> | <b>230</b> | <b>235</b> | <b>241</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      | 181        | 185        | 225        | 243        | 248        | 253        | 259        |
| Total Salaries and expenses .....  | BA     | <b>189</b> | <b>225</b> | <b>241</b> | <b>245</b> | <b>250</b> | <b>255</b> | <b>261</b> |
|                                    | O      | 181        | 185        | 225        | 243        | 248        | 253        | 259        |

Periodic censuses and programs:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 376 BA | <b>310</b> | <b>500</b> | <b>441</b> | <b>625</b> | <b>583</b> | <b>607</b> | <b>948</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>9</b>   |            |            |            |            |            |            |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |            |              |
|---|--------|----------------|------------|------------|------------|------------|------------|--------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008         |
| Outlays .....   | O      | 464            | 609        | 470        | 587        | 592        | 602        | 876          |
| Periodic censuses and programs (gross) .....                    | BA     | <b>319</b>     | <b>500</b> | <b>441</b> | <b>625</b> | <b>583</b> | <b>607</b> | <b>948</b>   |
|   | O      | 464            | 609        | 470        | 587        | 592        | 602        | 876          |
| Offsetting collections from Federal sources .....               |        | -9             |            |            |            |            |            |              |
| Total Periodic censuses and programs (net) .....                | BA     | <b>310</b>     | <b>500</b> | <b>441</b> | <b>625</b> | <b>583</b> | <b>607</b> | <b>948</b>   |
|   | O      | 455            | 609        | 470        | 587        | 592        | 602        | 876          |
| <b>Intragovernmental Funds:</b>                                 |        |                |            |            |            |            |            |              |
| Census working capital fund:                                    |        |                |            |            |            |            |            |              |
| Spending authority from offsetting collections, mandatory ..... | 376 BA | <b>295</b>     | <b>234</b> | <b>237</b> | <b>237</b> | <b>237</b> | <b>237</b> | <b>237</b>   |
| Outlays .....   | O      | 287            | 234        | 237        | 237        | 237        | 237        | 237          |
| Census working capital fund (gross) .....                       | BA     | <b>295</b>     | <b>234</b> | <b>237</b> | <b>237</b> | <b>237</b> | <b>237</b> | <b>237</b>   |
|   | O      | 287            | 234        | 237        | 237        | 237        | 237        | 237          |
| Offsetting collections from Federal sources .....               |        | -295           | -234       | -237       | -237       | -237       | -237       | -237         |
| Total Census working capital fund (net) .....                   | BA     |                |            |            |            |            |            |              |
|   | O      | -8             |            |            |            |            |            |              |
| Total Federal funds Bureau of the Census .....                  | BA     | <b>499</b>     | <b>725</b> | <b>682</b> | <b>870</b> | <b>833</b> | <b>862</b> | <b>1,209</b> |
|   | O      | 628            | 794        | 695        | 830        | 840        | 855        | 1,135        |

**Economic and Statistical Analysis**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 376 BA | <b>62</b> | <b>73</b> | <b>85</b> | <b>87</b> | <b>88</b> | <b>90</b> | <b>93</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  |
| Outlays .....   | O      | 62        | 76        | 86        | 88        | 90        | 92        | 94        |
| Salaries and expenses (gross) .....                                 | BA     | <b>64</b> | <b>75</b> | <b>87</b> | <b>89</b> | <b>90</b> | <b>92</b> | <b>95</b> |
|   | O      | 62        | 76        | 86        | 88        | 90        | 92        | 94        |
| Offsetting collections from Federal sources .....                   |        | -2        | -2        | -2        | -2        | -2        | -2        | -2        |
| Total Salaries and expenses (net) .....                             | BA     | <b>62</b> | <b>73</b> | <b>85</b> | <b>87</b> | <b>88</b> | <b>90</b> | <b>93</b> |
|   | O      | 60        | 74        | 84        | 86        | 88        | 90        | 92        |

**Public Enterprise Funds:**

Economics and statistics administration revolving fund:

|  |        |           |           |           |           |           |           |           |
|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Spending authority from offsetting collections, discretionary .....      | 376 BA | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  |
| Outlays .....  | O      | 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| Economics and statistics administration revolving fund (gross) .....     | BA     | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  | <b>2</b>  |
|  | O      | 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| Offsetting collections from non-Federal sources .....                    |        | -2        | -2        | -2        | -2        | -2        | -2        | -2        |
| Total Economics and statistics administration revolving fund (net) ..... | BA     |           |           |           |           |           |           |           |
|  | O      |           |           |           |           |           |           |           |
| Total Federal funds Economic and Statistical Analysis .....              | BA     | <b>62</b> | <b>73</b> | <b>85</b> | <b>87</b> | <b>88</b> | <b>90</b> | <b>93</b> |
|  | O      | 60        | 74        | 84        | 86        | 88        | 90        | 92        |

**Promotion of Industry and Commerce**

*International Trade Administration*

*Federal funds*

**General and Special Funds:**

Operations and administration:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 376 BA | <b>355</b> | <b>364</b> | <b>382</b> | <b>389</b> | <b>397</b> | <b>406</b> | <b>416</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>11</b>  | <b>36</b>  | <b>36</b>  | <b>37</b>  | <b>37</b>  | <b>38</b>  | <b>39</b>  |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|---|----|----------------|------------|------------|------------|------------|------------|------------|
|   |    |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| Outlays .....   | O  | 361            | 383        | 406        | 424        | 431        | 440        | 451        |
| Operations and administration (gross) .....           | BA | <b>366</b>     | <b>400</b> | <b>418</b> | <b>426</b> | <b>434</b> | <b>444</b> | <b>455</b> |
|   | O  | 361            | 383        | 406        | 424        | 431        | 440        | 451        |
| Offsetting collections from Federal sources .....     |    | -2             | -5         | -5         | -5         | -5         | -5         | -5         |
| Offsetting collections from non-Federal sources ..... |    | -9             | -31        | -31        | -32        | -32        | -33        | -34        |
| Total Operations and administration (net) .....       | BA | <b>355</b>     | <b>364</b> | <b>382</b> | <b>389</b> | <b>397</b> | <b>406</b> | <b>416</b> |
|   | O  | 350            | 347        | 370        | 387        | 394        | 402        | 412        |

*Bureau of Industry and Security*  
*Federal funds*

**General and Special Funds:**

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operations and administration<br>(Other advancement of commerce):     |        |           |           |           |           |           |           |           |
| (Appropriation, discretionary) .....                                  | 376 BA | <b>65</b> | <b>73</b> | <b>78</b> | <b>79</b> | <b>81</b> | <b>83</b> | <b>85</b> |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>5</b>  | <b>6</b>  | <b>6</b>  | <b>6</b>  | <b>6</b>  | <b>6</b>  | <b>7</b>  |
| (Outlays) .....   | O      | 66        | 85        | 84        | 85        | 87        | 89        | 92        |
| Operations and administration (gross) .....                           | BA     | <b>70</b> | <b>79</b> | <b>84</b> | <b>85</b> | <b>87</b> | <b>89</b> | <b>92</b> |
|   | O      | 66        | 85        | 84        | 85        | 87        | 89        | 92        |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | -2        |           |           |           |           |           |           |
| Offsetting collections from Federal sources .....                     |        | -2        | -5        | -5        | -5        | -5        | -5        | -6        |
| Offsetting collections from non-Federal sources .....                 |        | -1        | -1        | -1        | -1        | -1        | -1        | -1        |
| Total (Other advancement of commerce) (net) .....                     | BA     | <b>65</b> | <b>73</b> | <b>78</b> | <b>79</b> | <b>81</b> | <b>83</b> | <b>85</b> |
|   | O      | 63        | 79        | 78        | 79        | 81        | 83        | 85        |
| Total Operations and administration .....                             | BA     | <b>65</b> | <b>73</b> | <b>78</b> | <b>79</b> | <b>81</b> | <b>83</b> | <b>85</b> |
|   | O      | 63        | 79        | 78        | 79        | 81        | 83        | 85        |

*Minority Business Development Agency*  
*Federal funds*

**General and Special Funds:**

|  |        |            |            |            |            |            |            |            |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Minority business development:                               |        |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                           | 376 BA | <b>28</b>  | <b>29</b>  | <b>29</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>  | <b>32</b>  |
| Outlays .....  | O      | 27         | 24         | 29         | 30         | 30         | 30         | 31         |
| Total Federal funds Promotion of Industry and Commerce ..... | BA     | <b>448</b> | <b>466</b> | <b>489</b> | <b>498</b> | <b>508</b> | <b>520</b> | <b>533</b> |
|  | O      | 440        | 450        | 477        | 496        | 505        | 515        | 528        |

**Science and Technology**

*National Oceanic and Atmospheric Administration*  
*Federal funds*

**General and Special Funds:**

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operations, research, and facilities:                               |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 306 BA | <b>2,333</b> | <b>2,286</b> | <b>2,464</b> | <b>2,510</b> | <b>2,561</b> | <b>2,617</b> | <b>2,684</b> |
| Appropriation, mandatory .....                                      | BA     | <b>16</b>    | <b>17</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>222</b>   | <b>222</b>   | <b>222</b>   | <b>226</b>   | <b>231</b>   | <b>236</b>   | <b>242</b>   |
| Outlays .....   | O      | 2,374        | 2,498        | 2,635        | 2,700        | 2,768        | 2,841        | 2,907        |
| Operations, research, and facilities (gross) .....                  | BA     | <b>2,571</b> | <b>2,525</b> | <b>2,704</b> | <b>2,754</b> | <b>2,810</b> | <b>2,871</b> | <b>2,944</b> |
|   | O      | 2,374        | 2,498        | 2,635        | 2,700        | 2,768        | 2,841        | 2,907        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>15</b>    |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        |              | -7           | -7           | -7           | -7           | -7           | -8           |
| Offsetting collections from non-Federal sources .....               |        | -234         | -212         | -212         | -216         | -220         | -225         | -231         |
| Total Operations, research, and facilities (net) .....              | BA     | <b>2,352</b> | <b>2,306</b> | <b>2,485</b> | <b>2,531</b> | <b>2,583</b> | <b>2,639</b> | <b>2,705</b> |
|   | O      | 2,140        | 2,279        | 2,416        | 2,477        | 2,541        | 2,609        | 2,668        |
| Procurement, acquisition and construction:                          |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 306 BA | <b>844</b>   | <b>811</b>   | <b>842</b>   | <b>857</b>   | <b>876</b>   | <b>894</b>   | <b>918</b>   |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1</b>     |              |              |              |              |              |              |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O      | 742            | 621        | 777        | 843        | 854        | 884        | 895        |
| Procurement, acquisition and construction (gross) .....  | BA     | <b>845</b>     | <b>811</b> | <b>842</b> | <b>857</b> | <b>876</b> | <b>894</b> | <b>918</b> |
|  | O      | 742            | 621        | 777        | 843        | 854        | 884        | 895        |
| Offsetting collections from non-Federal sources .....  |        | -1             |            |            |            |            |            |            |
| Total Procurement, acquisition and construction (net) .....                                    | BA     | <b>844</b>     | <b>811</b> | <b>842</b> | <b>857</b> | <b>876</b> | <b>894</b> | <b>918</b> |
|  | O      | 741            | 621        | 777        | 843        | 854        | 884        | 895        |
| <b>Pacific coastal salmon recovery:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 306 BA | <b>157</b>     | <b>110</b> | <b>90</b>  | <b>92</b>  | <b>94</b>  | <b>96</b>  | <b>98</b>  |
| Outlays .....  | O      | 71             | 329        | 90         | 92         | 94         | 96         | 98         |
| <b>Coastal impact assistance:</b>  |        |                |            |            |            |            |            |            |
| Outlays .....  | 302 O  | 7              | 71         | 57         | 14         |            |            |            |
| <b>Limited access system administration fund:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 306 BA | <b>3</b>       |            |            |            |            |            |            |
| Outlays .....  | O      | 3              | 2          |            |            |            |            |            |
| <b>Promote and develop fishery products and research pertaining to American fisheries:</b>     |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 376 BA | <b>-68</b>     | <b>-75</b> | <b>-75</b> | <b>-76</b> | <b>-78</b> | <b>-80</b> | <b>-82</b> |
| Appropriation, mandatory .....   | BA     | <b>79</b>      | <b>75</b>  | <b>75</b>  | <b>77</b>  | <b>78</b>  | <b>80</b>  | <b>82</b>  |
| Outlays .....  | O      | 2              | 10         | 4          | 2          |            |            |            |
| Total Promote and develop fishery products and research pertaining to American fisheries ..... | BA     | <b>11</b>      |            |            | <b>1</b>   |            |            |            |
|  | O      | 2              | 10         | 4          | 2          |            |            |            |
| <b>Fishermen's contingency fund:</b>   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 376 BA |                | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....  | O      |                | 3          | 1          | 1          | 1          | 1          | 1          |
| <b>Environmental improvement and restoration fund:</b>   |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 302 BA | <b>15</b>      | <b>3</b>   | <b>6</b>   | <b>8</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>  |
| Outlays .....  | O      |                | 20         | 6          | 8          | 9          | 9          | 10         |
| <b>Public Enterprise Funds:</b>  |        |                |            |            |            |            |            |            |
| <b>Coastal zone management fund:</b>   |        |                |            |            |            |            |            |            |
| Offsetting collections from non-Federal sources .....  | 306    | -27            | -3         | -3         | -3         | -3         | -3         | -3         |
| Coastal zone management fund (net) .....   | BA     | <b>-27</b>     | <b>-3</b>  | <b>-3</b>  | <b>-3</b>  | <b>-3</b>  | <b>-3</b>  | <b>-3</b>  |
|  | O      | -27            | -3         | -3         | -3         | -3         | -3         | -3         |
| <b>Damage assessment and restoration revolving fund:</b>                                       |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 306 BA |                | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Spending authority from offsetting collections, mandatory .....                                | BA     | <b>3</b>       | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   |
| Outlays .....  | O      | 8              | 31         | 6          | 2          | 2          | 2          | 2          |
| Damage assessment and restoration revolving fund (gross) .....                                 | BA     | <b>3</b>       | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
|  | O      | 8              | 31         | 6          | 2          | 2          | 2          | 2          |
| Offsetting collections from non-Federal sources .....  |        | -3             | -2         | -2         | -2         | -2         | -2         | -2         |
| Total Damage assessment and restoration revolving 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      | 5              | 29         | 4          |            |            |            |            |
| <b>Intragovernmental Funds:</b>  |        |                |            |            |            |            |            |            |
| <b>Business management fund:</b>   |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                            | 306 BA |                |            | <b>173</b> | <b>176</b> | <b>180</b> | <b>184</b> | <b>188</b> |
| Outlays .....  | O      |                |            | 173        | 176        | 180        | 184        | 188        |
| Business management fund (gross) .....   | BA     |                |            | <b>173</b> | <b>176</b> | <b>180</b> | <b>184</b> | <b>188</b> |
|  | O      |                |            | 173        | 176        | 180        | 184        | 188        |
| Offsetting collections from Federal sources .....  |        |                |            | -173       | -176       | -180       | -184       | -188       |
| Total Business management fund (net) .....   | BA     |                |            |            |            |            |            |            |
|  | O      |                |            |            |            |            |            |            |
| <b>Credit Accounts:</b>  |        |                |            |            |            |            |            |            |
| <b>Fisheries finance program account:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 376 BA | <b>1</b>       |            |            |            |            |            |            |
| Appropriation, mandatory .....   | BA     | <b>1</b>       | <b>7</b>   |            |            |            |            |            |
| Outlays .....  | O      | 1              | 10         |            |            |            |            |            |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Limitation on direct loan activity .....  |        | (124)          | (105)    | (30)  | (31)  | (31)  | (32)  | (33)  |
| Total Fisheries finance program account .....                                     | BA     | 2              | 7        |       |       |       |       |       |
|   | O      | 1              | 10       |       |       |       |       |       |
| Federal ship financing fund fishing vessels liquidating account:                  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....                   | 376 BA | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....   | O      | 1              | 1        | 1     |       |       |       |       |
| Federal ship financing fund fishing vessels liquidating account (gross) .....     | BA     | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
|   | O      | 1              | 1        | 1     |       |       |       |       |
| Offsetting collections from non-Federal sources .....                             |        | -4             | -4       | -4    | -4    | -4    | -4    | -4    |
| Total Federal ship financing fund fishing vessels liquidating account (net) ..... | BA     |                |          |       |       |       |       |       |
|   | O      | -3             | -3       | -3    | -4    | -4    | -4    | -4    |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| North pacific marine research institute fund:                                     |        |                |          |       |       |       |       |       |
| Outlays .....   | 306 O  | 3              | 2        |       |       |       |       |       |
| Total Federal funds National Oceanic and Atmospheric Administration .....         | BA     | 3,357          | 3,236    | 3,422 | 3,488 | 3,561 | 3,637 | 3,730 |
|   | O      | 2,940          | 3,368    | 3,349 | 3,430 | 3,492 | 3,592 | 3,665 |
| Total Trust funds National Oceanic and Atmospheric Administration .....           | O      | 3              | 2        |       |       |       |       |       |

*U.S. Patent and Trademark Office*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary .....                                  | 376 BA | 2      |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1,128  | 1,334  | 1,203  | 1,435  | 1,599  | 1,729  | 1,862  |
|   |        |        |        | ✓201   | ✓182   | ✓209   | ✓238   | ✓267   |
| Outlays .....   | O      | 1,155  | 1,161  | 1,265  | 1,395  | 1,549  | 1,684  | 1,819  |
|   |        |        |        | ✓151   | ✓177   | ✓199   | ✓230   | ✓258   |
| Salaries and expenses (gross) .....                                 | BA     | 1,130  | 1,334  | 1,404  | 1,617  | 1,808  | 1,967  | 2,129  |
|   | O      | 1,155  | 1,161  | 1,416  | 1,572  | 1,748  | 1,914  | 2,077  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -7     |        |        |        |        |        |        |
| Offsetting collections from non-Federal sources .....               |        | -1,145 | -1,527 | -1,303 | -1,435 | -1,599 | -1,729 | -1,862 |
|   |        |        |        | ✓-201  | ✓-182  | ✓-209  | ✓-238  | ✓-267  |
| Total Salaries and expenses (net) .....                             | BA     | -22    | -193   | -100   |        |        |        |        |
|   | O      | 10     | -366   | -88    | -45    | -60    | -53    | -52    |

*Technology Administration*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |   |   |   |   |   |   |
|------------------------------------|--------|----|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 376 BA | 8  | 8 | 8 | 8 | 8 | 8 | 9 |
| Outlays .....                      | O      | 11 | 9 | 8 | 9 | 9 | 9 | 9 |

*National Technical Information Service*

*Federal funds*

**Public Enterprise Funds:**

NTIS revolving fund:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, discretionary ..... | 376 BA | 29  | 41  | 42  | 43  | 44  | 45  | 46  |
| Outlays .....   | O      | 33  | 62  | 42  | 43  | 44  | 45  | 46  |
| NTIS revolving fund (gross) .....                                   | BA     | 29  | 41  | 42  | 43  | 44  | 45  | 46  |
|   | O      | 33  | 62  | 42  | 43  | 44  | 45  | 46  |
| Offsetting collections from Federal sources .....                   |        | -16 | -21 | -22 | -22 | -23 | -23 | -24 |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources ..... |    | -13            | -20      | -20  | -21  | -21  | -21  | -22  |
| Total NTIS revolving fund (net) .....                 | BA |                |          |      |      |      | 1    |      |
|   | O  | 4              | 21       |      |      |      | 1    |      |

*National Institute of Standards and Technology*

*Federal funds*

**General and Special Funds:**

|  |     |    |      |     |      |      |      |      |      |
|--|-----|----|------|-----|------|------|------|------|------|
| Scientific and technical research and services:                          |     |    |      |     |      |      |      |      |      |
| Appropriation, discretionary .....                                       | 376 | BA | 330  | 385 | 380  | 387  | 395  | 404  | 414  |
| Outlays .....  |     | O  | 312  | 402 | 384  | 386  | 393  | 401  | 411  |
| Industrial technology services:  |     |    |      |     |      |      |      |      |      |
| Appropriation, discretionary .....                                       | 376 | BA | 291  | 120 | 40   | 41   | 42   | 43   | 43   |
| Spending authority from offsetting collections, discretionary .....      |     | BA | 1    |     |      |      |      |      |      |
| Outlays .....  |     | O  | 279  | 220 | 207  | 129  | 48   | 44   | 41   |
| Industrial technology services (gross) .....                             |     | BA | 292  | 120 | 40   | 41   | 42   | 43   | 43   |
|  |     | O  | 279  | 220 | 207  | 129  | 48   | 44   | 41   |
| Offsetting collections from non-Federal sources .....                    |     |    | -1   |     |      |      |      |      |      |
| Total Industrial technology services (net) .....                         |     | BA | 291  | 120 | 40   | 41   | 42   | 43   | 43   |
|  |     | O  | 278  | 220 | 207  | 129  | 48   | 44   | 41   |
| Construction of research facilities:                                     |     |    |      |     |      |      |      |      |      |
| Appropriation, discretionary .....                                       | 376 | BA | 64   | 54  | 70   | 71   | 73   | 74   | 76   |
| Outlays .....  |     | O  | 123  | 51  | 55   | 59   | 65   | 70   | 72   |
| <b>Intragovernmental Funds:</b>  |     |    |      |     |      |      |      |      |      |
| Working capital fund:  |     |    |      |     |      |      |      |      |      |
| Appropriation, discretionary .....                                       | 376 | BA |      | 4   | 8    | 8    | 8    | 8    | 9    |
| Spending authority from offsetting collections, discretionary .....      |     | BA | 189  | 120 | 171  | 174  | 178  | 182  | 186  |
| Outlays .....  |     | O  | 193  | 122 | 177  | 182  | 185  | 189  | 193  |
| Working capital fund (gross) .....                                       |     | BA | 189  | 124 | 179  | 182  | 186  | 190  | 195  |
|  |     | O  | 193  | 122 | 177  | 182  | 185  | 189  | 193  |
| Change in uncollected customer payments from Federal sources .....       |     | BA | 11   |     |      |      |      |      |      |
| Offsetting collections from Federal sources .....                        |     |    | -160 | -80 | -131 | -133 | -136 | -139 | -143 |
| Offsetting collections from non-Federal sources .....                    |     |    | -40  | -40 | -40  | -41  | -42  | -42  | -44  |
| Total Working capital fund (net) .....                                   |     | BA |      | 4   | 8    | 8    | 8    | 9    | 8    |
|  |     | O  | -7   | 2   | 6    | 8    | 7    | 8    | 6    |
| Total Federal funds National Institute of Standards and Technology ..... |     | BA | 685  | 563 | 498  | 507  | 518  | 530  | 541  |
|  |     | O  | 706  | 675 | 652  | 582  | 513  | 523  | 530  |

*National Telecommunications and Information Administration*

*Federal funds*

**General and Special Funds:**

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Salaries and expenses:  |     |    |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 376 | BA | 14  | 17  | 19  | 19  | 20  | 20  | 21  |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 22  | 19  | 32  | 33  | 33  | 34  | 35  |
| Outlays .....   |     | O  | 36  | 43  | 52  | 52  | 53  | 54  | 56  |
| Salaries and expenses (gross) .....                                 |     | BA | 36  | 36  | 51  | 52  | 53  | 54  | 56  |
|   |     | O  | 36  | 43  | 52  | 52  | 53  | 54  | 56  |
| Offsetting collections from Federal sources .....                   |     |    | -22 | -19 | -32 | -33 | -33 | -34 | -35 |
| Total Salaries and expenses (net) .....                             |     | BA | 14  | 17  | 19  | 19  | 20  | 20  | 21  |
|   |     | O  | 14  | 24  | 20  | 19  | 20  | 20  | 21  |
| Public telecommunications facilities, planning and construction:    |     |    |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 503 | BA | 52  | 44  | 3   | 3   | 3   | 3   | 3   |
| Outlays .....   |     | O  | 27  | 56  | 47  | 25  | 12  | 3   | 3   |
| Information infrastructure grants:                                  |     |    |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 503 | BA | 16  |     |     |     |     |     |     |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |          | 2002<br>actual | estimate |       |       |       |       |       |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
|  |          |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....  | O        | 20             | 38       | 21    | 9     |       |       |       |
| Total Federal funds National Telecommunications and Information Administration ..... | BA       | 82             | 61       | 22    | 22    | 23    | 23    | 24    |
|  | O        | 61             | 118      | 88    | 53    | 32    | 23    | 24    |
| Total Federal funds Science and Technology .....                                     | BA       | 4,110          | 3,675    | 3,850 | 4,025 | 4,110 | 4,199 | 4,304 |
|  | O        | 3,732          | 3,825    | 4,009 | 4,029 | 3,986 | 4,095 | 4,176 |
| Total Trust funds Science and Technology .....                                       | O        | 3              | 2        |       |       |       |       |       |
| <b>Summary</b>   |          |                |          |       |       |       |       |       |
| Federal funds:   |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....   | BA       | 5,549          | 5,315    | 5,524 | 5,932 | 6,001 | 6,143 | 6,623 |
|  | O        | 5,313          | 5,800    | 5,784 | 5,941 | 5,888 | 6,013 | 6,395 |
| Deductions for offsetting receipts:  |          |                |          |       |       |       |       |       |
| Intrafund transactions .....   | 908 BA/O | -5             | -3       | -6    | -8    | -9    | -9    | -10   |
| Proprietary receipts from the public .....   | 306 BA/O | 6              |          |       |       |       |       |       |
|  | 376 BA/O | -4             | -10      | -1    | -1    | -1    | -1    | -1    |
| Total Federal funds .....  | BA       | 5,546          | 5,302    | 5,517 | 5,923 | 5,991 | 6,133 | 6,612 |
|  | O        | 5,310          | 5,787    | 5,777 | 5,932 | 5,878 | 6,003 | 6,384 |
| Trust funds:   |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....   | BA       | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
|  | O        | 4              | 3        | 1     | 1     | 1     | 1     | 1     |
| Total Department of Commerce .....   | BA       | 5,547          | 5,303    | 5,518 | 5,924 | 5,992 | 6,134 | 6,613 |
|  | O        | 5,314          | 5,790    | 5,778 | 5,933 | 5,879 | 6,004 | 6,385 |

**DEPARTMENT OF DEFENSE—MILITARY**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |         |         |         |         |
|---|--------|----------------|----------|--------|---------|---------|---------|---------|
|   |        |                | 2003     | 2004   | 2005    | 2006    | 2007    | 2008    |
| <b>Military Personnel</b>   |        |                |          |        |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |        |         |         |         |         |
| <b>General and Special Funds:</b>                                   |        |                |          |        |         |         |         |         |
| Military personnel, Army:   |        |                |          |        |         |         |         |         |
| Appropriation, discretionary .....                                  | 051 BA | 25,264         | 26,814   | 37,227 | 102,692 | 107,041 | 110,600 | 114,218 |
|   |        |                |          | J2     |         |         |         |         |
| Appropriation, mandatory .....                                      | BA     | 5              | 20       | 160    | 160     | 160     | 160     | 160     |
| Spending authority from offsetting collections, discretionary ..... | BA     | 203            | 696      | 411    | 1,268   | 1,271   | 1,275   | 1,280   |
| Outlays .....   | O      | 25,708         | 27,121   | 37,134 | 103,607 | 107,355 | 108,281 | 115,157 |
|   |        |                |          | J2     |         |         |         |         |
| Military personnel, Army (gross) .....                              | BA     | 25,472         | 27,530   | 37,800 | 104,120 | 108,472 | 112,035 | 115,658 |
|   | O      | 25,708         | 27,121   | 37,136 | 103,607 | 107,355 | 108,281 | 115,157 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -84            |          |        |         |         |         |         |
| Offsetting collections from Federal sources .....                   |        | -43            | -664     | -377   | -1,026  | -1,026  | -1,026  | -1,026  |
| Offsetting collections from non-Federal sources .....               |        | -76            | -32      | -34    | -242    | -245    | -249    | -254    |
| Total Military personnel, Army (net) .....                          | BA     | 25,269         | 26,834   | 37,389 | 102,852 | 107,201 | 110,760 | 114,378 |
|   | O      | 25,589         | 26,425   | 36,725 | 102,339 | 106,084 | 107,006 | 113,877 |
| Military personnel, Navy:   |        |                |          |        |         |         |         |         |
| Appropriation, discretionary .....                                  | 051 BA | 20,230         | 21,895   | 25,212 |         |         |         |         |
|   |        |                |          | J10    |         |         |         |         |
| Appropriation, mandatory .....                                      | BA     | 6              | 10       | 69     | 69      | 69      | 69      | 69      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 244            | 399      | 369    |         |         |         |         |
| Outlays .....   | O      | 20,658         | 22,045   | 25,489 | 664     | 116     | 94      | 69      |
|   |        |                |          | J10    |         |         |         |         |
| Military personnel, Navy (gross) .....                              | BA     | 20,480         | 22,304   | 25,660 | 69      | 69      | 69      | 69      |
|   | O      | 20,658         | 22,045   | 25,499 | 664     | 116     | 94      | 69      |
| Change in uncollected customer payments from Federal sources .....  | BA     | -152           |          |        |         |         |         |         |
| Portion of cash collections credited to expired accounts .....      | BA     | 105            |          |        |         |         |         |         |
| Offsetting collections from Federal sources .....                   |        | -26            | -229     | -196   |         |         |         |         |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |            |            |            |            |
|---|--------|----------------|---------------|---------------|------------|------------|------------|------------|
|   |        |                | 2003          | 2004          | 2005       | 2006       | 2007       | 2008       |
| Offsetting collections from non-Federal sources .....               |        | -171           | -170          | -173          |            |            |            |            |
| Total Military personnel, Navy (net) .....                          | BA     | <b>20,236</b>  | <b>21,905</b> | <b>25,291</b> | <b>69</b>  | <b>69</b>  | <b>69</b>  | <b>69</b>  |
|   | O      | 20,461         | 21,646        | 25,130        | 664        | 116        | 94         | 69         |
| Military personnel, Marine Corps:                                   |        |                |               |               |            |            |            |            |
| Appropriation, discretionary .....                                  | 051 BA | <b>7,587</b>   | <b>8,489</b>  | <b>9,541</b>  |            |            |            |            |
| Appropriation, mandatory .....                                      | BA     | <b>2</b>       | <b>3</b>      | <b>19</b>     | <b>19</b>  | <b>19</b>  | <b>19</b>  | <b>19</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>31</b>      | <b>32</b>     | <b>35</b>     |            |            |            |            |
| Outlays .....   | O      | 7,642          | 8,375         | 9,551         | 345        | 27         | 18         | 18         |
| Military personnel, Marine Corps (gross) .....                      | BA     | <b>7,620</b>   | <b>8,524</b>  | <b>9,595</b>  | <b>19</b>  | <b>19</b>  | <b>19</b>  | <b>19</b>  |
|   | O      | 7,642          | 8,375         | 9,551         | 345        | 27         | 18         | 18         |
| Change in uncollected customer payments from Federal sources .....  | BA     | -15            |               |               |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 6              |               |               |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -18            | -28           | -27           |            |            |            |            |
| Offsetting collections from non-Federal sources .....               |        | -4             | -4            | -8            |            |            |            |            |
| Total Military personnel, Marine Corps (net) .....                  | BA     | <b>7,589</b>   | <b>8,492</b>  | <b>9,560</b>  | <b>19</b>  | <b>19</b>  | <b>19</b>  | <b>19</b>  |
|   | O      | 7,620          | 8,343         | 9,516         | 345        | 27         | 18         | 18         |
| Military personnel, Air Force:                                      |        |                |               |               |            |            |            |            |
| Appropriation, discretionary .....                                  | 051 BA | <b>21,958</b>  | <b>21,925</b> | <b>26,585</b> |            |            |            |            |
| Appropriation, mandatory .....                                      | BA     | <b>14</b>      | <b>20</b>     | <b>131</b>    | <b>131</b> | <b>131</b> | <b>131</b> | <b>131</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>190</b>     | <b>444</b>    | <b>415</b>    |            |            |            |            |
| Outlays .....   | O      | 21,723         | 22,403        | 26,768        | 1,768      | 311        | 157        | 130        |
| Military personnel, Air Force (gross) .....                         | BA     | <b>22,162</b>  | <b>22,389</b> | <b>27,131</b> | <b>131</b> | <b>131</b> | <b>131</b> | <b>131</b> |
|   | O      | 21,723         | 22,403        | 26,768        | 1,768      | 311        | 157        | 130        |
| Change in uncollected customer payments from Federal sources .....  | BA     | 19             |               |               |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 5              |               |               |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -190           | -422          | -387          |            |            |            |            |
| Offsetting collections from non-Federal sources .....               |        | -24            | -22           | -28           |            |            |            |            |
| Total Military personnel, Air Force (net) .....                     | BA     | <b>21,972</b>  | <b>21,945</b> | <b>26,716</b> | <b>131</b> | <b>131</b> | <b>131</b> | <b>131</b> |
|   | O      | 21,509         | 21,959        | 26,353        | 1,768      | 311        | 157        | 130        |
| Reserve personnel, Army:  |        |                |               |               |            |            |            |            |
| Appropriation, discretionary .....                                  | 051 BA | <b>2,683</b>   | <b>3,374</b>  |               |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>24</b>      | <b>35</b>     |               |            |            |            |            |
| Outlays .....   | O      | 2,684          | 3,352         | 264           | 30         |            |            |            |
| Reserve personnel, Army (gross) .....                               | BA     | <b>2,707</b>   | <b>3,409</b>  |               |            |            |            |            |
|   | O      | 2,684          | 3,352         | 264           | 30         |            |            |            |
| Change in uncollected customer payments from Federal sources .....  | BA     | -9             |               |               |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 1              |               |               |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -16            | -35           |               |            |            |            |            |
| Total Reserve personnel, Army (net) .....                           | BA     | <b>2,683</b>   | <b>3,374</b>  |               |            |            |            |            |
|   | O      | 2,668          | 3,317         | 264           | 30         |            |            |            |
| Reserve personnel, Navy:  |        |                |               |               |            |            |            |            |
| Appropriation, discretionary .....                                  | 051 BA | <b>1,672</b>   | <b>1,908</b>  |               |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>17</b>      | <b>30</b>     |               |            |            |            |            |
| Outlays .....   | O      | 1,612          | 1,894         | 176           | 7          |            |            |            |
| Reserve personnel, Navy (gross) .....                               | BA     | <b>1,689</b>   | <b>1,938</b>  |               |            |            |            |            |
|   | O      | 1,612          | 1,894         | 176           | 7          |            |            |            |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |               |               |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 1              |               |               |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -17            | -30           |               |            |            |            |            |
| Total Reserve personnel, Navy (net) .....                           | BA     | <b>1,672</b>   | <b>1,908</b>  |               |            |            |            |            |
|   | O      | 1,595          | 1,864         | 176           | 7          |            |            |            |
| Reserve personnel, Marine Corps:                                    |        |                |               |               |            |            |            |            |
| Appropriation, discretionary .....                                  | 051 BA | <b>468</b>     | <b>554</b>    |               |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>3</b>       | <b>4</b>      |               |            |            |            |            |



**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |                |                |                |                |
|---|--------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|
|   |        |                | 2003          | 2004          | 2005           | 2006           | 2007           | 2008           |
| Outlays .....   | O      | 448            | 557           | 54            | 6              | 2              |                |                |
| Reserve personnel, Marine Corps (gross) .....                       | BA     | <b>471</b>     | <b>558</b>    |               |                |                |                |                |
|   | O      | 448            | 557           | 54            | 6              | 2              |                |                |
| Change in uncollected customer payments from Federal sources .....  | BA     | -3             |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | 4              |               |               |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -4             | -4            |               |                |                |                |                |
| Total Reserve personnel, Marine Corps (net) .....                   | BA     | <b>468</b>     | <b>554</b>    |               |                |                |                |                |
|   | O      | 448            | 553           | 54            | 6              | 2              |                |                |
| Reserve personnel, Air Force:                                       |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>1,004</b>   | <b>1,237</b>  |               |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | 5              | 7             |               |                |                |                |                |
| Outlays .....   | O      | 958            | 1,265         | 72            | 1              |                |                |                |
| Reserve personnel, Air Force (gross) .....                          | BA     | <b>1,009</b>   | <b>1,244</b>  |               |                |                |                |                |
|   | O      | 958            | 1,265         | 72            | 1              |                |                |                |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -4             | -7            |               |                |                |                |                |
| Total Reserve personnel, Air Force (net) .....                      | BA     | <b>1,004</b>   | <b>1,237</b>  |               |                |                |                |                |
|   | O      | 954            | 1,258         | 72            | 1              |                |                |                |
| National Guard personnel, Army:                                     |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>4,289</b>   | <b>5,115</b>  |               |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | 78             | 85            |               |                |                |                |                |
| Outlays .....   | O      | 4,281          | 5,218         | 307           | 5              |                |                |                |
| National Guard personnel, Army (gross) .....                        | BA     | <b>4,367</b>   | <b>5,200</b>  |               |                |                |                |                |
|   | O      | 4,281          | 5,218         | 307           | 5              |                |                |                |
| Change in uncollected customer payments from Federal sources .....  | BA     | -75            |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | 2              |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -2             | -84           |               |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -3             | -1            |               |                |                |                |                |
| Total National Guard personnel, Army (net) .....                    | BA     | <b>4,289</b>   | <b>5,115</b>  |               |                |                |                |                |
|   | O      | 4,276          | 5,133         | 307           | 5              |                |                |                |
| National Guard personnel, Air Force:                                |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>1,774</b>   | <b>2,125</b>  |               |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | 15             | 26            |               |                |                |                |                |
| Outlays .....   | O      | 1,691          | 2,215         | 75            |                |                |                |                |
| National Guard personnel, Air Force (gross) .....                   | BA     | <b>1,789</b>   | <b>2,151</b>  |               |                |                |                |                |
|   | O      | 1,691          | 2,215         | 75            |                |                |                |                |
| Change in uncollected customer payments from Federal sources .....  | BA     | -5             |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | 2              |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -10            | -24           |               |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -2             | -2            |               |                |                |                |                |
| Total National Guard personnel, Air Force (net) .....               | BA     | <b>1,774</b>   | <b>2,125</b>  |               |                |                |                |                |
|   | O      | 1,679          | 2,189         | 75            |                |                |                |                |
| Total Federal funds Military Personnel .....                        | BA     | <b>86,956</b>  | <b>93,489</b> | <b>98,956</b> | <b>103,071</b> | <b>107,420</b> | <b>110,979</b> | <b>114,597</b> |
|   | O      | 86,799         | 92,687        | 98,672        | 105,165        | 106,540        | 107,275        | 114,094        |

**Operation and Maintenance**

*Federal funds*

**General and Special Funds:**

Operation and maintenance, Army:

|   |        |               |               |               |                |                |                |                |
|---|--------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Appropriation, discretionary .....                                  | 051 BA | <b>25,552</b> | <b>23,751</b> | <b>24,960</b> | <b>139,074</b> | <b>145,005</b> | <b>150,093</b> | <b>157,352</b> |
|   |        |               |               | 7             |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>7,033</b>  | <b>6,467</b>  | <b>6,668</b>  | <b>23,159</b>  | <b>23,173</b>  | <b>23,189</b>  | <b>23,206</b>  |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |                |                |                |                |
|---|--------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|
|   |        |                | 2003          | 2004          | 2005           | 2006           | 2007           | 2008           |
| Outlays .....   | O      | 31,404         | 30,818        | 31,372<br>15  | 133,270<br>12  | 160,267        | 168,838        | 176,695        |
| Operation and maintenance, Army (gross) .....                       | BA     | <b>32,585</b>  | <b>30,218</b> | <b>31,635</b> | <b>162,233</b> | <b>168,178</b> | <b>173,282</b> | <b>180,558</b> |
|   | O      | 31,404         | 30,818        | 31,377        | 133,272        | 160,267        | 168,838        | 176,695        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-2,281</b>  |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>1,953</b>   |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -5,693         | -5,950        | -6,136        | -22,251        | -22,251        | -22,251        | -22,251        |
| Offsetting collections from non-Federal sources .....               |        | -1,012         | -517          | -532          | -908           | -922           | -938           | -955           |
| Total Operation and maintenance, Army (net) .....                   | BA     | <b>25,552</b>  | <b>23,751</b> | <b>24,967</b> | <b>139,074</b> | <b>145,005</b> | <b>150,093</b> | <b>157,352</b> |
|   | O      | 24,699         | 24,351        | 24,709        | 110,113        | 137,094        | 145,649        | 153,489        |
| Operation and maintenance, Navy:                                    |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>28,366</b>  | <b>29,042</b> | <b>28,288</b> |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>4,219</b>   | <b>4,888</b>  | <b>5,472</b>  |                |                |                |                |
| Outlays .....   | O      | 31,270         | 33,644        | 33,589        | 5,887          | 1,294          | 578            | 285            |
| Operation and maintenance, Navy (gross) .....                       | BA     | <b>32,585</b>  | <b>33,930</b> | <b>33,760</b> |                |                |                |                |
|   | O      | 31,270         | 33,644        | 33,589        | 5,887          | 1,294          | 578            | 285            |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-1,266</b>  |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>1,112</b>   |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -3,901         | -4,728        | -5,312        |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -164           | -160          | -160          |                |                |                |                |
| Total Operation and maintenance, Navy (net) .....                   | BA     | <b>28,366</b>  | <b>29,042</b> | <b>28,288</b> |                |                |                |                |
|   | O      | 27,205         | 28,756        | 28,117        | 5,887          | 1,294          | 578            | 285            |
| Operation and maintenance, Marine Corps:                            |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>2,962</b>   | <b>3,519</b>  | <b>3,407</b>  |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>517</b>     | <b>412</b>    | <b>412</b>    |                |                |                |                |
| Outlays .....   | O      | 3,437          | 3,814         | 3,779         | 1,090          | 165            | 34             | 17             |
| Operation and maintenance, Marine Corps (gross) .....               | BA     | <b>3,479</b>   | <b>3,931</b>  | <b>3,819</b>  |                |                |                |                |
|   | O      | 3,437          | 3,814         | 3,779         | 1,090          | 165            | 34             | 17             |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-144</b>    |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>131</b>     |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -483           | -392          | -392          |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -21            | -20           | -20           |                |                |                |                |
| Total Operation and maintenance, Marine Corps (net) .....           | BA     | <b>2,962</b>   | <b>3,519</b>  | <b>3,407</b>  |                |                |                |                |
|   | O      | 2,933          | 3,402         | 3,367         | 1,090          | 165            | 34             | 17             |
| Operation and maintenance, Air Force:                               |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>28,407</b>  | <b>27,039</b> | <b>27,794</b> |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>3,013</b>   | <b>2,370</b>  | <b>2,699</b>  |                |                |                |                |
| Outlays .....   | O      | 28,547         | 30,409        | 30,172        | 7,657          | 1,329          | 419            | 138            |
| Operation and maintenance, Air Force (gross) .....                  | BA     | <b>31,420</b>  | <b>29,409</b> | <b>30,493</b> |                |                |                |                |
|   | O      | 28,547         | 30,409        | 30,172        | 7,657          | 1,329          | 419            | 138            |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-742</b>    |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>687</b>     |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -2,725         | -2,280        | -2,586        |                |                |                |                |
| Offsetting collections from non-Federal sources .....               |        | -233           | -90           | -113          |                |                |                |                |
| Total Operation and maintenance, Air Force (net) .....              | BA     | <b>28,407</b>  | <b>27,039</b> | <b>27,794</b> |                |                |                |                |
|   | O      | 25,589         | 28,039        | 27,473        | 7,657          | 1,329          | 419            | 138            |
| Operation and maintenance, Defense-wide:                            |        |                |               |               |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA | <b>13,835</b>  | <b>14,397</b> | <b>16,571</b> |                |                |                |                |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>675</b>     | <b>785</b>    | <b>860</b>    |                |                |                |                |
| Outlays .....   | O      | 14,164         | 14,963        | 16,859        | 3,997          | 715            | 262            | 97             |
| Operation and maintenance, Defense-wide (gross) .....               | BA     | <b>14,510</b>  | <b>15,182</b> | <b>17,431</b> |                |                |                |                |
|   | O      | 14,164         | 14,963        | 16,859        | 3,997          | 715            | 262            | 97             |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-327</b>    |               |               |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>744</b>     |               |               |                |                |                |                |
| Offsetting collections from Federal sources .....                   |        | -1,042         | -754          | -845          |                |                |                |                |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual          | estimate                |                         |       |      |      |      |
|---|---------|-------------------------|-------------------------|-------------------------|-------|------|------|------|
|   |         |                         | 2003                    | 2004                    | 2005  | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....               |         | -50                     | -31                     | -15                     |       |      |      |      |
| Total Operation and maintenance, Defense-wide (net) .....           | BA<br>O | <b>13,835</b><br>13,072 | <b>14,397</b><br>14,178 | <b>16,571</b><br>15,999 | 3,997 | 715  | 262  | 97   |
| Office of the Inspector General:                                    |         |                         |                         |                         |       |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA  | 151                     | 157                     | 162                     |       |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA      |                         |                         | 1                       |       |      |      |      |
| Outlays .....   | O       | 153                     | 153                     | 162                     | 16    | 1    | 1    | 1    |
| Office of the Inspector General (gross) .....                       | BA<br>O | <b>151</b><br>153       | <b>157</b><br>153       | <b>163</b><br>162       | 16    | 1    | 1    | 1    |
| Portion of cash collections credited to expired accounts .....      | BA      | 2                       |                         |                         |       |      |      |      |
| Offsetting collections from Federal sources .....                   |         | -2                      |                         | -1                      |       |      |      |      |
| Total Office of the Inspector General (net) .....                   | BA<br>O | <b>151</b><br>151       | <b>157</b><br>153       | <b>162</b><br>161       | 16    | 1    | 1    | 1    |
| Operation and maintenance, Army Reserve:                            |         |                         |                         |                         |       |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA  | 1,767                   | 1,944                   | 1,952                   |       |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA      | 52                      | 72                      | 72                      |       |      |      |      |
| Outlays .....   | O       | 1,661                   | 2,005                   | 1,998                   | 543   | 91   | 19   | 9    |
| Operation and maintenance, Army Reserve (gross) .....               | BA<br>O | <b>1,819</b><br>1,661   | <b>2,016</b><br>2,005   | <b>2,024</b><br>1,998   | 543   | 91   | 19   | 9    |
| Change in uncollected customer payments from Federal sources .....  | BA      | -17                     |                         |                         |       |      |      |      |
| Portion of cash collections credited to expired accounts .....      | BA      | 17                      |                         |                         |       |      |      |      |
| Offsetting collections from Federal sources .....                   |         | -45                     | -72                     | -72                     |       |      |      |      |
| Offsetting collections from non-Federal sources .....               |         | -7                      |                         |                         |       |      |      |      |
| Total Operation and maintenance, Army Reserve (net) .....           | BA<br>O | <b>1,767</b><br>1,609   | <b>1,944</b><br>1,933   | <b>1,952</b><br>1,926   | 543   | 91   | 19   | 9    |
| Operation and maintenance, Navy Reserve:                            |         |                         |                         |                         |       |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA  | 1,019                   | 1,208                   | 1,172                   |       |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA      | 44                      | 37                      | 38                      |       |      |      |      |
| Outlays .....   | O       | 1,045                   | 1,221                   | 1,214                   | 344   | 47   | 26   | 9    |
| Operation and maintenance, Navy Reserve (gross) .....               | BA<br>O | <b>1,063</b><br>1,045   | <b>1,245</b><br>1,221   | <b>1,210</b><br>1,214   | 344   | 47   | 26   | 9    |
| Change in uncollected customer payments from Federal sources .....  | BA      | -17                     |                         |                         |       |      |      |      |
| Portion of cash collections credited to expired accounts .....      | BA      | 16                      |                         |                         |       |      |      |      |
| Offsetting collections from Federal sources .....                   |         | -42                     | -35                     | -36                     |       |      |      |      |
| Offsetting collections from non-Federal sources .....               |         | -2                      | -2                      | -2                      |       |      |      |      |
| Total Operation and maintenance, Navy Reserve (net) .....           | BA<br>O | <b>1,018</b><br>1,001   | <b>1,208</b><br>1,184   | <b>1,172</b><br>1,176   | 344   | 47   | 26   | 9    |
| Operation and maintenance, Marine Corps Reserve:                    |         |                         |                         |                         |       |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA  | 139                     | 179                     | 174                     |       |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA      | 17                      | 2                       | 2                       |       |      |      |      |
| Outlays .....   | O       | 161                     | 165                     | 176                     | 62    | 9    | 4    | 1    |
| Operation and maintenance, Marine Corps Reserve (gross) .....       | BA<br>O | <b>156</b><br>161       | <b>181</b><br>165       | <b>176</b><br>176       | 62    | 9    | 4    | 1    |
| Change in uncollected customer payments from Federal sources .....  | BA      | -8                      |                         |                         |       |      |      |      |
| Offsetting collections from Federal sources .....                   |         | -9                      | -2                      | -2                      |       |      |      |      |
| Total Operation and maintenance, Marine Corps Reserve (net) .....   | BA<br>O | <b>139</b><br>152       | <b>179</b><br>163       | <b>174</b><br>174       | 62    | 9    | 4    | 1    |
| Operation and maintenance, Air Force Reserve:                       |         |                         |                         |                         |       |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA  | 2,006                   | 2,150                   | 2,179                   |       |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA      | 281                     | 64                      | 66                      |       |      |      |      |
| Outlays .....   | O       | 2,046                   | 2,325                   | 2,225                   | 403   | 54   | 15   | 7    |
| Operation and maintenance, Air Force Reserve (gross) .....          | BA<br>O | <b>2,287</b><br>2,046   | <b>2,214</b><br>2,325   | <b>2,245</b><br>2,225   | 403   | 54   | 15   | 7    |
| Change in uncollected customer payments from Federal sources .....  | BA      | -40                     |                         |                         |       |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |           | 2002<br>actual | estimate     |              |          |       |       |       |
|---|-----------|----------------|--------------|--------------|----------|-------|-------|-------|
|   |           |                | 2003         | 2004         | 2005     | 2006  | 2007  | 2008  |
| Portion of cash collections credited to expired accounts .....          | BA        | 17             |              |              |          |       |       |       |
| Offsetting collections from Federal sources .....                       |           | -256           | -63          | -65          |          |       |       |       |
| Offsetting collections from non-Federal sources .....                   |           | -2             | -1           | -1           |          |       |       |       |
| <b>Total Operation and maintenance, Air Force Reserve (net) .....</b>   | <b>BA</b> | <b>2,006</b>   | <b>2,150</b> | <b>2,179</b> |          |       |       |       |
|   | O         | 1,788          | 2,261        | 2,159        | 403      | 54    | 15    | 7     |
| Operation and maintenance, Army National Guard:                         |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 3,754          | 4,237        | 4,211        |          |       |       |       |
| Spending authority from offsetting collections, discretionary .....     | BA        | 150            | 160          | 160          |          |       |       |       |
| Outlays .....   | O         | 3,745          | 4,261        | 4,332        | 1,167    | 135   | 80    | 47    |
| <b>Operation and maintenance, Army National Guard (gross) .....</b>     | <b>BA</b> | <b>3,904</b>   | <b>4,397</b> | <b>4,371</b> |          |       |       |       |
|   | O         | 3,745          | 4,261        | 4,332        | 1,167    | 135   | 80    | 47    |
| Change in uncollected customer payments from Federal sources .....      | BA        | -11            |              |              |          |       |       |       |
| Portion of cash collections credited to expired accounts .....          | BA        | 14             |              |              |          |       |       |       |
| Offsetting collections from Federal sources .....                       |           | -142           | -158         | -158         |          |       |       |       |
| Offsetting collections from non-Federal sources .....                   |           | -11            | -2           | -2           |          |       |       |       |
| <b>Total Operation and maintenance, Army National Guard (net) .....</b> | <b>BA</b> | <b>3,754</b>   | <b>4,237</b> | <b>4,211</b> |          |       |       |       |
|   | O         | 3,592          | 4,101        | 4,172        | 1,167    | 135   | 80    | 47    |
| Operation and maintenance, Air National Guard:                          |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 3,951          | 4,092        | 4,403        |          |       |       |       |
| Spending authority from offsetting collections, discretionary .....     | BA        | 848            | 251          | 265          |          |       |       |       |
| Outlays .....   | O         | 4,315          | 4,530        | 4,584        | 761      | 56    | 17    | 13    |
| <b>Operation and maintenance, Air National Guard (gross) .....</b>      | <b>BA</b> | <b>4,799</b>   | <b>4,343</b> | <b>4,668</b> |          |       |       |       |
|   | O         | 4,315          | 4,530        | 4,584        | 761      | 56    | 17    | 13    |
| Change in uncollected customer payments from Federal sources .....      | BA        | -237           |              |              |          |       |       |       |
| Portion of cash collections credited to expired accounts .....          | BA        | 64             |              |              |          |       |       |       |
| Offsetting collections from Federal sources .....                       |           | -673           | -248         | -262         |          |       |       |       |
| Offsetting collections from non-Federal sources .....                   |           | -2             | -3           | -3           |          |       |       |       |
| <b>Total Operation and maintenance, Air National Guard (net) .....</b>  | <b>BA</b> | <b>3,951</b>   | <b>4,092</b> | <b>4,403</b> |          |       |       |       |
|   | O         | 3,640          | 4,279        | 4,319        | 761      | 56    | 17    | 13    |
| Quality of life enhancements:   |           |                |              |              |          |       |       |       |
| Outlays .....   | 051 O     | 225            | 85           | 27           | 9        |       |       |       |
| <b>Quality of life enhancements (gross) .....</b>                       | <b>O</b>  | <b>225</b>     | <b>85</b>    | <b>27</b>    | <b>9</b> |       |       |       |
| Portion of cash collections credited to expired accounts .....          | BA        | 1              |              |              |          |       |       |       |
| Offsetting collections from Federal sources .....                       |           | -1             |              |              |          |       |       |       |
| <b>Total Quality of life enhancements (net) .....</b>                   | <b>BA</b> | <b>224</b>     | <b>85</b>    | <b>27</b>    | <b>9</b> |       |       |       |
|   | O         |                |              |              |          |       |       |       |
| Overseas contingency operations transfer account:                       |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 13             | 5            | 50           |          |       |       |       |
| Outlays .....   | O         |                | 36           | 38           | 10       | 2     | 1     |       |
| OPLAN 34A-35 P.O.W. payments:   |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | -4             |              |              |          |       |       |       |
| United States Courts of Appeals for the Armed Forces:                   |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 9              | 10           | 10           |          |       |       |       |
| Outlays .....   | O         | 8              | 13           | 10           | 1        |       |       |       |
| Drug interdiction and counter-drug activities:                          |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    |                | 872          | 817          |          |       |       |       |
| Outlays .....   | O         |                | 650          | 783          | 191      | 37    | 14    | 9     |
| Support for international sporting competitions:                        |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 16             | 19           |              |          |       |       |       |
| Outlays .....   | O         | 16             | 18           | 8            | 2        | 2     |       |       |
| Disaster relief:  |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | -2             |              |              |          |       |       |       |
| Defense health program:   |           |                |              |              |          |       |       |       |
| Appropriation, discretionary .....                                      | 051 BA    | 17,609         | 14,793       | 15,271       |          |       |       |       |
| Spending authority from offsetting collections, discretionary .....     | BA        | 848            | 604          | 940          |          |       |       |       |
| Spending authority from offsetting collections, mandatory .....         | BA        |                | 4,445        | 4,765        | 5,006    | 5,324 | 5,661 | 6,016 |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate       |                |                |                |                | 2008           |
|---|--------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |        |                | 2003           | 2004           | 2005           | 2006           | 2007           |                |
| Outlays .....   | O      | 15,936         | 21,187         | 21,131         | 8,524          | 6,387          | 6,066          | 6,164          |
| Defense health program (gross) .....  | BA     | <b>18,457</b>  | <b>19,842</b>  | <b>20,976</b>  | <b>5,006</b>   | <b>5,324</b>   | <b>5,661</b>   | <b>6,016</b>   |
|   | O      | 15,936         | 21,187         | 21,131         | 8,524          | 6,387          | 6,066          | 6,164          |
| Change in uncollected customer payments from Federal sources .....                        | BA     | <b>-242</b>    |                |                |                |                |                |                |
| Offsetting collections from Federal sources .....   |        | -365           | -4,950         | -5,610         | -5,006         | -5,324         | -5,661         | -6,016         |
| Offsetting collections from non-Federal sources .....                                     |        | -241           | -99            | -95            |                |                |                |                |
| Total Defense health program (net) .....  | BA     | <b>17,609</b>  | <b>14,793</b>  | <b>15,271</b>  |                |                |                |                |
|   | O      | 15,330         | 16,138         | 15,426         | 3,518          | 1,063          | 405            | 148            |
| Environmental restoration, Defense:   |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA |                | <b>1,060</b>   | <b>1,061</b>   |                |                |                |                |
| Outlays .....   | O      | -1             | 233            | 710            | 711            | 297            | 95             | 53             |
| Environmental restoration, formerly used Defense sites:                                   |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA |                | <b>245</b>     | <b>213</b>     |                |                |                |                |
| Outlays .....   | O      | -2             | 54             | 157            | 150            | 62             | 20             | 11             |
| Overseas humanitarian, disaster and civic aid:  |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>49</b>      | <b>58</b>      | <b>59</b>      |                |                |                |                |
| Outlays .....   | O      | 57             | 58             | 52             | 43             | 17             | 5              | 2              |
| Overseas humanitarian, disaster and civic aid (gross) .....                               | BA     | <b>49</b>      | <b>58</b>      | <b>59</b>      |                |                |                |                |
|   | O      | 57             | 58             | 52             | 43             | 17             | 5              | 2              |
| Change in uncollected customer payments from Federal sources .....                        | BA     | <b>1</b>       |                |                |                |                |                |                |
| Offsetting collections from Federal sources .....   |        | -1             |                |                |                |                |                |                |
| Total Overseas humanitarian, disaster and civic aid (net) .....                           | BA     | <b>49</b>      | <b>58</b>      | <b>59</b>      |                |                |                |                |
|   | O      | 56             | 58             | 52             | 43             | 17             | 5              | 2              |
| Defense reinvestment for economic growth:   |        |                |                |                |                |                |                |                |
| Outlays .....   | 051 O  | 2              |                |                |                |                |                |                |
| Former Soviet Union threat reduction account:   |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>358</b>     | <b>414</b>     | <b>451</b>     |                |                |                |                |
| Spending authority from offsetting collections, discretionary .....                       | BA     | <b>1</b>       |                |                |                |                |                |                |
| Outlays .....   | O      | 379            | 736            | 477            | 359            | 166            | 117            | 75             |
| Former Soviet Union threat reduction account (gross) .....                                | BA     | <b>359</b>     | <b>414</b>     | <b>451</b>     |                |                |                |                |
|   | O      | 379            | 736            | 477            | 359            | 166            | 117            | 75             |
| Change in uncollected customer payments from Federal sources .....                        | BA     | <b>-1</b>      |                |                |                |                |                |                |
| Total Former Soviet Union threat reduction account (net) .....                            | BA     | <b>358</b>     | <b>414</b>     | <b>451</b>     |                |                |                |                |
|   | O      | 379            | 736            | 477            | 359            | 166            | 117            | 75             |
| Payment to Kaho'olawe Island conveyance, remediation, and environmental restoration fund: |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>67</b>      | <b>75</b>      |                |                |                |                |                |
| Outlays .....   | O      | 71             | 75             |                |                |                |                |                |
| Emergency response fund:  |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>2,581</b>   |                |                |                |                |                |                |
| Outlays .....   | O      | 7,845          | 4,992          | 1,349          | 236            | 101            | 34             |                |
| Allied contributions and cooperation account:   |        |                |                |                |                |                |                |                |
| Appropriation, mandatory .....  | 051 BA | <b>507</b>     | <b>210</b>     | <b>210</b>     | <b>210</b>     | <b>210</b>     | <b>210</b>     | <b>210</b>     |
| Outlays .....   | O      | 510            | 210            | 210            | 210            | 210            | 210            | 210            |
| Miscellaneous special funds:  |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>97</b>      | <b>106</b>     | <b>22</b>      |                |                |                |                |
| Appropriation, mandatory .....  | BA     | <b>3</b>       | <b>6</b>       | <b>10</b>      | <b>10</b>      | <b>9</b>       | <b>11</b>      | <b>11</b>      |
| Outlays .....   | O      | 133            | 173            | 53             | 24             | 13             | 12             | 11             |
| Total Miscellaneous special funds .....   | BA     | <b>100</b>     | <b>112</b>     | <b>32</b>      | <b>10</b>      | <b>9</b>       | <b>11</b>      | <b>11</b>      |
|   | O      | 133            | 173            | 53             | 24             | 13             | 12             | 11             |
| Overseas military facility investment recovery:   |        |                |                |                |                |                |                |                |
| Appropriation, discretionary .....  | 051 BA | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       | <b>1</b>       |
| Outlays .....   | O      | 3              | 13             | 6              | 3              | 2              | 1              | 1              |
| Total Federal funds Operation and Maintenance .....                                       | BA     | <b>133,212</b> | <b>129,589</b> | <b>133,455</b> | <b>139,295</b> | <b>145,225</b> | <b>150,315</b> | <b>157,574</b> |
|   | O      | 130,005        | 136,284        | 133,058        | 137,507        | 142,962        | 148,018        | 154,633        |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate     |              |               |               |               |                |
|--|--------|----------------|--------------|--------------|---------------|---------------|---------------|----------------|
|  |        |                | 2003         | 2004         | 2005          | 2006          | 2007          | 2008           |
| <b>Procurement</b>   |        |                |              |              |               |               |               |                |
| <i>Federal funds</i>   |        |                |              |              |               |               |               |                |
| <b>General and Special Funds:</b>  |        |                |              |              |               |               |               |                |
| Aircraft procurement, Army:  |        |                |              |              |               |               |               |                |
| Appropriation, discretionary .....   | 051 BA | 1,910          | 2,242        | 2,128        | 78,644        | 85,760        | 96,077        | 105,280        |
| Spending authority from offsetting collections, discretionary .....        | BA     | 7              | 38           | 29           | 1,922         | 1,926         | 1,930         | 1,935          |
| Outlays .....  | O      | 1,634          | 1,792        | 2,087        | 34,933        | 64,171        | 80,431        | 90,527         |
| Aircraft procurement, Army (gross) .....                                   |        | <b>1,917</b>   | <b>2,280</b> | <b>2,157</b> | <b>80,566</b> | <b>87,686</b> | <b>98,007</b> | <b>107,215</b> |
|  |        | 1,634          | 1,792        | 2,087        | 34,933        | 64,171        | 80,431        | 90,527         |
| Change in uncollected customer payments from Federal sources .....         |        | -6             |              |              |               |               |               |                |
| Portion of cash collections credited to expired accounts .....             |        | 1              |              |              |               |               |               |                |
| Offsetting collections from Federal sources .....                          |        | -1             | -38          | -27          | -1,678        | -1,678        | -1,678        | -1,678         |
| Offsetting collections from non-Federal sources .....                      |        |                |              | -2           | -244          | -248          | -252          | -257           |
| Total Aircraft procurement, Army (net) .....                               |        | <b>1,911</b>   | <b>2,242</b> | <b>2,128</b> | <b>78,644</b> | <b>85,760</b> | <b>96,077</b> | <b>105,280</b> |
|  |        | 1,633          | 1,754        | 2,058        | 33,011        | 62,245        | 78,501        | 88,592         |
| Missile procurement, Army:   |        |                |              |              |               |               |               |                |
| Appropriation, discretionary .....   | 051 BA | 1,069          | 1,037        | 1,459        |               |               |               |                |
| Spending authority from offsetting collections, discretionary .....        | BA     | 42             | 108          | 68           |               |               |               |                |
| Outlays .....  | O      | 1,289          | 1,390        | 1,195        | 1,066         | 835           | 129           | 45             |
| Missile procurement, Army (gross) .....                                    |        | <b>1,111</b>   | <b>1,145</b> | <b>1,527</b> |               |               |               |                |
|  |        | 1,289          | 1,390        | 1,195        | 1,066         | 835           | 129           | 45             |
| Change in uncollected customer payments from Federal sources .....         |        | -13            |              |              |               |               |               |                |
| Portion of cash collections credited to expired accounts .....             |        | 4              |              |              |               |               |               |                |
| Offsetting collections from Federal sources .....                          |        | -28            | -103         | -63          |               |               |               |                |
| Offsetting collections from non-Federal sources .....                      |        | -5             | -5           | -5           |               |               |               |                |
| Total Missile procurement, Army (net) .....                                |        | <b>1,069</b>   | <b>1,037</b> | <b>1,459</b> |               |               |               |                |
|  |        | 1,256          | 1,282        | 1,127        | 1,066         | 835           | 129           | 45             |
| Procurement of weapons and tracked combat vehicles, Army:                  |        |                |              |              |               |               |               |                |
| Appropriation, discretionary .....   | 051 BA | 2,171          | 2,213        | 1,641        |               |               |               |                |
| Spending authority from offsetting collections, discretionary .....        | BA     | 30             | 54           | 52           |               |               |               |                |
| Outlays .....  | O      | 2,037          | 2,379        | 2,179        | 1,597         | 611           | 175           | 64             |
| Procurement of weapons and tracked combat vehicles, Army (gross) .....     |        | <b>2,201</b>   | <b>2,267</b> | <b>1,693</b> |               |               |               |                |
|  |        | 2,037          | 2,379        | 2,179        | 1,597         | 611           | 175           | 64             |
| Change in uncollected customer payments from Federal sources .....         |        | -23            |              |              |               |               |               |                |
| Portion of cash collections credited to expired accounts .....             |        | 1              |              |              |               |               |               |                |
| Offsetting collections from Federal sources .....                          |        | -7             | -42          | -39          |               |               |               |                |
| Offsetting collections from non-Federal sources .....                      |        | -1             | -12          | -13          |               |               |               |                |
| Total Procurement of weapons and tracked combat vehicles, Army (net) ..... |        | <b>2,171</b>   | <b>2,213</b> | <b>1,641</b> |               |               |               |                |
|  |        | 2,029          | 2,325        | 2,127        | 1,597         | 611           | 175           | 64             |
| Procurement of ammunition, Army:   |        |                |              |              |               |               |               |                |
| Appropriation, discretionary .....   | 051 BA | 1,145          | 1,208        | 1,310        |               |               |               |                |
| Spending authority from offsetting collections, discretionary .....        | BA     | 636            | 524          | 891          |               |               |               |                |
| Outlays .....  | O      | 1,707          | 1,632        | 2,106        | 989           | 356           | 107           | 29             |
| Limitation on loan guarantee commitments .....                             |        |                | (45)         |              |               |               |               |                |
| Procurement of ammunition, Army (gross) .....                              |        | <b>1,781</b>   | <b>1,732</b> | <b>2,201</b> |               |               |               |                |
|  |        | 1,707          | 1,632        | 2,106        | 989           | 356           | 107           | 29             |
| Change in uncollected customer payments from Federal sources .....         |        | -274           |              |              |               |               |               |                |
| Portion of cash collections credited to expired accounts .....             |        | 44             |              |              |               |               |               |                |
| Offsetting collections from Federal sources .....                          |        | -404           | -510         | -877         |               |               |               |                |
| Offsetting collections from non-Federal sources .....                      |        | -2             | -14          | -14          |               |               |               |                |
| Total Procurement of ammunition, Army (net) .....                          |        | <b>1,145</b>   | <b>1,208</b> | <b>1,310</b> |               |               |               |                |
|  |        | 1,301          | 1,108        | 1,215        | 989           | 356           | 107           | 29             |
| Other procurement, Army:   |        |                |              |              |               |               |               |                |
| Appropriation, discretionary .....   | 051 BA | 4,214          | 5,675        | 4,217        |               |               |               |                |
| Spending authority from offsetting collections, discretionary .....        | BA     | 19             | 64           | 88           |               |               |               |                |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |               |       |       |      |      |
|---|--------|----------------|--------------|---------------|-------|-------|------|------|
|   |        |                | 2003         | 2004          | 2005  | 2006  | 2007 | 2008 |
| Outlays .....   | O      | 4,224          | 4,772        | 4,979         | 3,128 | 963   | 336  | 149  |
| Other procurement, Army (gross) .....                               | BA     | <b>4,233</b>   | <b>5,739</b> | <b>4,305</b>  |       |       |      |      |
|   | O      | 4,224          | 4,772        | 4,979         | 3,128 | 963   | 336  | 149  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2             |              |               |       |       |      |      |
| Portion of cash collections credited to expired accounts .....      | BA     | 20             |              |               |       |       |      |      |
| Offsetting collections from Federal sources .....                   |        | -27            | -56          | -74           |       |       |      |      |
| Offsetting collections from non-Federal sources .....               |        | -10            | -8           | -14           |       |       |      |      |
| Total Other procurement, Army (net) .....                           | BA     | <b>4,214</b>   | <b>5,675</b> | <b>4,217</b>  |       |       |      |      |
|   | O      | 4,187          | 4,708        | 4,891         | 3,128 | 963   | 336  | 149  |
| Aircraft procurement, Navy:   |        |                |              |               |       |       |      |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>7,987</b>   | <b>8,627</b> | <b>8,788</b>  |       |       |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | 7            | 7             |       |       |      |      |
| Outlays .....   | O      | 8,484          | 7,898        | 8,412         | 6,999 | 2,892 | 784  | 481  |
| Aircraft procurement, Navy (gross) .....                            | BA     | <b>7,987</b>   | <b>8,634</b> | <b>8,795</b>  |       |       |      |      |
|   | O      | 8,484          | 7,898        | 8,412         | 6,999 | 2,892 | 784  | 481  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -5             |              |               |       |       |      |      |
| Offsetting collections from Federal sources .....                   |        | 5              | -7           | -7            |       |       |      |      |
| Total Aircraft procurement, Navy (net) .....                        | BA     | <b>7,987</b>   | <b>8,627</b> | <b>8,788</b>  |       |       |      |      |
|   | O      | 8,489          | 7,891        | 8,405         | 6,999 | 2,892 | 784  | 481  |
| Weapons procurement, Navy:  |        |                |              |               |       |       |      |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>1,390</b>   | <b>1,829</b> | <b>1,992</b>  |       |       |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1              | 10           | 10            |       |       |      |      |
| Outlays .....   | O      | 1,587          | 1,530        | 1,724         | 1,293 | 585   | 389  | 145  |
| Weapons procurement, Navy (gross) .....                             | BA     | <b>1,391</b>   | <b>1,839</b> | <b>2,002</b>  |       |       |      |      |
|   | O      | 1,587          | 1,530        | 1,724         | 1,293 | 585   | 389  | 145  |
| Change in uncollected customer payments from Federal sources .....  | BA     | 1              |              |               |       |       |      |      |
| Portion of cash collections credited to expired accounts .....      | BA     | 16             |              |               |       |       |      |      |
| Offsetting collections from Federal sources .....                   |        | -18            | -10          | -10           |       |       |      |      |
| Total Weapons procurement, Navy (net) .....                         | BA     | <b>1,390</b>   | <b>1,829</b> | <b>1,992</b>  |       |       |      |      |
|   | O      | 1,569          | 1,520        | 1,714         | 1,293 | 585   | 389  | 145  |
| Procurement of ammunition, Navy and Marine Corps:                   |        |                |              |               |       |       |      |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>717</b>     | <b>1,144</b> | <b>922</b>    |       |       |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10             | 25           | 25            |       |       |      |      |
| Outlays .....   | O      | 619            | 718          | 934           | 791   | 353   | 177  | 94   |
| Procurement of ammunition, Navy and Marine Corps (gross) .....      | BA     | <b>727</b>     | <b>1,169</b> | <b>947</b>    |       |       |      |      |
|   | O      | 619            | 718          | 934           | 791   | 353   | 177  | 94   |
| Change in uncollected customer payments from Federal sources .....  | BA     | -7             |              |               |       |       |      |      |
| Portion of cash collections credited to expired accounts .....      | BA     | -1             |              |               |       |       |      |      |
| Offsetting collections from Federal sources .....                   |        | -2             | -25          | -25           |       |       |      |      |
| Total Procurement of ammunition, Navy and Marine Corps (net) .....  | BA     | <b>717</b>     | <b>1,144</b> | <b>922</b>    |       |       |      |      |
|   | O      | 617            | 693          | 909           | 791   | 353   | 177  | 94   |
| Shipbuilding and conversion, Navy:                                  |        |                |              |               |       |       |      |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>9,180</b>   | <b>9,049</b> | <b>11,439</b> |       |       |      |      |
| Outlays .....   | O      | 8,317          | 7,954        | 7,706         |       |       |      |      |
| Shipbuilding and conversion, Navy (gross) .....                     | BA     | <b>9,180</b>   | <b>9,049</b> | <b>11,439</b> |       |       |      |      |
|   | O      | 8,317          | 7,954        | 7,706         |       |       |      |      |
| Change in uncollected customer payments from Federal sources .....  | BA     | 30             |              |               |       |       |      |      |
| Offsetting collections from Federal sources .....                   |        | -30            |              |               |       |       |      |      |
| Total Shipbuilding and conversion, Navy (net) .....                 | BA     | <b>9,180</b>   | <b>9,049</b> | <b>11,439</b> |       |       |      |      |
|   | O      | 8,287          | 7,954        | 7,706         |       |       |      |      |
| Other procurement, Navy:  |        |                |              |               |       |       |      |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>4,154</b>   | <b>4,519</b> | <b>4,679</b>  |       |       |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 116            | 42           | 220           |       |       |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |       |       |       |      |
|---|--------|----------------|---------------|---------------|-------|-------|-------|------|
|   |        |                | 2003          | 2004          | 2005  | 2006  | 2007  | 2008 |
| Outlays .....   | O      | 4,030          | 4,363         | 4,462         | 2,828 | 1,083 | 350   | 195  |
| Other procurement, Navy (gross) .....                               | BA     | <b>4,270</b>   | <b>4,561</b>  | <b>4,899</b>  |       |       |       |      |
|   | O      | 4,030          | 4,363         | 4,462         | 2,828 | 1,083 | 350   | 195  |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>63</b>      |               |               |       |       |       |      |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>-8</b>      |               |               |       |       |       |      |
| Offsetting collections from Federal sources .....                   |        | 24             | -12           | -12           |       |       |       |      |
| Offsetting collections from non-Federal sources .....               |        | -195           | -30           | -208          |       |       |       |      |
| Total Other procurement, Navy (net) .....                           | BA     | <b>4,154</b>   | <b>4,519</b>  | <b>4,679</b>  |       |       |       |      |
|   | O      | 3,859          | 4,321         | 4,242         | 2,828 | 1,083 | 350   | 195  |
| Procurement, Marine Corps:  |        |                |               |               |       |       |       |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>939</b>     | <b>1,355</b>  | <b>1,071</b>  |       |       |       |      |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | <b>9</b>      | <b>9</b>      |       |       |       |      |
| Outlays .....   | O      | 1,386          | 1,071         | 1,128         | 786   | 288   | 113   | 29   |
| Procurement, Marine Corps (gross) .....                             | BA     | <b>939</b>     | <b>1,364</b>  | <b>1,080</b>  |       |       |       |      |
|   | O      | 1,386          | 1,071         | 1,128         | 786   | 288   | 113   | 29   |
| Offsetting collections from Federal sources .....                   |        |                | -9            | -9            |       |       |       |      |
| Total Procurement, Marine Corps (net) .....                         | BA     | <b>939</b>     | <b>1,355</b>  | <b>1,071</b>  |       |       |       |      |
|   | O      | 1,386          | 1,062         | 1,119         | 786   | 288   | 113   | 29   |
| Aircraft procurement, Air Force:                                    |        |                |               |               |       |       |       |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>10,501</b>  | <b>12,814</b> | <b>12,079</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>58</b>      | <b>50</b>     | <b>50</b>     |       |       |       |      |
| Outlays .....   | O      | 10,485         | 10,689        | 11,705        | 8,536 | 3,562 | 1,073 | 434  |
| Aircraft procurement, Air Force (gross) .....                       | BA     | <b>10,559</b>  | <b>12,864</b> | <b>12,129</b> |       |       |       |      |
|   | O      | 10,485         | 10,689        | 11,705        | 8,536 | 3,562 | 1,073 | 434  |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>6</b>       |               |               |       |       |       |      |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>-3</b>      |               |               |       |       |       |      |
| Offsetting collections from Federal sources .....                   |        | -106           | -5            | -5            |       |       |       |      |
| Offsetting collections from non-Federal sources .....               |        | 45             | -45           | -45           |       |       |       |      |
| Total Aircraft procurement, Air Force (net) .....                   | BA     | <b>10,501</b>  | <b>12,814</b> | <b>12,079</b> |       |       |       |      |
|   | O      | 10,424         | 10,639        | 11,655        | 8,536 | 3,562 | 1,073 | 434  |
| Missile procurement, Air Force:                                     |        |                |               |               |       |       |       |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>2,760</b>   | <b>2,905</b>  | <b>4,393</b>  |       |       |       |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>14</b>      | <b>75</b>     | <b>75</b>     |       |       |       |      |
| Outlays .....   | O      | 2,731          | 2,777         | 3,466         | 2,357 | 902   | 331   | 169  |
| Missile procurement, Air Force (gross) .....                        | BA     | <b>2,774</b>   | <b>2,980</b>  | <b>4,468</b>  |       |       |       |      |
|   | O      | 2,731          | 2,777         | 3,466         | 2,357 | 902   | 331   | 169  |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-3</b>      |               |               |       |       |       |      |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>1</b>       |               |               |       |       |       |      |
| Offsetting collections from Federal sources .....                   |        | -12            | -59           | -59           |       |       |       |      |
| Offsetting collections from non-Federal sources .....               |        |                | -16           | -16           |       |       |       |      |
| Total Missile procurement, Air Force (net) .....                    | BA     | <b>2,760</b>   | <b>2,905</b>  | <b>4,393</b>  |       |       |       |      |
|   | O      | 2,719          | 2,702         | 3,391         | 2,357 | 902   | 331   | 169  |
| Procurement of ammunition, Air Force:                               |        |                |               |               |       |       |       |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>968</b>     | <b>1,265</b>  | <b>1,285</b>  |       |       |       |      |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | <b>13</b>     | <b>13</b>     |       |       |       |      |
| Outlays .....   | O      | 671            | 838           | 1,164         | 1,147 | 521   | 56    | 35   |
| Procurement of ammunition, Air Force (gross) .....                  | BA     | <b>968</b>     | <b>1,278</b>  | <b>1,298</b>  |       |       |       |      |
|   | O      | 671            | 838           | 1,164         | 1,147 | 521   | 56    | 35   |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>2</b>       |               |               |       |       |       |      |
| Offsetting collections from Federal sources .....                   |        | -2             |               |               |       |       |       |      |
| Offsetting collections from non-Federal sources .....               |        |                | -13           | -13           |       |       |       |      |
| Total Procurement of ammunition, Air Force (net) .....              | BA     | <b>968</b>     | <b>1,265</b>  | <b>1,285</b>  |       |       |       |      |
|   | O      | 669            | 825           | 1,151         | 1,147 | 521   | 56    | 35   |
| Other procurement, Air Force:                                       |        |                |               |               |       |       |       |      |
| Appropriation, discretionary .....                                  | 051 BA | <b>9,000</b>   | <b>10,554</b> | <b>11,584</b> |       |       |       |      |



**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        | 2008    |
|---|--------|----------------|----------|--------|--------|--------|--------|---------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   |         |
| Spending authority from offsetting collections, discretionary | BA     | 119            | 300      | 300    |        |        |        |         |
| Outlays   | O      | 10,395         | 10,195   | 11,379 | 4,313  | 637    | 231    | 92      |
| Other procurement, Air Force (gross)                          | BA     | 9,119          | 10,854   | 11,884 |        |        |        |         |
|   | O      | 10,395         | 10,195   | 11,379 | 4,313  | 637    | 231    | 92      |
| Change in uncollected customer payments from Federal sources  | BA     | -17            |          |        |        |        |        |         |
| Portion of cash collections credited to expired accounts      | BA     | 1              |          |        |        |        |        |         |
| Offsetting collections from Federal sources                   |        | -103           | -109     | -109   |        |        |        |         |
| Offsetting collections from non-Federal sources               |        |                | -191     | -191   |        |        |        |         |
| Total Other procurement, Air Force (net)                      | BA     | 9,000          | 10,554   | 11,584 |        |        |        |         |
|   | O      | 10,292         | 9,895    | 11,079 | 4,313  | 637    | 231    | 92      |
| Procurement, Defense-wide:                                    |        |                |          |        |        |        |        |         |
| Appropriation, discretionary                                  | 051 BA | 2,782          | 3,350    | 3,691  |        |        |        |         |
| Spending authority from offsetting collections, discretionary | BA     | 174            | 111      | 242    |        |        |        |         |
| Outlays   | O      | 2,347          | 3,141    | 3,506  | 2,405  | 954    | 361    | 144     |
| Procurement, Defense-wide (gross)                             | BA     | 2,956          | 3,461    | 3,933  |        |        |        |         |
|   | O      | 2,347          | 3,141    | 3,506  | 2,405  | 954    | 361    | 144     |
| Change in uncollected customer payments from Federal sources  | BA     | -87            |          |        |        |        |        |         |
| Portion of cash collections credited to expired accounts      | BA     | 5              |          |        |        |        |        |         |
| Offsetting collections from Federal sources                   |        | -41            | -101     | -216   |        |        |        |         |
| Offsetting collections from non-Federal sources               |        | -51            | -10      | -26    |        |        |        |         |
| Total Procurement, Defense-wide (net)                         | BA     | 2,782          | 3,350    | 3,691  |        |        |        |         |
|   | O      | 2,255          | 3,030    | 3,264  | 2,405  | 954    | 361    | 144     |
| National guard and reserve equipment:                         |        |                |          |        |        |        |        |         |
| Appropriation, discretionary                                  | 051 BA | 697            | 96       |        |        |        |        |         |
| Outlays   | O      | 372            | 252      | 300    | 189    | 22     | 4      | 1       |
| Defense production act purchases:                             |        |                |          |        |        |        |        |         |
| Appropriation, discretionary                                  | 051 BA | 40             | 72       | 68     |        |        |        |         |
| Outlays   | O      | 9              | 80       | 70     | 35     | 17     |        |         |
| Chemical agents and munitions destruction, Army:              |        |                |          |        |        |        |        |         |
| Appropriation, discretionary                                  | 051 BA | 1,114          | 1,449    | 1,650  |        |        |        |         |
| Spending authority from offsetting collections, discretionary | BA     | 4              | 5        | 5      |        |        |        |         |
| Outlays   | O      | 1,167          | 1,184    | 1,485  | 609    | 171    | 69     | 33      |
| Chemical agents and munitions destruction, Army (gross)       | BA     | 1,118          | 1,454    | 1,655  |        |        |        |         |
|   | O      | 1,167          | 1,184    | 1,485  | 609    | 171    | 69     | 33      |
| Change in uncollected customer payments from Federal sources  | BA     | 2              |          |        |        |        |        |         |
| Portion of cash collections credited to expired accounts      | BA     | -1             |          |        |        |        |        |         |
| Offsetting collections from Federal sources                   |        | -5             | -5       | -5     |        |        |        |         |
| Total Chemical agents and munitions destruction, Army (net)   | BA     | 1,114          | 1,449    | 1,650  |        |        |        |         |
|   | O      | 1,162          | 1,179    | 1,480  | 609    | 171    | 69     | 33      |
| Total Federal funds Procurement                               | BA     | 62,739         | 71,403   | 74,396 | 78,644 | 85,760 | 96,077 | 105,280 |
|   | O      | 62,515         | 63,220   | 67,903 | 72,079 | 76,997 | 83,186 | 90,731  |

**Research, Development, Test, and Evaluation**

*Federal funds*

**General and Special Funds:**

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Research, development, test, and evaluation, Army:            |        |        |        |        |        |        |        |        |
| Appropriation, discretionary                                  | 051 BA | 7,030  | 7,515  | 9,123  | 67,104 | 64,345 | 64,621 | 66,952 |
| Spending authority from offsetting collections, discretionary | BA     | 2,515  | 1,783  | 1,837  | 6,349  | 6,350  | 6,350  | 6,350  |
| Outlays   | O      | 8,765  | 8,805  | 10,047 | 47,020 | 66,476 | 69,535 | 71,359 |
| Research, development, test, and evaluation, Army (gross)     | BA     | 9,545  | 9,298  | 10,960 | 73,453 | 70,695 | 70,971 | 73,302 |
|   | O      | 8,765  | 8,805  | 10,047 | 47,020 | 66,476 | 69,535 | 71,359 |
| Change in uncollected customer payments from Federal sources  | BA     | -465   |        |        |        |        |        |        |
| Portion of cash collections credited to expired accounts      | BA     | 146    |        |        |        |        |        |        |
| Offsetting collections from Federal sources                   |        | -2,081 | -1,783 | -1,837 | -6,189 | -6,189 | -6,189 | -6,189 |

## DEPARTMENT OF DEFENSE—MILITARY—Continued

(In millions of dollars)

| Account   |         | 2002<br>actual          | estimate                |                         |                         |                         |                         | 2008                    |
|---|---------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |         |                         | 2003                    | 2004                    | 2005                    | 2006                    | 2007                    |                         |
| Offsetting collections from non-Federal sources .....                       |         | -115                    |                         |                         | -161                    | -161                    | -161                    | -161                    |
| Total Research, development, test, and evaluation, Army (net) .....         | BA<br>O | <b>7,030</b><br>6,569   | <b>7,515</b><br>7,022   | <b>9,123</b><br>8,210   | <b>67,103</b><br>40,670 | <b>64,345</b><br>60,126 | <b>64,621</b><br>63,185 | <b>66,952</b><br>65,009 |
| Research, development, test, and evaluation, Navy:                          |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 051 BA  | <b>11,387</b>           | <b>13,597</b>           | <b>14,107</b>           |                         |                         |                         |                         |
| Spending authority from offsetting collections, discretionary .....         | BA      | <b>252</b>              | <b>195</b>              | <b>195</b>              |                         |                         |                         |                         |
| Outlays .....   | O       | 10,511                  | 12,427                  | 13,742                  | 6,028                   | 1,252                   | 242                     | 67                      |
| Research, development, test, and evaluation, Navy (gross) .....             | BA<br>O | <b>11,639</b><br>10,511 | <b>13,792</b><br>12,427 | <b>14,302</b><br>13,742 | <b>6,028</b>            | <b>1,252</b>            | <b>242</b>              | <b>67</b>               |
| Change in uncollected customer payments from Federal sources .....          | BA      | -81                     |                         |                         |                         |                         |                         |                         |
| Portion of cash collections credited to expired accounts .....              | BA      | -20                     |                         |                         |                         |                         |                         |                         |
| Offsetting collections from Federal sources .....                           |         | -140                    | -185                    | -185                    |                         |                         |                         |                         |
| Offsetting collections from non-Federal sources .....                       |         | -11                     | -10                     | -10                     |                         |                         |                         |                         |
| Total Research, development, test, and evaluation, Navy (net) .....         | BA<br>O | <b>11,387</b><br>10,360 | <b>13,597</b><br>12,232 | <b>14,107</b><br>13,547 | <b>6,028</b>            | <b>1,252</b>            | <b>242</b>              | <b>67</b>               |
| Research, development, test, and evaluation, Air Force:                     |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 051 BA  | <b>14,520</b>           | <b>18,451</b>           | <b>20,336</b>           |                         |                         |                         |                         |
| Spending authority from offsetting collections, discretionary .....         | BA      | <b>2,378</b>            | <b>2,216</b>            | <b>3,411</b>            |                         |                         |                         |                         |
| Outlays .....   | O       | 16,556                  | 19,692                  | 22,450                  | 7,415                   | 1,254                   | 446                     | 135                     |
| Research, development, test, and evaluation, Air Force (gross) .....        | BA<br>O | <b>16,898</b><br>16,556 | <b>20,667</b><br>19,692 | <b>23,747</b><br>22,450 | <b>7,415</b>            | <b>1,254</b>            | <b>446</b>              | <b>135</b>              |
| Change in uncollected customer payments from Federal sources .....          | BA      | -106                    |                         |                         |                         |                         |                         |                         |
| Portion of cash collections credited to expired accounts .....              | BA      | 56                      |                         |                         |                         |                         |                         |                         |
| Offsetting collections from Federal sources .....                           |         | -2,315                  | -2,188                  | -3,367                  |                         |                         |                         |                         |
| Offsetting collections from non-Federal sources .....                       |         | -13                     | -28                     | -44                     |                         |                         |                         |                         |
| Total Research, development, test, and evaluation, Air Force (net) .....    | BA<br>O | <b>14,520</b><br>14,228 | <b>18,451</b><br>17,476 | <b>20,336</b><br>19,039 | <b>7,415</b>            | <b>1,254</b>            | <b>446</b>              | <b>135</b>              |
| Research, development, test, and evaluation, Defense-wide:                  |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 051 BA  | <b>15,546</b>           | <b>16,998</b>           | <b>17,974</b>           |                         |                         |                         |                         |
| Spending authority from offsetting collections, discretionary .....         | BA      | <b>543</b>              | <b>639</b>              | <b>692</b>              |                         |                         |                         |                         |
| Outlays .....   | O       | 13,514                  | 16,494                  | 17,826                  | 9,313                   | 2,060                   | 221                     | 66                      |
| Research, development, test, and evaluation, Defense-wide (gross) .....     | BA<br>O | <b>16,089</b><br>13,514 | <b>17,637</b><br>16,494 | <b>18,666</b><br>17,826 | <b>9,313</b>            | <b>2,060</b>            | <b>221</b>              | <b>66</b>               |
| Change in uncollected customer payments from Federal sources .....          | BA      | -126                    |                         |                         |                         |                         |                         |                         |
| Portion of cash collections credited to expired accounts .....              | BA      | 100                     |                         |                         |                         |                         |                         |                         |
| Offsetting collections from Federal sources .....                           |         | -430                    | -519                    | -589                    |                         |                         |                         |                         |
| Offsetting collections from non-Federal sources .....                       |         | -87                     | -120                    | -103                    |                         |                         |                         |                         |
| Total Research, development, test, and evaluation, Defense-wide (net) ..... | BA<br>O | <b>15,546</b><br>12,997 | <b>16,998</b><br>15,855 | <b>17,974</b><br>17,134 | <b>9,313</b>            | <b>2,060</b>            | <b>221</b>              | <b>66</b>               |
| Developmental test and evaluation:  |         |                         |                         |                         |                         |                         |                         |                         |
| Outlays .....   | 051 O   | 41                      | 20                      | 4                       | 1                       |                         |                         |                         |
| Developmental test and evaluation (gross) .....                             | O       | 41                      | 20                      | 4                       | 1                       |                         |                         |                         |
| Portion of cash collections credited to expired accounts .....              | BA      | 1                       |                         |                         |                         |                         |                         |                         |
| Offsetting collections from Federal sources .....                           |         | -1                      |                         |                         |                         |                         |                         |                         |
| Total Developmental test and evaluation (net) .....                         | BA<br>O | <b>40</b><br>40         | <b>20</b><br>20         | <b>4</b><br>4           | <b>1</b><br>1           |                         |                         |                         |
| Operational test and evaluation:  |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 051 BA  | <b>230</b>              | <b>237</b>              | <b>287</b>              |                         |                         |                         |                         |
| Outlays .....   | O       | 195                     | 233                     | 260                     | 145                     | 21                      | 6                       | 2                       |
| Total Federal funds Research, Development, Test, and Evaluation .....       | BA<br>O | <b>48,713</b><br>44,389 | <b>56,798</b><br>52,838 | <b>61,827</b><br>58,194 | <b>67,103</b><br>63,572 | <b>64,345</b><br>64,713 | <b>64,621</b><br>64,100 | <b>66,952</b><br>65,279 |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Military Construction</b>   |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>   |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>  |        |                |          |        |        |        |        |        |
| Military construction, Army:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 1,779          | 1,634    | 1,536  | 6,186  | 10,475 | 13,288 | 12,260 |
| Spending authority from offsetting collections, discretionary              | BA     | 2,402          | 2,000    | 2,000  | 2,407  | 2,407  | 2,407  | 2,407  |
| Outlays  | O      | 3,212          | 3,187    | 3,501  | 4,892  | 7,406  | 10,692 | 13,130 |
| Military construction, Army (gross)  | BA     | 4,181          | 3,634    | 3,536  | 8,593  | 12,882 | 15,695 | 14,667 |
|  | O      | 3,212          | 3,187    | 3,501  | 4,892  | 7,406  | 10,692 | 13,130 |
| Change in uncollected customer payments from Federal sources               | BA     | -74            |          |        |        |        |        |        |
| Portion of cash collections credited to expired accounts                   | BA     | 30             |          |        |        |        |        |        |
| Offsetting collections from Federal sources                                |        | -2,088         | -2,000   | -2,000 | -2,317 | -2,317 | -2,317 | -2,317 |
| Offsetting collections from non-Federal sources                            |        | -270           |          |        | -90    | -90    | -90    | -90    |
| Total Military construction, Army (net)                                    | BA     | 1,779          | 1,634    | 1,536  | 6,186  | 10,475 | 13,288 | 12,260 |
|  | O      | 854            | 1,187    | 1,501  | 2,485  | 4,999  | 8,285  | 10,723 |
| Military construction, Navy:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 1,116          | 1,304    | 1,133  |        |        |        |        |
| Spending authority from offsetting collections, discretionary              | BA     | 405            | 354      | 354    |        |        |        |        |
| Outlays  | O      | 1,356          | 1,398    | 1,537  | 1,018  | 475    | 143    | 41     |
| Military construction, Navy (gross)  | BA     | 1,521          | 1,658    | 1,487  |        |        |        |        |
|  | O      | 1,356          | 1,398    | 1,537  | 1,018  | 475    | 143    | 41     |
| Change in uncollected customer payments from Federal sources               | BA     | -14            |          |        |        |        |        |        |
| Portion of cash collections credited to expired accounts                   | BA     | 53             |          |        |        |        |        |        |
| Offsetting collections from Federal sources                                |        | -308           | -264     | -264   |        |        |        |        |
| Offsetting collections from non-Federal sources                            |        | -136           | -90      | -90    | -93    | -94    | -96    | -98    |
| Total Military construction, Navy (net)                                    | BA     | 1,116          | 1,304    | 1,133  | -93    | -94    | -96    | -98    |
|  | O      | 912            | 1,044    | 1,183  | 925    | 381    | 47     | -57    |
| Military construction, Air Force:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 1,239          | 1,067    | 773    |        |        |        |        |
| Spending authority from offsetting collections, discretionary              | BA     | 7              |          |        |        |        |        |        |
| Outlays  | O      | 869            | 1,095    | 1,105  | 788    | 290    | 55     | 22     |
| Military construction, Air Force (gross)                                   | BA     | 1,246          | 1,067    | 773    |        |        |        |        |
|  | O      | 869            | 1,095    | 1,105  | 788    | 290    | 55     | 22     |
| Offsetting collections from Federal sources                                |        | -7             |          |        |        |        |        |        |
| Total Military construction, Air Force (net)                               | BA     | 1,239          | 1,067    | 773    |        |        |        |        |
|  | O      | 862            | 1,095    | 1,105  | 788    | 290    | 55     | 22     |
| Military construction, Defense-wide:                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 766            | 867      | 669    |        |        |        |        |
| Outlays  | O      | 712            | 801      | 758    | 642    | 333    | 161    | 86     |
| North Atlantic Treaty Organization security investment program:            |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 163            | 167      | 169    |        |        |        |        |
| Spending authority from offsetting collections, discretionary              | BA     | 1              | 11       | 3      |        |        |        |        |
| Outlays  | O      | 189            | 283      | 255    | 84     | 42     |        |        |
| North Atlantic Treaty Organization security investment program (gross)     | BA     | 164            | 178      | 172    |        |        |        |        |
|  | O      | 189            | 283      | 255    | 84     | 42     |        |        |
| Offsetting collections from non-Federal sources                            |        | -1             | -11      | -3     |        |        |        |        |
| Total North Atlantic Treaty Organization security investment program (net) | BA     | 163            | 167      | 169    |        |        |        |        |
|  | O      | 188            | 272      | 252    | 84     | 42     |        |        |
| Military construction, Army National Guard:                                |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 401            | 241      | 168    |        |        |        |        |
| Outlays  | O      | 216            | 319      | 282    | 240    | 82     | 52     | 25     |
| Military construction, Air National Guard:                                 |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 250            | 204      | 60     |        |        |        |        |
| Outlays  | O      | 232            | 221      | 213    | 115    | 34     | 10     | 4      |
| Military construction, Army Reserve:                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 051 BA | 165            | 101      | 68     |        |        |        |        |
| Outlays  | O      | 124            | 128      | 114    | 105    | 33     | 15     | 7      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |        |        |        |
|---|--------|----------------|----------|-------|-------|--------|--------|--------|
|   |        |                | 2003     | 2004  | 2005  | 2006   | 2007   | 2008   |
| <b>Military construction, Naval Reserve:</b>                        |        |                |          |       |       |        |        |        |
| Appropriation, discretionary  | 051 BA | 51             | 75       | 28    |       |        |        |        |
| Outlays   | O      | 37             | 68       | 61    | 46    | 15     | 2      | 1      |
| <b>Military construction, Air Force Reserve:</b>                    |        |                |          |       |       |        |        |        |
| Appropriation, discretionary  | 051 BA | 74             | 67       | 44    |       |        |        |        |
| Outlays   | O      | 43             | 56       | 63    | 50    | 18     | 7      | 4      |
| <b>Base realignment and closure account:</b>                        |        |                |          |       |       |        |        |        |
| Appropriation, discretionary  | 051 BA | 633            | 561      | 370   |       |        |        |        |
| Spending authority from offsetting collections, discretionary       | BA     | 52             |          | 68    |       |        |        |        |
| Outlays   | O      | 920            | 810      | 683   | 240   | 83     | 41     | 25     |
| <b>Base realignment and closure account (gross)</b>                 |        |                |          |       |       |        |        |        |
|   | BA     | 685            | 561      | 438   |       |        |        |        |
|   | O      | 920            | 810      | 683   | 240   | 83     | 41     | 25     |
| <b>Change in uncollected customer payments from Federal sources</b> |        |                |          |       |       |        |        |        |
| Offsetting collections from Federal sources                         | BA     | -4             |          |       |       |        |        |        |
|   |        | -48            |          | -68   |       |        |        |        |
| <b>Total Base realignment and closure account (net)</b>             |        |                |          |       |       |        |        |        |
|   | BA     | 633            | 561      | 370   |       |        |        |        |
|   | O      | 872            | 810      | 615   | 240   | 83     | 41     | 25     |
| <b>Foreign currency fluctuations, construction:</b>                 |        |                |          |       |       |        |        |        |
| Appropriation, discretionary  | 051 BA | -60            |          |       |       |        |        |        |
| Reappropriation, discretionary                                      | BA     | 54             |          |       |       |        |        |        |
| <b>Total Foreign currency fluctuations, construction</b>            |        |                |          |       |       |        |        |        |
|   | BA     | -6             |          |       |       |        |        |        |
| <b>Total Federal funds Military Construction</b>                    |        |                |          |       |       |        |        |        |
|   | BA     | 6,631          | 6,288    | 5,018 | 6,093 | 10,381 | 13,192 | 12,162 |
|   | O      | 5,052          | 6,001    | 6,147 | 5,720 | 6,310  | 8,675  | 10,840 |

**Family Housing**

*Federal funds*

**General and Special Funds:**

**Family housing construction, Army:**

|   |        |     |     |     |       |       |       |       |
|---|--------|-----|-----|-----|-------|-------|-------|-------|
| Appropriation, discretionary                                  | 051 BA | 301 | 275 | 357 | 4,772 | 5,071 | 4,777 | 3,804 |
| Spending authority from offsetting collections, discretionary | BA     |     |     |     | 73    | 73    | 73    | 73    |
| Outlays   | O      | 177 | 141 | 158 | 2,288 | 3,782 | 4,322 | 4,650 |
| <b>Family housing construction, Army (gross)</b>              |        |     |     |     |       |       |       |       |
|   | BA     | 301 | 275 | 357 | 4,845 | 5,144 | 4,850 | 3,877 |
|   | O      | 177 | 141 | 158 | 2,288 | 3,782 | 4,322 | 4,650 |
| <b>Offsetting collections from Federal sources</b>            |        |     |     |     |       |       |       |       |
|   |        |     |     |     | -33   | -33   | -33   | -33   |
| <b>Offsetting collections from non-Federal sources</b>        |        |     |     |     |       |       |       |       |
|   |        |     |     |     | -41   | -41   | -41   | -41   |
| <b>Total Family housing construction, Army (net)</b>          |        |     |     |     |       |       |       |       |
|   | BA     | 301 | 275 | 357 | 4,771 | 5,070 | 4,776 | 3,803 |
|   | O      | 177 | 141 | 158 | 2,214 | 3,708 | 4,248 | 4,576 |

**Family housing operation and maintenance, Army:**

|   |        |       |       |       |     |    |    |   |
|---|--------|-------|-------|-------|-----|----|----|---|
| Appropriation, discretionary  | 051 BA | 1,076 | 1,106 | 1,043 |     |    |    |   |
| Spending authority from offsetting collections, discretionary       | BA     | 18    | 22    | 22    |     |    |    |   |
| Outlays   | O      | 998   | 1,163 | 1,121 | 311 | 68 | 17 | 5 |
| <b>Family housing operation and maintenance, Army (gross)</b>       |        |       |       |       |     |    |    |   |
|   | BA     | 1,094 | 1,128 | 1,065 |     |    |    |   |
|   | O      | 998   | 1,163 | 1,121 | 311 | 68 | 17 | 5 |
| <b>Change in uncollected customer payments from Federal sources</b> |        |       |       |       |     |    |    |   |
| Portion of cash collections credited to expired accounts            | BA     | -2    |       |       |     |    |    |   |
| Offsetting collections from Federal sources                         | BA     | 2     |       |       |     |    |    |   |
| Offsetting collections from non-Federal sources                     |        | -18   | -4    | -4    |     |    |    |   |
|   |        |       | -18   | -18   |     |    |    |   |
| <b>Total Family housing operation and maintenance, Army (net)</b>   |        |       |       |       |     |    |    |   |
|   | BA     | 1,076 | 1,106 | 1,043 |     |    |    |   |
|   | O      | 980   | 1,141 | 1,099 | 311 | 68 | 17 | 5 |

**Family housing construction, Navy and Marine Corps:**

|   |        |     |     |     |     |     |    |    |
|---|--------|-----|-----|-----|-----|-----|----|----|
| Appropriation, discretionary  | 051 BA | 328 | 332 | 184 |     |     |    |    |
| Outlays   | O      | 435 | 313 | 315 | 228 | 119 | 55 | 22 |
| <b>Family housing operation and maintenance, Navy and Marine Corps:</b> |        |     |     |     |     |     |    |    |
| Appropriation, discretionary  | 051 BA | 900 | 862 | 853 |     |     |    |    |
| Spending authority from offsetting collections, discretionary           | BA     | 16  | 21  | 21  |     |     |    |    |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |      |      |      | 2008 |
|---|--------|----------------|------------|------------|------|------|------|------|
|   |        |                | 2003       | 2004       | 2005 | 2006 | 2007 |      |
| Outlays .....   | O      | 866            | 930        | 929        | 328  | 88   | 34   | 17   |
| Family housing operation and maintenance, Navy and Marine Corps (gross) .....     | BA     | <b>916</b>     | <b>883</b> | <b>874</b> |      |      |      |      |
|   | O      | 866            | 930        | 929        | 328  | 88   | 34   | 17   |
| Portion of cash collections credited to expired accounts .....                    | BA     | <b>2</b>       |            |            |      |      |      |      |
| Offsetting collections from Federal sources .....                                 |        | -15            | -19        | -19        |      |      |      |      |
| Offsetting collections from non-Federal sources .....                             |        | -3             | -2         | -2         |      |      |      |      |
| Total Family housing operation and maintenance, Navy and Marine Corps (net) ..... | BA     | <b>900</b>     | <b>862</b> | <b>853</b> |      |      |      |      |
|   | O      | 848            | 909        | 908        | 328  | 88   | 34   | 17   |
| Family housing construction, Air Force:   |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA | <b>539</b>     | <b>676</b> | <b>696</b> |      |      |      |      |
| Outlays .....   | O      | 266            | 448        | 455        | 569  | 241  | 158  | 69   |
| Family housing operation and maintenance, Air Force:                              |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA | <b>835</b>     | <b>863</b> | <b>834</b> |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....               | BA     | <b>10</b>      | <b>11</b>  | <b>11</b>  |      |      |      |      |
| Outlays .....   | O      | 820            | 912        | 856        | 270  | 51   | 34   | 20   |
| Family housing operation and maintenance, Air Force (gross) .....                 | BA     | <b>845</b>     | <b>874</b> | <b>845</b> |      |      |      |      |
|   | O      | 820            | 912        | 856        | 270  | 51   | 34   | 20   |
| Change in uncollected customer payments from Federal sources .....                | BA     | -3             |            |            |      |      |      |      |
| Portion of cash collections credited to expired accounts .....                    | BA     | <b>2</b>       |            |            |      |      |      |      |
| Offsetting collections from Federal sources .....                                 |        | -1             | -3         | -3         |      |      |      |      |
| Offsetting collections from non-Federal sources .....                             |        | -7             | -8         | -8         |      |      |      |      |
| Total Family housing operation and maintenance, Air Force (net) .....             | BA     | <b>836</b>     | <b>863</b> | <b>834</b> |      |      |      |      |
|   | O      | 812            | 901        | 845        | 270  | 51   | 34   | 20   |
| Family housing construction, Defense Wide:  |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA |                | <b>5</b>   |            |      |      |      |      |
| Outlays .....   | O      | 3              | 1          |            | 3    | 1    | 1    |      |
| Family housing operation and maintenance, Defense Wide:                           |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA | <b>43</b>      | <b>42</b>  | <b>49</b>  |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....               | BA     | <b>1</b>       | <b>3</b>   | <b>4</b>   |      |      |      |      |
| Outlays .....   | O      | 39             | 57         | 52         | 13   | 6    | 3    | 1    |
| Family housing operation and maintenance, Defense Wide (gross) .....              | BA     | <b>44</b>      | <b>45</b>  | <b>53</b>  |      |      |      |      |
|   | O      | 39             | 57         | 52         | 13   | 6    | 3    | 1    |
| Offsetting collections from Federal sources .....                                 |        | -1             | -3         | -4         |      |      |      |      |
| Total Family housing operation and maintenance, Defense Wide (net) .....          | BA     | <b>43</b>      | <b>42</b>  | <b>49</b>  |      |      |      |      |
|   | O      | 38             | 54         | 48         | 13   | 6    | 3    | 1    |
| <b>Public Enterprise Funds:</b>   |        |                |            |            |      |      |      |      |
| Homeowners assistance fund:   |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA | <b>10</b>      |            |            |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....               | BA     | <b>3</b>       | <b>14</b>  | <b>16</b>  |      |      |      |      |
| Outlays .....   | O      | 13             | 39         | 16         |      |      |      |      |
| Homeowners assistance fund (gross) .....  | BA     | <b>13</b>      | <b>14</b>  | <b>16</b>  |      |      |      |      |
|   | O      | 13             | 39         | 16         |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....                | BA     | <b>1</b>       |            |            |      |      |      |      |
| Offsetting collections from Federal sources .....                                 |        | -4             |            |            |      |      |      |      |
| Offsetting collections from non-Federal sources .....                             |        |                | -14        | -16        |      |      |      |      |
| Total Homeowners assistance fund (net) .....                                      | BA     | <b>10</b>      |            |            |      |      |      |      |
|   | O      | 9              | 25         |            |      |      |      |      |
| <b>Credit Accounts:</b>   |        |                |            |            |      |      |      |      |
| Family housing improvement fund:  |        |                |            |            |      |      |      |      |
| Appropriation, discretionary .....  | 051 BA | <b>7</b>       | <b>43</b>  |            |      |      |      |      |
| Appropriation, mandatory .....  | BA     |                | <b>2</b>   |            |      |      |      |      |
| Reappropriation, discretionary .....  | BA     | <b>8</b>       |            |            |      |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account                                     |    | 2002<br>actual | estimate |       |       |       |       |       |
|---|----|----------------|----------|-------|-------|-------|-------|-------|
|   |    |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....                               | O  | 168            | 218      | 258   | 7     | 2     | 1     | 1     |
| Total Family housing improvement fund ..... | BA | 15             | 45       |       |       |       |       |       |
|   | O  | 168            | 218      | 258   | 7     | 2     | 1     | 1     |
| Total Federal funds Family Housing .....    | BA | 4,048          | 4,206    | 4,016 | 4,771 | 5,070 | 4,776 | 3,803 |
|   | O  | 3,736          | 4,151    | 4,086 | 3,943 | 4,284 | 4,551 | 4,711 |

**Revolving and Management Funds**

*Federal funds*

**Public Enterprise Funds:**

National defense stockpile transaction fund:

|   |        |      |      |      |      |      |     |     |
|---|--------|------|------|------|------|------|-----|-----|
| Spending authority from offsetting collections, mandatory ..... | 051 BA | 369  | 210  | 148  | 113  | 109  | 57  | 38  |
| Outlays .....   | O      | 851  | 210  | 148  | 113  | 109  | 57  | 38  |
| National defense stockpile transaction fund (gross) .....       | BA     | 369  | 210  | 148  | 113  | 109  | 57  | 38  |
|   | O      | 851  | 210  | 148  | 113  | 109  | 57  | 38  |
| Offsetting collections from non-Federal sources .....           |        | -369 | -334 | -221 | -172 | -179 | -97 | -63 |
| Total National defense stockpile transaction fund (net) .....   | BA     |      | -124 | -73  | -59  | -70  | -40 | -25 |
|   | O      | 482  | -124 | -73  | -59  | -70  | -40 | -25 |

Reserve mobilization income insurance fund:

|               |       |   |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|
| Outlays ..... | 051 O | 1 |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|

**Intragovernmental Funds:**

Pentagon reservation maintenance revolving fund:

|  |        |        |       |      |      |      |      |      |
|--|--------|--------|-------|------|------|------|------|------|
| Appropriation, discretionary .....                                 | 051 BA | 475    | 255   |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....    | BA     | 839    | 763   | 652  | 317  | 317  | 317  | 317  |
| Outlays .....  | O      | 1,059  | 626   | 705  | 276  | 392  | 272  | 360  |
| Pentagon reservation maintenance revolving fund (gross) .....      | BA     | 1,314  | 1,018 | 652  | 317  | 317  | 317  | 317  |
|  | O      | 1,059  | 626   | 705  | 276  | 392  | 272  | 360  |
| Change in uncollected customer payments from Federal sources ..... | BA     | 337    | -403  | -42  |      |      |      |      |
| Offsetting collections from Federal sources .....                  |        | -1,176 | -359  | -608 | -316 | -316 | -316 | -316 |
| Offsetting collections from non-Federal sources .....              |        |        | -1    | -2   | -1   | -1   | -1   | -1   |
| Total Pentagon reservation maintenance revolving fund (net) .....  | BA     | 475    | 255   |      |      |      |      |      |
|  | O      | -117   | 266   | 95   | -41  | 75   | -45  | 43   |

National defense sealift fund:

|   |        |       |       |       |     |     |     |    |
|---|--------|-------|-------|-------|-----|-----|-----|----|
| Appropriation, discretionary .....                                  | 051 BA | 789   | 928   | 1,063 |     |     |     |    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 811   | 805   | 805   |     |     |     |    |
| Outlays .....   | O      | 1,523 | 2,076 | 1,831 | 463 | 179 | 105 | 60 |
| National defense sealift fund (gross) .....                         | BA     | 1,600 | 1,733 | 1,868 |     |     |     |    |
|   | O      | 1,523 | 2,076 | 1,831 | 463 | 179 | 105 | 60 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -16   |       |       |     |     |     |    |
| Offsetting collections from Federal sources .....                   |        | -795  | -805  | -805  |     |     |     |    |
| Total National defense sealift fund (net) .....                     | BA     | 789   | 928   | 1,063 |     |     |     |    |
|   | O      | 728   | 1,271 | 1,026 | 463 | 179 | 105 | 60 |

Working capital fund, Army:

|   |        |        |        |        |         |         |         |         |
|---|--------|--------|--------|--------|---------|---------|---------|---------|
| Appropriation, discretionary .....                                  | 051 BA | 167    | 249    | 219    | 1,406   | 2,166   | 1,081   | 1,961   |
| Contract authority, mandatory .....                                 | BA     | 67     |        |        |         |         |         |         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6,396  | 8,792  | 8,677  | 89,149  | 89,149  | 89,149  | 89,149  |
| Outlays .....   | O      | 6,516  | 8,692  | 8,404  | 90,755  | 90,468  | 90,225  | 90,526  |
| Working capital fund, Army (gross) .....                            | BA     | 6,630  | 9,041  | 8,896  | 90,555  | 91,315  | 90,230  | 91,110  |
|   | O      | 6,516  | 8,692  | 8,404  | 90,755  | 90,468  | 90,225  | 90,526  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -122   | -98    | -179   |         |         |         |         |
| Offsetting collections from Federal sources .....                   |        | -6,259 | -8,652 | -8,438 | -82,579 | -82,579 | -82,579 | -82,579 |
| Offsetting collections from non-Federal sources .....               |        | -15    | -42    | -60    | -6,570  | -6,570  | -6,570  | -6,570  |
| Total Working capital fund, Army (net) .....                        | BA     | 234    | 249    | 219    | 1,406   | 2,166   | 1,081   | 1,961   |
|   | O      | 242    | -2     | -94    | 1,606   | 1,319   | 1,076   | 1,377   |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual   | estimate         |                  |      |      |      |
|---|---------|------------------|------------------|------------------|------|------|------|
|   |         |                  | 2003             | 2004             | 2005 | 2006 | 2007 |
| Working capital fund, Navy:                                   |         |                  |                  |                  |      |      |      |
| Appropriation, discretionary                                  | 051 BA  |                  | 40               | 130              |      |      |      |
| Contract authority, mandatory                                 | BA      | 819              |                  |                  |      |      |      |
| Spending authority from offsetting collections, discretionary | BA      | 24,063           | 24,478           | 22,579           |      |      |      |
| Outlays   | O       | 23,127           | 24,505           | 22,874           |      |      |      |
| Working capital fund, Navy (gross)                            | BA<br>O | 24,882<br>23,127 | 24,518<br>24,505 | 22,709<br>22,874 |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA      | -295             | -178             | 41               |      |      |      |
| Offsetting collections from Federal sources                   |         | -23,476          | -23,759          | -22,092          |      |      |      |
| Offsetting collections from non-Federal sources               |         | -292             | -541             | -528             |      |      |      |
| Total Working capital fund, Navy (net)                        | BA<br>O | 819<br>-641      | 40<br>205        | 130<br>254       |      |      |      |
| Working capital fund, Air Force:                              |         |                  |                  |                  |      |      |      |
| Appropriation, discretionary                                  | 051 BA  | 34               | 24               | 40               |      |      |      |
| Contract authority, mandatory                                 | BA      | 258              |                  |                  |      |      |      |
| Spending authority from offsetting collections, discretionary | BA      | 22,776           | 22,021           | 20,669           |      |      |      |
| Outlays   | O       | 21,515           | 21,979           | 20,900           |      |      |      |
| Working capital fund, Air Force (gross)                       | BA<br>O | 23,068<br>21,515 | 22,045<br>21,979 | 20,709<br>20,900 |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA      | -943             | -115             | 125              |      |      |      |
| Offsetting collections from Federal sources                   |         | -21,623          | -21,519          | -20,362          |      |      |      |
| Offsetting collections from non-Federal sources               |         | -210             | -387             | -432             |      |      |      |
| Total Working capital fund, Air Force (net)                   | BA<br>O | 292<br>-318      | 24<br>73         | 40<br>106        |      |      |      |
| Working capital fund, Defense wide:                           |         |                  |                  |                  |      |      |      |
| Appropriation, discretionary                                  | 051 BA  | 77               | 744              | 243              |      |      |      |
| Contract authority, mandatory                                 | BA      | 599              |                  |                  |      |      |      |
| Spending authority from offsetting collections, discretionary | BA      | 26,900           | 31,935           | 27,925           |      |      |      |
| Outlays   | O       | 25,856           | 31,700           | 28,300           |      |      |      |
| Working capital fund, Defense wide (gross)                    | BA<br>O | 27,576<br>25,856 | 32,679<br>31,700 | 28,168<br>28,300 |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA      | -844             | -235             | 175              |      |      |      |
| Offsetting collections from Federal sources                   |         | -25,338          | -30,517          | -26,963          |      |      |      |
| Offsetting collections from non-Federal sources               |         | -718             | -1,183           | -1,137           |      |      |      |
| Total Working capital fund, Defense wide (net)                | BA<br>O | 676<br>-200      | 744              | 243<br>200       |      |      |      |
| Working capital fund, Defense Commissary Agency:              |         |                  |                  |                  |      |      |      |
| Appropriation, discretionary                                  | 051 BA  | 1,092            | 959              | 1,089            |      |      |      |
| Contract authority, mandatory                                 | BA      | 12               |                  |                  |      |      |      |
| Spending authority from offsetting collections, discretionary | BA      | 4,997            | 5,117            | 5,176            |      |      |      |
| Outlays   | O       | 6,032            | 6,200            | 6,300            |      |      |      |
| Working capital fund, Defense Commissary Agency (gross)       | BA<br>O | 6,101<br>6,032   | 6,076<br>6,200   | 6,265<br>6,300   |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA      | 35               | 9                | 33               |      |      |      |
| Offsetting collections from Federal sources                   |         | -49              | -26              | -35              |      |      |      |
| Offsetting collections from non-Federal sources               |         | -4,983           | -5,100           | -5,174           |      |      |      |
| Total Working capital fund, Defense Commissary Agency (net)   | BA<br>O | 1,104<br>1,000   | 959<br>1,074     | 1,089<br>1,091   |      |      |      |
| Buildings maintenance fund:                                   |         |                  |                  |                  |      |      |      |
| Spending authority from offsetting collections, mandatory     | 051 BA  | 32               | 31               |                  |      |      |      |
| Outlays   | O       | 62               | 32               |                  |      |      |      |
| Buildings maintenance fund (gross)                            | BA<br>O | 32<br>62         | 31<br>32         |                  |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA      | 32               | 3                |                  |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual        | estimate              |                       |                       |                       |                       |                       |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |         |                       | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  |
| Offsetting collections from Federal sources .....                   |         | -64                   | -34                   |                       |                       |                       |                       |                       |
| Total Buildings maintenance fund (net) .....                        | BA<br>O | -2                    | -2                    |                       |                       |                       |                       |                       |
| Army conventional ammunition working capital fund:                  |         |                       |                       |                       |                       |                       |                       |                       |
| Outlays .....   | 051 O   | 44                    | 69                    | 12                    | 5                     |                       |                       |                       |
| Army conventional ammunition working capital fund (gross) .....     | O       | 44                    | 69                    | 12                    | 5                     |                       |                       |                       |
| Change in uncollected customer payments from Federal sources .....  | BA      |                       | 5                     |                       |                       |                       |                       |                       |
| Offsetting collections from Federal sources .....                   |         |                       | -5                    |                       |                       |                       |                       |                       |
| Total Army conventional ammunition working capital fund (net) ..... | BA<br>O | 44                    | 64                    | 12                    | 5                     |                       |                       |                       |
| Total Federal funds Revolving and Management Funds .....            | BA<br>O | <b>4,389</b><br>1,219 | <b>3,075</b><br>2,825 | <b>2,711</b><br>2,617 | <b>1,347</b><br>1,974 | <b>2,096</b><br>1,503 | <b>1,041</b><br>1,096 | <b>1,936</b><br>1,455 |

**Allowances**

*Federal funds*

**General and Special Funds:**

Other legislation:

|                                    |        |  |  |    |    |    |    |    |
|------------------------------------|--------|--|--|----|----|----|----|----|
| Appropriation, discretionary ..... | 051 BA |  |  | 45 | 48 | 51 | 55 | 59 |
| Outlays .....                      | O      |  |  | 25 | 43 | 48 | 53 | 33 |

General transfer authority outlay allowance:

|               |       |  |       |     |     |     |    |    |
|---------------|-------|--|-------|-----|-----|-----|----|----|
| Outlays ..... | 051 O |  | 1,050 | 825 | 375 | 150 | 75 | 68 |
|---------------|-------|--|-------|-----|-----|-----|----|----|

Department of Defense Closed Accounts:

|                                    |        |    |  |  |  |  |  |  |
|------------------------------------|--------|----|--|--|--|--|--|--|
| Appropriation, discretionary ..... | 051 BA | 83 |  |  |  |  |  |  |
| Outlays .....                      | O      | 83 |  |  |  |  |  |  |

|                                      |         |                 |  |                  |                  |                  |                  |                  |
|--------------------------------------|---------|-----------------|--|------------------|------------------|------------------|------------------|------------------|
| Total Federal funds Allowances ..... | BA<br>O | <b>83</b><br>83 |  | <b>45</b><br>850 | <b>48</b><br>418 | <b>51</b><br>198 | <b>55</b><br>128 | <b>59</b><br>101 |
|--------------------------------------|---------|-----------------|--|------------------|------------------|------------------|------------------|------------------|

**Trust Funds**

*Trust funds*

Voluntary separation incentive fund:

|                                |        |     |     |     |     |     |     |     |
|--------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory ..... | 051 BA | 111 | 156 | 156 | 156 | 155 | 154 | 152 |
| Outlays .....                  | O      | 154 | 156 | 156 | 156 | 155 | 154 | 152 |

Host nation support fund for relocation:

|                                |        |    |   |   |   |   |   |   |
|--------------------------------|--------|----|---|---|---|---|---|---|
| Appropriation, mandatory ..... | 051 BA | 12 | 6 | 7 | 7 | 7 | 8 | 8 |
| Outlays .....                  | O      | 11 | 6 | 7 | 7 | 7 | 8 | 8 |

Other DOD trust funds:

|                                |        |    |    |    |    |    |    |    |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 051 BA | 55 | 51 | 52 | 52 | 51 | 52 | 53 |
| Outlays .....                  | O      | 48 | 51 | 52 | 52 | 51 | 52 | 53 |

National security education trust fund:

|                                    |        |   |   |   |  |  |  |  |
|------------------------------------|--------|---|---|---|--|--|--|--|
| Appropriation, discretionary ..... | 051 BA | 8 | 8 | 8 |  |  |  |  |
| Outlays .....                      | O      | 8 | 8 | 8 |  |  |  |  |

|  |         |               |               |  |  |  |  |  |
|--|---------|---------------|---------------|--|--|--|--|--|
| Total National security education trust fund ..... | BA<br>O | <b>8</b><br>8 | <b>8</b><br>8 |  |  |  |  |  |
|--|---------|---------------|---------------|--|--|--|--|--|

Foreign national employees separation pay:

|                                |        |    |    |    |    |    |    |    |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 051 BA | 43 | 40 | 38 | 38 | 39 | 40 | 40 |
| Outlays .....                  | O      | 13 | 40 | 38 | 38 | 39 | 40 | 40 |

Other DOD trust revolving funds:

|   |        |   |    |    |    |    |    |    |
|---|--------|---|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory ..... | 051 BA | 8 | 10 | 10 | 10 | 10 | 10 | 10 |
| Outlays .....   | O      | 8 | 10 | 10 | 10 | 10 | 10 | 10 |

|   |         |               |                 |                 |                 |                 |                 |                 |
|---|---------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Other DOD trust revolving funds (gross) ..... | BA<br>O | <b>8</b><br>8 | <b>10</b><br>10 | <b>10</b><br>10 | <b>10</b><br>10 | <b>10</b><br>10 | <b>10</b><br>10 | <b>10</b><br>10 |
|---|---------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

|  |    |   |  |  |  |  |  |  |
|--|----|---|--|--|--|--|--|--|
| Change in uncollected customer payments from Federal sources ..... | BA | 2 |  |  |  |  |  |  |
|--|----|---|--|--|--|--|--|--|



**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  | 2002<br>actual     | estimate |         |         |         |         |         |
|--|--------------------|----------|---------|---------|---------|---------|---------|
|  |                    | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| Offsetting collections from non-Federal sources .....                        | -10                | -10      | -10     | -10     | -10     | -10     | -10     |
| Total Other DOD trust revolving funds (net) .....                            | BA<br>O<br>-2      |          |         |         |         |         |         |
| Surcharge collections, sales of commissary stores, Defense:                  |                    |          |         |         |         |         |         |
| Spending authority from offsetting collections, mandatory .....              | 051 BA<br>257      | 253      | 265     | 289     | 289     | 289     | 289     |
| Outlays .....  | O<br>209           | 232      | 242     | 269     | 289     | 289     | 289     |
| Surcharge collections, sales of commissary stores, Defense (gross) .....     | BA<br>257          | 253      | 265     | 289     | 289     | 289     | 289     |
|  | O<br>209           | 232      | 242     | 269     | 289     | 289     | 289     |
| Change in uncollected customer payments from Federal sources .....           | BA<br>15           |          |         |         |         |         |         |
| Offsetting collections from Federal sources .....                            | -5                 | -6       | -6      | -6      | -6      | -6      | -6      |
| Offsetting collections from non-Federal sources .....                        | -267               | -247     | -259    | -283    | -283    | -283    | -283    |
| Total Surcharge collections, sales of commissary stores, Defense (net) ..... | BA<br>O<br>-63     | -21      | -23     | -20     |         |         |         |
| Total Trust funds Trust Funds .....  | BA<br>O<br>229     | 261      | 253     | 253     | 252     | 254     | 253     |
|  | O<br>169           | 240      | 230     | 233     | 252     | 254     | 253     |
| <b>Summary</b>   |                    |          |         |         |         |         |         |
| Federal funds:   |                    |          |         |         |         |         |         |
| (As shown in detail above) .....   | BA<br>O<br>346,771 | 364,848  | 380,424 | 400,372 | 420,348 | 441,056 | 462,363 |
|  | O<br>333,798       | 359,056  | 371,527 | 390,378 | 403,507 | 417,029 | 441,844 |
| Deductions for offsetting receipts:  |                    |          |         |         |         |         |         |
| Intrafund transactions .....   | 051 BA/O<br>-67    | -75      |         |         |         |         |         |
| Proprietary receipts from the public .....                                   | 051 BA/O<br>-1,778 | -908     | -864    | -843    | -844    | -804    | -800    |
| Offsetting governmental receipts .....                                       | 051 BA/O<br>-15    | -18      | -22     | -22     | -21     | -23     | -23     |
| Total Federal funds .....  | BA<br>O<br>344,911 | 363,847  | 379,538 | 399,507 | 419,483 | 440,229 | 461,540 |
|  | O<br>331,938       | 358,055  | 370,641 | 389,513 | 402,642 | 416,202 | 441,021 |
| Trust funds:   |                    |          |         |         |         |         |         |
| (As shown in detail above) .....   | BA<br>O<br>229     | 261      | 253     | 253     | 252     | 254     | 253     |
|  | O<br>169           | 240      | 230     | 233     | 252     | 254     | 253     |
| Interfund transactions .....   | 051 BA/O<br>-156   | -140     | -164    | -167    | -170    | -175    | -176    |
| Total Department of Defense—Military .....                                   | BA<br>O<br>344,984 | 363,968  | 379,627 | 399,593 | 419,565 | 440,308 | 461,617 |
|  | O<br>331,951       | 358,155  | 370,707 | 389,579 | 402,724 | 416,281 | 441,098 |

**DEPARTMENT OF EDUCATION**  
(In millions of dollars)

| Account   | 2002<br>actual    | estimate |        |        |        |        |        |
|---|-------------------|----------|--------|--------|--------|--------|--------|
|   |                   | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <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<br>4,964   | 6,002    | 6,801  | 7,076  | 7,373  | 7,702  | 8,080  |
| Advance appropriation, discretionary .....                          | BA<br>6,758       | 7,383    | 7,383  | 7,383  | 7,383  | 7,383  | 7,383  |
| Outlays .....   | O<br>9,247        | 11,906   | 13,201 | 14,153 | 14,554 | 14,876 | 15,222 |
| Total Education for the disadvantaged .....                         | BA<br>O<br>11,722 | 13,385   | 14,184 | 14,459 | 14,756 | 15,085 | 15,463 |
|   | O<br>9,247        | 11,906   | 13,201 | 14,153 | 14,554 | 14,876 | 15,222 |
| Impact aid:   |                   |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 501 BA<br>1,144   | 1,141    | 1,016  | 1,035  | 1,056  | 1,079  | 1,107  |
| Outlays .....   | O<br>1,125        | 1,191    | 1,036  | 1,037  | 1,052  | 1,076  | 1,103  |
| School improvement programs:  |                   |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 501 BA<br>6,081   | 5,019    | 3,608  | 3,704  | 3,809  | 3,926  | 4,060  |
| Advance appropriation, discretionary .....                          | BA<br>1,765       | 1,765    | 1,765  | 1,435  | 1,435  | 1,435  | 1,435  |
| Spending authority from offsetting collections, discretionary ..... | BA<br>61          |          |        |        |        |        |        |



**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual          | estimate                |                         |                         |                         |                         |                         |
|---|---------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |         |                         | 2003                    | 2004                    | 2005                    | 2006                    | 2007                    | 2008                    |
| Outlays .....   | O       | 7,000                   | 7,730                   | 9,657                   | 10,358                  | 10,879                  | 11,149                  | 11,402                  |
| Total Special education .....   | BA<br>O | <b>8,673</b><br>7,000   | <b>9,688</b><br>7,730   | <b>10,690</b><br>9,657  | <b>10,896</b><br>10,358 | <b>11,120</b><br>10,879 | <b>11,365</b><br>11,149 | <b>11,653</b><br>11,402 |
| Rehabilitation services and disability research:                                  |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 506 BA  | 464                     | 386                     | 334                     | 340                     | 347                     | 355                     | 364                     |
| Appropriation, mandatory .....  | BA      | 2,482                   | 2,616                   | 2,669                   | 2,720                   | 2,776                   | 2,832                   | 2,894                   |
| Spending authority from offsetting collections, discretionary .....               | BA      | 2                       | 2                       | 2                       | 2                       | 2                       | 2                       | 2                       |
| Outlays .....   | O       | 2,853                   | 3,143                   | 3,003                   | 3,044                   | 3,105                   | 3,167                   | 3,238                   |
| Rehabilitation services and disability research (gross) .....                     | BA<br>O | <b>2,948</b><br>2,853   | <b>3,004</b><br>3,143   | <b>3,005</b><br>3,003   | <b>3,062</b><br>3,044   | <b>3,125</b><br>3,105   | <b>3,189</b><br>3,167   | <b>3,260</b><br>3,238   |
| Offsetting collections from Federal sources .....                                 |         | -2                      | -2                      | -2                      | -2                      | -2                      | -2                      | -2                      |
| Total Rehabilitation services and disability research (net) .....                 | BA<br>O | <b>2,946</b><br>2,851   | <b>3,002</b><br>3,141   | <b>3,003</b><br>3,001   | <b>3,060</b><br>3,042   | <b>3,123</b><br>3,103   | <b>3,187</b><br>3,165   | <b>3,258</b><br>3,236   |
| American Printing House for the Blind:  |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 501 BA  | 14                      | 14                      | 14                      | 14                      | 15                      | 15                      | 15                      |
| Outlays .....   | O       | 13                      | 19                      | 14                      | 14                      | 15                      | 15                      | 15                      |
| National Technical Institute for the Deaf:  |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 502 BA  | 55                      | 52                      | 51                      | 52                      | 53                      | 54                      | 55                      |
| Outlays .....   | O       | 55                      | 47                      | 51                      | 53                      | 53                      | 54                      | 55                      |
| Gallaudet University:   |         |                         |                         |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....  | 502 BA  | 97                      | 94                      | 94                      | 96                      | 98                      | 100                     | 102                     |
| Outlays .....   | O       | 97                      | 88                      | 94                      | 96                      | 98                      | 100                     | 102                     |
| Total Federal funds Office of Special Education and Rehabilitative Services ..... | BA<br>O | <b>11,785</b><br>10,016 | <b>12,850</b><br>11,025 | <b>13,852</b><br>12,817 | <b>14,118</b><br>13,563 | <b>14,409</b><br>14,148 | <b>14,721</b><br>14,483 | <b>15,083</b><br>14,810 |

**Office of Vocational and Adult Education**

*Federal funds*

**General and Special Funds:**

|  |         |                       |                       |                       |                       |                       |                       |                       |
|--|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Vocational and adult education:            |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, discretionary .....         | 501 BA  | 1,143                 | 1,107                 | 800                   | 831                   | 864                   | 900                   | 943                   |
| Advance appropriation, discretionary ..... | BA      | 791                   | 791                   | 791                   | 791                   | 791                   | 791                   | 791                   |
| Outlays .....                              | O       | 1,778                 | 1,929                 | 1,803                 | 571                   | 95                    | 1,663                 | 1,702                 |
|  |         |                       |                       | 82                    | 1,128                 | 1,551                 |                       |                       |
| Total Vocational and adult education ..... | BA<br>O | <b>1,934</b><br>1,778 | <b>1,898</b><br>1,929 | <b>1,591</b><br>1,885 | <b>1,622</b><br>1,699 | <b>1,655</b><br>1,646 | <b>1,691</b><br>1,663 | <b>1,734</b><br>1,702 |

**Office of Postsecondary Education**

*Federal funds*

**General and Special Funds:**

|   |         |                 |                |                 |                 |                 |                 |                 |
|---|---------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Higher education:   |         |                 |                |                 |                 |                 |                 |                 |
| Appropriation, discretionary .....  | 502 BA  | 2,028           | 1,883          | 1,904           | 1,940           | 1,979           | 2,023           | 2,074           |
| Outlays .....   | O       | 1,687           | 2,100          | 1,905           | 1,912           | 1,930           | 1,968           | 2,010           |
| Howard University:  |         |                 |                |                 |                 |                 |                 |                 |
| Appropriation, discretionary .....  | 502 BA  | 237             | 237            | 237             | 241             | 246             | 252             | 258             |
| Outlays .....   | O       | 234             | 230            | 237             | 241             | 246             | 252             | 258             |
| 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               |
| Limitation on direct loan activity .....  |         | (296)           | (268)          | (227)           | (188)           | (150)           | (112)           | (75)            |
| College housing and academic facilities loans liquidating account:              |         |                 |                |                 |                 |                 |                 |                 |
| Appropriation, mandatory .....  | 502 BA  | 2               | 7              | 5               | 5               | 5               | 5               | 4               |
| Spending authority from offsetting collections, mandatory .....                 | BA      | 11              |                | 8               | 7               | 6               | 5               | 6               |
| Outlays .....   | O       | 20              | 14             | 13              | 12              | 11              | 10              | 10              |
| College housing and academic facilities loans liquidating account (gross) ..... | BA<br>O | <b>13</b><br>20 | <b>7</b><br>14 | <b>13</b><br>13 | <b>12</b><br>12 | <b>11</b><br>11 | <b>10</b><br>10 | <b>10</b><br>10 |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       | 2008  |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| Offsetting collections from non-Federal sources .....                               |        | -56            | -43      | -40   | -38   | -36   | -33   | -30   |
| Total College housing and academic facilities loans liquidating account (net) ..... | BA     | -43            | -36      | -27   | -26   | -25   | -23   | -20   |
|   | O      | -36            | -29      | -27   | -26   | -25   | -23   | -20   |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| National security education trust fund:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 054 BA |                |          | 8     | 8     | 8     | 8     | 9     |
| Outlays .....   | O      |                |          | 2     | 6     | 8     | 8     | 8     |
| Total Federal funds Office of Postsecondary Education .....                         | BA     | 2,223          | 2,085    | 2,115 | 2,156 | 2,201 | 2,253 | 2,313 |
|   | O      | 1,886          | 2,302    | 2,116 | 2,128 | 2,152 | 2,198 | 2,249 |
| Total Trust funds Office of Postsecondary Education .....                           | BA     |                |          | 8     | 8     | 8     | 8     | 9     |
|   | O      |                |          | 2     | 6     | 8     | 8     | 8     |

**Federal Student Aid**

*Federal funds*

**General and Special Funds:**

Student financial assistance:

|                                    |        |        |        |        |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary ..... | 502 BA | 13,286 | 12,768 | 14,519 | 14,790 | 15,091 | 15,424 | 15,816 |
| Outlays .....                      | O      | 12,369 | 13,352 | 13,366 | 14,618 | 14,889 | 15,199 | 15,552 |

Student aid administration:

|                                    |        |  |     |     |     |     |       |       |
|------------------------------------|--------|--|-----|-----|-----|-----|-------|-------|
| Appropriation, discretionary ..... | 502 BA |  | 932 | 947 | 965 | 984 | 1,006 | 1,032 |
| Outlays .....                      | O      |  | 599 | 834 | 925 | 975 | 996   | 1,019 |

**Public Enterprise Funds:**

Federal student loan reserve fund:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Spending authority from offsetting collections, mandatory ..... | 502 BA | 4,269 | 4,813 | 5,684 | 6,280 | 6,682 | 7,068 | 7,405 |
| Outlays .....   | O      | 4,477 | 4,911 | 5,780 | 6,322 | 6,729 | 7,124 | 7,468 |

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Federal student loan reserve fund (gross) ..... | BA | 4,269 | 4,813 | 5,684 | 6,280 | 6,682 | 7,068 | 7,405 |
|   | O  | 4,477 | 4,911 | 5,780 | 6,322 | 6,729 | 7,124 | 7,468 |

|   |  |        |        |        |        |        |        |        |
|---|--|--------|--------|--------|--------|--------|--------|--------|
| Offsetting collections from Federal sources .....     |  | -3,919 | -4,497 | -5,300 | -5,849 | -6,215 | -6,573 | -6,882 |
| Offsetting collections from non-Federal sources ..... |  | -350   | -316   | -384   | -431   | -467   | -495   | -523   |

|   |    |     |    |    |    |    |    |    |
|---|----|-----|----|----|----|----|----|----|
| Total Federal student loan reserve fund (net) ..... | BA |     |    |    |    |    |    |    |
|   | O  | 208 | 98 | 96 | 42 | 47 | 56 | 63 |

**Credit Accounts:**

Federal direct student loan program account:

|                                    |        |     |       |      |      |      |      |      |
|------------------------------------|--------|-----|-------|------|------|------|------|------|
| Appropriation, discretionary ..... | 502 BA |     | -795  | -795 | -795 | -795 | -795 | -795 |
| Appropriation, mandatory .....     | BA     | 780 | 5,386 | 795  | 795  | 795  | 795  | 795  |

|               |   |     |       |      |      |  |  |  |
|---------------|---|-----|-------|------|------|--|--|--|
| Outlays ..... | O | 819 | 4,822 | 80   | 9    |  |  |  |
|               |   |     |       | B 44 | B 44 |  |  |  |

|   |    |     |       |     |   |  |  |  |
|---|----|-----|-------|-----|---|--|--|--|
| Federal direct student loan program account (gross) ..... | BA | 780 | 4,591 | 44  |   |  |  |  |
|   | O  | 819 | 4,822 | 124 | 9 |  |  |  |

|   |  |      |      |      |        |        |        |        |
|---|--|------|------|------|--------|--------|--------|--------|
| Offsetting collections from Federal sources ..... |  | -722 | -488 | -919 | -1,428 | -1,787 | -2,057 | -2,238 |
|   |  |      |      | B 9  | B 14   | B 15   | B 16   | B 16   |

|   |    |    |       |      |        |        |        |        |
|---|----|----|-------|------|--------|--------|--------|--------|
| Total Federal direct student loan program account (net) ..... | BA | 58 | 4,103 | -866 | -1,414 | -1,772 | -2,041 | -2,222 |
|   | O  | 97 | 4,334 | -786 | -1,405 | -1,772 | -2,041 | -2,222 |

Federal family education loan program account:

|                                    |        |       |       |       |       |       |       |       |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary ..... | 502 BA | 49    |       |       |       |       |       |       |
| Appropriation, mandatory .....     | BA     | 4,312 | 6,402 | 6,131 | 4,958 | 4,822 | 4,860 | 4,993 |

|               |   |       |       |       |       |       |       |       |
|---------------|---|-------|-------|-------|-------|-------|-------|-------|
| Outlays ..... | O | 3,837 | 5,770 | 5,536 | 4,379 | 4,262 | 4,297 | 4,373 |
|               |   |       |       | B 125 | B 33  | B 35  | B 38  | B 39  |

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Federal family education loan program account (gross) ..... | BA | 4,361 | 6,402 | 6,272 | 4,996 | 4,864 | 4,904 | 5,037 |
|   | O  | 3,837 | 5,770 | 5,661 | 4,412 | 4,297 | 4,335 | 4,412 |

|   |  |  |        |  |  |  |  |  |
|---|--|--|--------|--|--|--|--|--|
| Offsetting collections from Federal sources ..... |  |  | -2,980 |  |  |  |  |  |
|---|--|--|--------|--|--|--|--|--|

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Total Federal family education loan program account (net) ..... | BA | 4,361 | 3,422 | 6,272 | 4,996 | 4,864 | 4,904 | 5,037 |
|   | O  | 3,837 | 2,790 | 5,661 | 4,412 | 4,297 | 4,335 | 4,412 |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Federal family education loan liquidating account:                  |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....     | 502 BA | 1,277          | 125      | 74     | 45     | 22     | 14     | 9      |
| Outlays .....   | O      | 312            | 123      | 74     | 45     | 22     | 14     | 9      |
| Federal family education loan liquidating account (gross) .....     | BA     | 1,277          | 125      | 74     | 45     | 22     | 14     | 9      |
|   | O      | 312            | 123      | 74     | 45     | 22     | 14     | 9      |
| Offsetting collections from non-Federal sources .....               |        | -1,805         | -798     | -623   | -459   | -312   | -205   | -129   |
| Total Federal family education loan liquidating account (net) ..... | BA     | -528           | -673     | -549   | -414   | -290   | -191   | -120   |
|   | O      | -1,493         | -675     | -549   | -414   | -290   | -191   | -120   |
| Total Federal funds Federal Student Aid .....                       | BA     | 17,177         | 20,552   | 20,323 | 18,923 | 18,877 | 19,102 | 19,543 |
|   | O      | 15,018         | 20,498   | 18,622 | 18,178 | 18,146 | 18,354 | 18,704 |

**Institute of Education Sciences**  
*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Institute of education sciences:                                    |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 503 BA | 435 | 433 | 376 | 383 | 391 | 399 | 409 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6   | 6   | 6   | 6   | 6   | 6   | 7   |
| Outlays .....   | O      | 625 | 699 | 439 | 397 | 390 | 398 | 407 |
| Institute of education sciences (gross) .....                       | BA     | 441 | 439 | 382 | 389 | 397 | 405 | 416 |
|   | O      | 625 | 699 | 439 | 397 | 390 | 398 | 407 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -6  | 6   |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        |     | -12 | -6  | -6  | -6  | -6  | -7  |
| Total Institute of education sciences (net) .....                   | BA     | 435 | 433 | 376 | 383 | 391 | 399 | 409 |
|   | O      | 625 | 687 | 433 | 391 | 384 | 392 | 400 |

**Departmental Management**  
*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Program administration:   |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 503 BA | 423 | 412 | 434 | 442 | 451 | 461 | 473 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   | O      | 417 | 419 | 416 | 429 | 448 | 460 | 471 |
| Program administration (gross) .....                                | BA     | 424 | 413 | 435 | 443 | 452 | 462 | 474 |
|   | O      | 417 | 419 | 416 | 429 | 448 | 460 | 471 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1  |     |     |     |     |     |     |
| Portion of cash collections credited to expired accounts .....      | BA     | 2   |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -3  | -1  | -1  | -1  | -1  | -1  | -1  |
| Total Program administration (net) .....                            | BA     | 422 | 412 | 434 | 442 | 451 | 461 | 473 |
|   | O      | 414 | 418 | 415 | 428 | 447 | 459 | 470 |
| Office for Civil Rights:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 751 BA | 80  | 86  | 91  | 92  | 95  | 97  | 99  |
| Outlays .....   | O      | 79  | 81  | 90  | 91  | 94  | 97  | 99  |
| Office of the Inspector General:                                    |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 751 BA | 39  | 41  | 48  | 49  | 50  | 51  | 53  |
| Outlays .....   | O      | 37  | 39  | 44  | 48  | 49  | 50  | 52  |
| Total Federal funds Departmental Management .....                   | BA     | 541 | 539 | 573 | 583 | 596 | 609 | 625 |
|   | O      | 530 | 538 | 549 | 567 | 590 | 606 | 621 |

**Allowance**  
*Federal funds*

**General and Special Funds:**

|                                    |        |  |    |    |   |  |  |  |
|------------------------------------|--------|--|----|----|---|--|--|--|
| Allowance for 2003:                |        |  |    |    |   |  |  |  |
| Appropriation, discretionary ..... | 506 BA |  | 83 |    |   |  |  |  |
| Outlays .....                      | O      |  | 58 | 22 | 2 |  |  |  |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account                                    |          | 2002<br>actual | estimate |        |        |        |        |        |
|--|----------|----------------|----------|--------|--------|--------|--------|--------|
|  |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Summary</b>                             |          |                |          |        |        |        |        |        |
| Federal funds:                             |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....           | BA       | 55,786         | 60,537   | 61,423 | 67,757 | 68,716 | 70,042 | 71,759 |
|  | O        | 46,321         | 59,531   | 58,939 | 63,034 | 67,016 | 68,421 | 70,001 |
| Deductions for offsetting receipts:        |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public ..... | 502 BA/O | -39            | -50      | -50    | -50    | -50    | -50    | -50    |
| Total Federal funds .....                  | BA       | 55,747         | 60,487   | 61,373 | 67,707 | 68,666 | 69,992 | 71,709 |
|  | O        | 46,282         | 59,481   | 58,889 | 62,984 | 66,966 | 68,371 | 69,951 |
| Trust funds:                               |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....           | BA       |                |          | 8      | 8      | 8      | 8      | 9      |
|  | O        |                |          | 2      | 6      | 8      | 8      | 8      |
| Total Department of Education .....        | BA       | 55,747         | 60,487   | 61,381 | 67,715 | 68,674 | 70,000 | 71,718 |
|  | O        | 46,282         | 59,481   | 58,891 | 62,990 | 66,974 | 68,379 | 69,959 |

**DEPARTMENT OF ENERGY**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>National Nuclear Security Administration</b>                     |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |        |                |          |        |        |        |        |        |
| Office of the Administrator:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 053 BA | 309            | 332      | 348    | 337    | 344    | 353    | 355    |
| Outlays .....   | O      | 320            | 328      | 345    | 339    | 343    | 351    | 355    |
| Naval Reactors:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 053 BA | 688            | 707      | 768    | 808    | 795    | 811    | 819    |
| Outlays .....   | O      | 694            | 704      | 758    | 799    | 795    | 809    | 817    |
| Weapons activities:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 053 BA | 5,562          | 5,867    | 6,378  | 6,661  | 6,961  | 7,277  | 7,518  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1,461          | 1,398    | 1,398  | 1,424  | 1,453  | 1,485  | 1,523  |
| Outlays .....   | O      | 6,679          | 7,064    | 7,500  | 7,882  | 8,237  | 8,574  | 8,885  |
| Weapons activities (gross) .....                                    | BA     | 7,023          | 7,265    | 7,776  | 8,085  | 8,414  | 8,762  | 9,041  |
|   | O      | 6,679          | 7,064    | 7,500  | 7,882  | 8,237  | 8,574  | 8,885  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -63            |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....                   |        | -1,304         | -1,304   | -1,304 | -1,328 | -1,355 | -1,385 | -1,420 |
| Offsetting collections from non-Federal sources .....               |        | -94            | -94      | -94    | -96    | -98    | -100   | -102   |
| Total Weapons activities (net) .....                                | BA     | 5,562          | 5,867    | 6,378  | 6,661  | 6,961  | 7,277  | 7,519  |
|   | O      | 5,281          | 5,666    | 6,102  | 6,458  | 6,784  | 7,089  | 7,363  |
| Defense nuclear nonproliferation:                                   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 053 BA | 1,060          | 1,028    | 1,340  | 1,356  | 1,371  | 1,389  | 1,322  |
| Outlays .....   | O      | 791            | 1,011    | 1,203  | 1,302  | 1,362  | 1,379  | 1,349  |
| Cerro Grande Fire Activities:                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 053 BA |                |          | -75    |        |        |        |        |
| Outlays .....   | O      | 78             | 55       | 27     |        |        |        |        |
| Total Federal funds National Nuclear Security Administration .....  | BA     | 7,619          | 7,934    | 8,759  | 9,162  | 9,471  | 9,830  | 10,015 |
|   | O      | 7,164          | 7,764    | 8,435  | 8,898  | 9,284  | 9,628  | 9,884  |

**Environmental and Other Defense Activities**

| <i>Federal funds</i>   |        |       |       |       |     |  |  |  |
|--|--------|-------|-------|-------|-----|--|--|--|
| <b>General and Special Funds:</b>                                    |        |       |       |       |     |  |  |  |
| Defense environmental restoration and waste management:              |        |       |       |       |     |  |  |  |
| Appropriation, discretionary .....                                   | 053 BA | 5,214 | 4,539 |       |     |  |  |  |
| Spending authority from offsetting collections, discretionary .....  | BA     | 4     |       |       |     |  |  |  |
| Outlays .....  | O      | 5,091 | 4,737 | 1,396 | 403 |  |  |  |
| Defense environmental restoration and waste management (gross) ..... | BA     | 5,218 | 4,539 |       |     |  |  |  |
|  | O      | 5,091 | 4,737 | 1,396 | 403 |  |  |  |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account  |         | 2002<br>actual | estimate       |                |                |                |                | 2008           |
|--|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |         |                | 2003           | 2004           | 2005           | 2006           | 2007           |                |
| Offsetting collections from Federal sources .....                        |         | -4             |                |                |                |                |                |                |
| Total Defense environmental restoration and waste management (net) ..... | BA<br>O | 5,214<br>5,087 | 4,539<br>4,737 | 1,396          | 403            |                |                |                |
| Defense site acceleration completion:                                    |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                       | 053 BA  | 1,092          | 1,091          | 5,815          | 5,758          | 5,425          | 4,700          | 3,731          |
| Spending authority from offsetting collections, discretionary .....      | BA      | 2              |                |                |                |                |                |                |
| Outlays .....  | O       | 1,110          | 1,075          | 4,398          | 5,540          | 5,528          | 4,935          | 4,058          |
| Defense site acceleration completion (gross) .....                       | BA<br>O | 1,094<br>1,110 | 1,091<br>1,075 | 5,815<br>4,398 | 5,758<br>5,540 | 5,425<br>5,528 | 4,700<br>4,935 | 3,731<br>4,058 |
| Offsetting collections from Federal sources .....                        |         | -2             |                |                |                |                |                |                |
| Total Defense site acceleration completion (net) .....                   | BA<br>O | 1,092<br>1,108 | 1,091<br>1,075 | 5,815<br>4,398 | 5,758<br>5,540 | 5,425<br>5,528 | 4,700<br>4,935 | 3,731<br>4,058 |
| Defense environmental services:  |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                       | 053 BA  | 154            | 158            | 995            | 985            | 928            | 804            | 638            |
| Outlays .....  | O       | 91             | 221            | 903            | 1,120          | 1,030          | 915            | 769            |
| Environmental management cleanup reform:                                 |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                       | 053 BA  |                | 1,100          |                |                |                |                |                |
| Outlays .....  | O       |                | 770            | 275            | 55             |                |                |                |
| Other defense activities   |         |                |                |                |                |                |                |                |
| (Atomic energy defense activities):                                      |         |                |                |                |                |                |                |                |
| (Appropriation, discretionary) .....                                     | 053 BA  | 551            | 445            | 495            | 505            | 515            | 526            | 539            |
| (Outlays) .....  | O       | 540            | 473            | 483            | 538            | 542            | 554            | 565            |
| (Energy supply):   |         |                |                |                |                |                |                |                |
| (Appropriation, discretionary) .....                                     | 271 BA  |                |                | 28             | 29             | 29             | 30             | 31             |
| (Outlays) .....  | O       |                |                | 21             | 28             | 29             | 29             | 30             |
| Total Other defense activities .....                                     | BA<br>O | 551<br>540     | 445<br>473     | 523<br>504     | 534<br>566     | 544<br>571     | 556<br>583     | 570<br>595     |
| Defense nuclear waste disposal:  |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                       | 053 BA  | 280            | 315            | 430            | 540            | 683            | 683            | 683            |
| Outlays .....  | O       | 263            | 262            | 402            | 513            | 647            | 683            | 683            |
| Total Federal funds Environmental and Other Defense Activities .....     | BA<br>O | 7,291<br>7,089 | 7,648<br>7,538 | 7,763<br>7,878 | 7,817<br>8,197 | 7,580<br>7,776 | 6,743<br>7,116 | 5,622<br>6,105 |

**Energy Programs**

*Federal funds*

**General and Special Funds:**

|   |         |                |                |                |                |                |                |                |
|---|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Science:  |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                    | 251 BA  | 3,263          | 3,256          | 3,311          | 3,373          | 3,442          | 3,518          | 3,607          |
| Outlays .....   | O       | 3,180          | 3,254          | 3,290          | 3,341          | 3,407          | 3,479          | 3,563          |
| Energy supply   |         |                |                |                |                |                |                |                |
| (Atomic energy defense activities):                                   |         |                |                |                |                |                |                |                |
| (Appropriation, discretionary) .....                                  | 053 BA  |                |                | 110            | 112            | 114            | 116            | 120            |
| (Outlays) .....   | O       |                |                | 49             | 95             | 112            | 116            | 117            |
| (Energy supply):  |         |                |                |                |                |                |                |                |
| (Appropriation, discretionary) .....                                  | 271 BA  | 663            | 694            | 752            | 832            | 888            | 954            | 983            |
| (Spending authority from offsetting collections, discretionary) ..... | BA      | 668            | 1,350          | 1,370          | 1,396          | 1,424          | 1,455          | 1,492          |
| (Outlays) .....   | O       | 1,255          | 2,025          | 2,086          | 2,175          | 2,270          | 2,364          | 2,449          |
| Energy supply (gross) .....   | BA<br>O | 1,331<br>1,255 | 2,044<br>2,025 | 2,232<br>2,135 | 2,340<br>2,270 | 2,426<br>2,382 | 2,525<br>2,480 | 2,595<br>2,566 |
| (Change in uncollected customer payments from Federal sources) .....  | BA      | -52            |                |                |                |                |                |                |
| Offsetting collections from Federal sources .....                     |         | -359           | -720           | -740           | -754           | -769           | -786           | -806           |
| Offsetting collections from non-Federal sources .....                 |         | -257           | -630           | -630           | -642           | -655           | -669           | -686           |
| Total (Energy supply) (net) .....                                     | BA<br>O | 663<br>639     | 694<br>675     | 752<br>716     | 832<br>779     | 888<br>846     | 954<br>909     | 983<br>957     |
| Total Energy supply .....   | BA<br>O | 663<br>639     | 694<br>675     | 862<br>765     | 944<br>874     | 1,002<br>958   | 1,070<br>1,025 | 1,103<br>1,074 |
| Non-defense site acceleration completion:                             |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                    | 271 BA  | 236            | 166            | 171            | 169            | 159            | 138            | 110            |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>3</b>       |            |            |            |            |            |            |
| Outlays .....   | O      | 240            | 218        | 174        | 169        | 162        | 145        | 119        |
| Non-defense site acceleration completion (gross) .....              | BA     | <b>239</b>     | <b>166</b> | <b>171</b> | <b>169</b> | <b>159</b> | <b>138</b> | <b>110</b> |
|   | O      | 240            | 218        | 174        | 169        | 162        | 145        | 119        |
| Offsetting collections from non-Federal sources .....               |        | -3             |            |            |            |            |            |            |
| Total Non-defense site acceleration completion (net) .....          | BA     | <b>236</b>     | <b>166</b> | <b>171</b> | <b>169</b> | <b>159</b> | <b>138</b> | <b>110</b> |
|   | O      | 237            | 218        | 174        | 169        | 162        | 145        | 119        |
| Non-defense environmental services:                                 |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA | <b>418</b>     | <b>382</b> | <b>292</b> | <b>289</b> | <b>272</b> | <b>236</b> | <b>187</b> |
| Outlays .....   | O      | 422            | 436        | 321        | 294        | 277        | 247        | 204        |
| Fossil energy research and development:                             |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA | <b>578</b>     | <b>479</b> | <b>519</b> | <b>529</b> | <b>539</b> | <b>551</b> | <b>565</b> |
| Outlays .....   | O      | 421            | 691        | 651        | 614        | 616        | 608        | 569        |
| Naval petroleum and oil shale reserves:                             |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA | <b>17</b>      | <b>21</b>  | <b>17</b>  | <b>17</b>  | <b>18</b>  | <b>18</b>  | <b>19</b>  |
| Outlays .....   | O      | 23             | 18         | 18         | 18         | 18         | 18         | 18         |
| Energy conservation:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 272 BA | <b>896</b>     | <b>912</b> | <b>876</b> | <b>892</b> | <b>910</b> | <b>931</b> | <b>954</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1</b>       | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....   | O      | 879            | 848        | 900        | 888        | 896        | 915        | 935        |
| Energy conservation (gross) .....                                   | BA     | <b>897</b>     | <b>913</b> | <b>877</b> | <b>893</b> | <b>911</b> | <b>932</b> | <b>955</b> |
|   | O      | 879            | 848        | 900        | 888        | 896        | 915        | 935        |
| Offsetting collections from Federal sources .....                   |        | -1             | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Energy conservation (net) .....                               | BA     | <b>896</b>     | <b>912</b> | <b>876</b> | <b>892</b> | <b>910</b> | <b>931</b> | <b>954</b> |
|   | O      | 878            | 847        | 899        | 887        | 895        | 914        | 934        |
| Strategic petroleum reserve:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 274 BA | <b>171</b>     | <b>169</b> | <b>175</b> | <b>178</b> | <b>182</b> | <b>186</b> | <b>191</b> |
| Outlays .....   | O      | 163            | 168        | 172        | 176        | 180        | 183        | 188        |
| SPR petroleum account:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 274 BA |                | <b>11</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  |
| Outlays .....   | O      | 1              | 1          | 1          |            |            |            |            |
| Energy information administration:                                  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 276 BA | <b>78</b>      | <b>80</b>  | <b>80</b>  | <b>81</b>  | <b>83</b>  | <b>85</b>  | <b>87</b>  |
| Outlays .....   | O      | 76             | 79         | 80         | 81         | 82         | 84         | 86         |
| Economic regulation:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 276 BA | <b>2</b>       | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....   | O      | 2              | 1          | 1          | 1          | 1          | 1          | 1          |
| Federal Energy Regulatory Commission:                               |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | 276 BA | <b>184</b>     | <b>192</b> | <b>199</b> | <b>203</b> | <b>207</b> | <b>211</b> | <b>217</b> |
| Outlays .....   | O      | 186            | 192        | 198        | 202        | 206        | 211        | 216        |
| Federal Energy Regulatory Commission (gross) .....                  | BA     | <b>184</b>     | <b>192</b> | <b>199</b> | <b>203</b> | <b>207</b> | <b>211</b> | <b>217</b> |
|   | O      | 186            | 192        | 198        | 202        | 206        | 211        | 216        |
| Offsetting collections from non-Federal sources .....               |        | -184           | -192       | -199       | -203       | -207       | -211       | -217       |
| Total Federal Energy Regulatory Commission (net) .....              | BA     |                |            |            |            |            |            |            |
|   | O      | 2              |            | -1         | -1         | -1         |            | -1         |
| Clean coal technology:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA | <b>-40</b>     |            |            |            |            |            |            |
| Advance appropriation, discretionary .....                          | BA     | <b>82</b>      | <b>40</b>  |            |            |            |            |            |
| Outlays .....   | O      | 37             |            |            |            |            |            |            |
| Total Clean coal technology .....                                   | BA     | <b>42</b>      | <b>40</b>  |            |            |            |            |            |
|   | O      | 37             |            |            |            |            |            |            |
| Alternative fuels production:                                       |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA | <b>-2</b>      |            |            |            |            |            |            |
| Elk Hills school lands fund:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 271 BA |                | <b>36</b>  | <b>36</b>  | <b>37</b>  | <b>37</b>  | <b>38</b>  | <b>39</b>  |
| Advance appropriation, discretionary .....                          | BA     | <b>36</b>      | <b>36</b>  |            |            |            |            |            |



**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual        | estimate              |                       |                       |                       |                       |                       |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |         |                       | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  |
| Outlays .....   | O       | 36                    | 72                    | 36                    | 37                    | 37                    | 38                    | 39                    |
| Total Elk Hills school lands fund .....                             | BA<br>O | <b>36</b><br>36       | <b>72</b><br>72       | <b>36</b><br>36       | <b>37</b><br>37       | <b>37</b><br>37       | <b>38</b><br>38       | <b>39</b><br>39       |
| Payments to States under Federal Power Act:                         |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, mandatory .....                                      | 806 BA  | 3                     | 3                     | 3                     | 3                     | 3                     | 3                     | 3                     |
| Outlays .....   | O       | 3                     | 3                     | 3                     | 3                     | 3                     | 3                     | 3                     |
| Northeast home heating oil reserve:                                 |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, discretionary .....                                  | 274 BA  | 8                     | 8                     | 5                     | 5                     | 5                     | 5                     | 5                     |
| Outlays .....   | O       | 5                     | 8                     | 5                     | 5                     | 5                     | 5                     | 9                     |
| Nuclear waste disposal:   |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, discretionary .....                                  | 271 BA  | 95                    | 276                   | 161                   | 515                   | 424                   | 419                   | 962                   |
| Spending authority from offsetting collections, discretionary ..... | BA      | 1                     |                       |                       |                       |                       |                       |                       |
| Outlays .....   | O       | 107                   | 185                   | 219                   | 339                   | 470                   | 422                   | 691                   |
| Nuclear waste disposal (gross) .....                                | BA<br>O | <b>96</b><br>107      | <b>276</b><br>185     | <b>161</b><br>219     | <b>515</b><br>339     | <b>424</b><br>470     | <b>419</b><br>422     | <b>962</b><br>691     |
| Offsetting collections from non-Federal sources .....               |         | -1                    |                       |                       |                       |                       |                       |                       |
| Total Nuclear waste disposal (net) .....                            | BA<br>O | <b>95</b><br>106      | <b>276</b><br>185     | <b>161</b><br>219     | <b>515</b><br>339     | <b>424</b><br>470     | <b>419</b><br>422     | <b>962</b><br>691     |
| Uranium enrichment decontamination and decommissioning fund:        |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, discretionary .....                                  | 271 BA  |                       |                       | 418                   | 414                   | 390                   | 338                   | 268                   |
| Outlays .....   | O       | 3                     |                       | 293                   | 415                   | 397                   | 354                   | 289                   |
| <b>Public Enterprise Funds:</b>                                     |         |                       |                       |                       |                       |                       |                       |                       |
| Isotope production and distribution program fund:                   |         |                       |                       |                       |                       |                       |                       |                       |
| Spending authority from offsetting collections, discretionary ..... | 271 BA  | 26                    | 22                    | 35                    | 35                    | 36                    | 37                    | 38                    |
| Outlays .....   | O       | 24                    | 22                    | 35                    | 35                    | 36                    | 37                    | 38                    |
| Isotope production and distribution program fund (gross) .....      | BA<br>O | <b>26</b><br>24       | <b>22</b><br>22       | <b>35</b><br>35       | <b>35</b><br>35       | <b>36</b><br>36       | <b>37</b><br>37       | <b>38</b><br>38       |
| Offsetting collections from Federal sources .....                   |         | -17                   | -14                   | -26                   | -26                   | -27                   | -27                   | -28                   |
| Offsetting collections from non-Federal sources .....               |         | -9                    | -8                    | -9                    | -9                    | -9                    | -10                   | -10                   |
| Total Isotope production and distribution program fund (net) .....  | BA<br>O | <b>-2</b>             |                       |                       |                       |                       |                       |                       |
| Total Federal funds Energy Programs .....                           | BA<br>O | <b>6,504</b><br>6,232 | <b>6,570</b><br>6,656 | <b>6,922</b><br>6,927 | <b>7,442</b><br>7,253 | <b>7,462</b><br>7,507 | <b>7,532</b><br>7,526 | <b>8,096</b><br>7,786 |

**Power Marketing Administration**

*Federal funds*

**General and Special Funds:**

Operation and maintenance, Southeastern Power Administration:

|  |         |                 |                 |                 |                 |                 |                 |                 |
|--|---------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Appropriation, discretionary .....   | 271 BA  | 5               | 5               | 5               | 5               | 5               | 5               | 5               |
| Spending authority from offsetting collections, discretionary .....            | BA      | 34              | 34              | 31              | 32              | 32              | 33              | 34              |
| Outlays .....  | O       | 39              | 39              | 36              | 37              | 37              | 38              | 39              |
| Operation and maintenance, Southeastern Power Administration (gross) .....     | BA<br>O | <b>39</b><br>39 | <b>39</b><br>39 | <b>36</b><br>36 | <b>37</b><br>37 | <b>37</b><br>37 | <b>38</b><br>38 | <b>39</b><br>39 |
| Offsetting collections from non-Federal sources .....                          |         | -34             | -34             | -31             | -32             | -32             | -33             | -34             |
| Total Operation and maintenance, Southeastern Power Administration (net) ..... | BA<br>O | <b>5</b><br>5   | <b>5</b><br>5   | <b>5</b><br>5   | <b>5</b><br>5   | <b>5</b><br>5   | <b>5</b><br>5   | <b>5</b><br>5   |

Operation and maintenance, Southwestern Power Administration:

|  |         |                 |                 |                 |                 |                 |                 |                 |
|--|---------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Appropriation, discretionary .....   | 271 BA  | 28              | 27              | 29              | 30              | 30              | 31              | 32              |
| Spending authority from offsetting collections, discretionary .....        | BA      | 10              | 24              | 21              | 21              | 22              | 22              | 23              |
| Outlays .....  | O       | 34              | 52              | 49              | 50              | 52              | 52              | 55              |
| Operation and maintenance, Southwestern Power Administration (gross) ..... | BA<br>O | <b>38</b><br>34 | <b>51</b><br>52 | <b>50</b><br>49 | <b>51</b><br>50 | <b>52</b><br>52 | <b>53</b><br>52 | <b>55</b><br>55 |
| Change in uncollected customer payments from Federal sources .....         | BA      | 1               |                 |                 |                 |                 |                 |                 |
| Offsetting collections from Federal sources .....                          |         | -7              | -8              | -8              | -8              | -8              | -8              | -9              |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate     |              |                 |                  |                  | 2008         |
|--|--------|----------------|--------------|--------------|-----------------|------------------|------------------|--------------|
|  |        |                | 2003         | 2004         | 2005            | 2006             | 2007             |              |
| Offsetting collections from non-Federal sources .....  |        | -4             | -16          | -13          | -13             | -14              | -14              | -14          |
| Total Operation and maintenance, Southwestern Power Administration (net) .....                               | BA     | <b>28</b>      | <b>27</b>    | <b>29</b>    | <b>30</b>       | <b>30</b>        | <b>31</b>        | <b>32</b>    |
|  | O      | 23             | 28           | 28           | 29              | 30               | 30               | 32           |
| Continuing fund, Southeastern Power Administration:  |        |                |              |              |                 |                  |                  |              |
| Appropriation, mandatory .....   | 271 BA | 10             |              |              |                 |                  |                  |              |
| Outlays .....  | O      | 8              | 6            |              |                 |                  |                  |              |
| Construction, rehabilitation, operation and maintenance, Western Area Power Administration:                  |        |                |              |              |                 |                  |                  |              |
| Appropriation, discretionary .....   | 271 BA | 172            | 163          | 171          | 174             | 178              | 181              | 186          |
| Spending authority from offsetting collections, discretionary .....  | BA     | 291            | 551          | 510          | 520             | 530              | 542              | 556          |
| Outlays .....  | O      | 451            | 719          | 677          | 693             | 706              | 721              | 740          |
| Construction, rehabilitation, operation and maintenance, Western Area Power Administration (gross) .....     | BA     | <b>463</b>     | <b>714</b>   | <b>681</b>   | <b>694</b>      | <b>708</b>       | <b>723</b>       | <b>742</b>   |
|  | O      | 451            | 719          | 677          | 693             | 706              | 721              | 740          |
| Change in uncollected customer payments from Federal sources .....   | BA     | 6              |              |              |                 |                  |                  |              |
| Offsetting collections from Federal sources .....  |        | -66            | -88          | -78          | -79             | -81              | -83              | -85          |
| Offsetting collections from non-Federal sources .....  |        | -231           | -463         | -432         | -440            | -449             | -459             | -471         |
| Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration (net) ..... | BA     | <b>172</b>     | <b>163</b>   | <b>171</b>   | <b>175</b>      | <b>178</b>       | <b>181</b>       | <b>186</b>   |
|  | O      | 154            | 168          | 167          | 174             | 176              | 179              | 184          |
| Falcon and Amistad operating and maintenance fund:   |        |                |              |              |                 |                  |                  |              |
| Appropriation, discretionary .....   | 271 BA | 3              | 3            | 3            | 3               | 3                | 3                | 3            |
| Outlays .....  | O      | 1              | 3            | 3            | 3               | 3                | 3                | 3            |
| <b>Public Enterprise Funds:</b>  |        |                |              |              |                 |                  |                  |              |
| Bonneville Power Administration fund:  |        |                |              |              |                 |                  |                  |              |
| Appropriation, mandatory .....   | 271 BA | -127           |              |              |                 |                  |                  |              |
| Authority to borrow, mandatory .....   | BA     | 390            | 281          | 210          | 316             | 17               | 172              | 347          |
|  |        |                |              |              | <sup>B</sup> 85 | <sup>B</sup> 430 | <sup>B</sup> 185 |              |
| Contract authority, mandatory .....  | BA     | 235            |              |              |                 |                  |                  |              |
| Spending authority from offsetting collections, mandatory .....  | BA     | 3,287          | 3,587        | 3,879        | 3,650           | 3,630            | 3,146            | 3,160        |
| Outlays .....  | O      | 4,140          | 3,868        | 4,089        | 3,966           | 3,647            | 3,318            | 3,507        |
|  |        |                |              |              | <sup>B</sup> 85 | <sup>B</sup> 430 | <sup>B</sup> 185 |              |
| Bonneville Power Administration fund (gross) .....   | BA     | <b>3,785</b>   | <b>3,868</b> | <b>4,089</b> | <b>4,051</b>    | <b>4,077</b>     | <b>3,503</b>     | <b>3,507</b> |
|  | O      | 4,140          | 3,868        | 4,089        | 4,051           | 4,077            | 3,503            | 3,507        |
| Change in uncollected customer payments from Federal sources .....   | BA     | 144            |              |              |                 |                  |                  |              |
| Offsetting collections from Federal sources .....  |        | -89            | -90          | -90          | -90             | -90              | -90              | -90          |
| Offsetting collections from non-Federal sources .....  |        | -3,650         | -3,807       | -4,010       | -4,000          | -3,820           | -3,380           | -3,460       |
| Total Bonneville Power Administration fund (net) .....   | BA     | <b>190</b>     | <b>-29</b>   | <b>-11</b>   | <b>-39</b>      | <b>167</b>       | <b>33</b>        | <b>-43</b>   |
|  | O      | 401            | -29          | -11          | -39             | 167              | 33               | -43          |
| Colorado river basins power marketing fund, Western Area Power Administration:                               |        |                |              |              |                 |                  |                  |              |
| Spending authority from offsetting collections, discretionary .....  | 271 BA | 238            | 410          | 194          | 198             | 202              | 206              | 211          |
| Outlays .....  | O      | 213            | 410          | 194          | 198             | 202              | 206              | 211          |
| Colorado river basins power marketing fund, Western Area Power Administration (gross) .....                  | BA     | <b>238</b>     | <b>410</b>   | <b>194</b>   | <b>198</b>      | <b>202</b>       | <b>206</b>       | <b>211</b>   |
|  | O      | 213            | 410          | 194          | 198             | 202              | 206              | 211          |
| Offsetting collections from Federal sources .....  |        | -9             | -9           | -9           | -9              | -9               | -10              | -10          |
| Offsetting collections from non-Federal sources .....  |        | -229           | -423         | -207         | -211            | -215             | -220             | -225         |
| Total Colorado river basins power marketing fund, Western Area Power Administration (net) .....              | BA     | <b>190</b>     | <b>-22</b>   | <b>-22</b>   | <b>-22</b>      | <b>-22</b>       | <b>-24</b>       | <b>-24</b>   |
|  | O      | 213            | -22          | -22          | -22             | -22              | -24              | -24          |
| Total Federal funds Power Marketing Administration .....   | BA     | <b>408</b>     | <b>147</b>   | <b>175</b>   | <b>152</b>      | <b>361</b>       | <b>229</b>       | <b>159</b>   |
|  | O      | 567            | 159          | 170          | 150             | 359              | 226              | 157          |

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Departmental administration:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 276 BA | 87  | 161 | 180 | 184 | 187 | 191 | 197 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 123 | 137 | 146 | 143 | 146 | 147 | 151 |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate         |                  |                  |                  |                  | 2008             |
|---|----------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |          |                | 2003             | 2004             | 2005             | 2006             | 2007             |                  |
| Outlays .....   | O        | 212            | 282              | 321              | 328              | 331              | 338              | 346              |
| Departmental administration (gross) .....                           | BA       | <b>210</b>     | <b>298</b>       | <b>326</b>       | <b>327</b>       | <b>333</b>       | <b>338</b>       | <b>348</b>       |
|   | O        | 212            | 282              | 321              | 328              | 331              | 338              | 346              |
| Offsetting collections from Federal sources .....                   |          | -80            | -89              | -95              | -92              | -95              | -96              | -99              |
| Offsetting collections from non-Federal sources .....               |          | -43            | -48              | -51              | -51              | -51              | -51              | -52              |
| Total Departmental administration (net) .....                       | BA       | <b>87</b>      | <b>161</b>       | <b>180</b>       | <b>184</b>       | <b>187</b>       | <b>191</b>       | <b>197</b>       |
|   | O        | 89             | 145              | 175              | 185              | 185              | 191              | 195              |
| Office of the Inspector General:                                    |          |                |                  |                  |                  |                  |                  |                  |
| Appropriation, discretionary .....                                  | 276 BA   | <b>32</b>      | <b>38</b>        | <b>39</b>        | <b>40</b>        | <b>41</b>        | <b>41</b>        | <b>42</b>        |
| Outlays .....   | O        | 33             | 37               | 39               | 40               | 40               | 41               | 42               |
| <b>Intragovernmental Funds:</b>                                     |          |                |                  |                  |                  |                  |                  |                  |
| Working capital fund:   |          |                |                  |                  |                  |                  |                  |                  |
| Spending authority from offsetting collections, discretionary ..... | 276 BA   | <b>94</b>      | <b>83</b>        | <b>83</b>        | <b>85</b>        | <b>86</b>        | <b>88</b>        | <b>90</b>        |
| Outlays .....   | O        | 83             | 83               | 83               | 84               | 86               | 88               | 91               |
| Working capital fund (gross) .....                                  | BA       | <b>94</b>      | <b>83</b>        | <b>83</b>        | <b>85</b>        | <b>86</b>        | <b>88</b>        | <b>90</b>        |
|   | O        | 83             | 83               | 83               | 84               | 86               | 88               | 91               |
| Offsetting collections from Federal sources .....                   |          | -94            | -83              | -83              | -85              | -86              | -88              | -90              |
| Total Working capital fund (net) .....                              | BA       |                |                  |                  |                  |                  |                  |                  |
|   | O        | -11            |                  |                  | -1               |                  |                  | 1                |
| Total Federal funds Departmental Administration .....               | BA       | <b>119</b>     | <b>199</b>       | <b>219</b>       | <b>224</b>       | <b>228</b>       | <b>232</b>       | <b>239</b>       |
|   | O        | 111            | 182              | 214              | 224              | 225              | 232              | 238              |
| <b>Summary</b>  |          |                |                  |                  |                  |                  |                  |                  |
| Federal funds:  |          |                |                  |                  |                  |                  |                  |                  |
| (As shown in detail above) .....                                    | BA       | <b>21,941</b>  | <b>22,498</b>    | <b>23,838</b>    | <b>24,797</b>    | <b>25,102</b>    | <b>24,566</b>    | <b>24,131</b>    |
|   | O        | 21,163         | 22,299           | 23,624           | 24,722           | 25,151           | 24,728           | 24,170           |
| Deductions for offsetting receipts:                                 |          |                |                  |                  |                  |                  |                  |                  |
| Intrafund transactions .....  | 271 BA/O | -420           | -442             | -452             | -463             | -472             | -483             |                  |
|   | 908 BA/O | -1,751         | -868             | -948             | -1,031           | -1,105           | -993             | -1,244           |
| Proprietary receipts from the public .....                          | 271 BA/O | -1,311         | -1,324           | -1,321           | -1,335           | -1,360           | -1,371           | -1,384           |
|   |          |                | <sup>B</sup> 149 | <sup>B</sup> 145 | <sup>B</sup> 148 | <sup>B</sup> 151 | <sup>B</sup> 154 | <sup>B</sup> 158 |
| Offsetting governmental receipts .....                              | 276 BA/O |                | -18              | -18              | -18              | -18              | -19              | -19              |
| Total Department of Energy .....                                    | BA       | <b>18,459</b>  | <b>19,995</b>    | <b>21,244</b>    | <b>22,098</b>    | <b>22,298</b>    | <b>21,854</b>    | <b>21,642</b>    |
|   | O        | 17,681         | 19,796           | 21,030           | 22,023           | 22,347           | 22,016           | 21,681           |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |                |                |                |                | 2008           |
|---|--------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|
|   |        |                | 2003         | 2004           | 2005           | 2006           | 2007           |                |
| <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>1,368</b>   | <b>1,385</b> | <b>1,406</b>   | <b>1,432</b>   | <b>1,461</b>   | <b>1,493</b>   | <b>1,532</b>   |
| Appropriation, mandatory .....                                      | BA     | 2              | 2            | 1              | 1              | 1              | 1              | 1              |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>328</b>     | <b>291</b>   | <b>334</b>     | <b>340</b>     | <b>347</b>     | <b>355</b>     | <b>364</b>     |
|   |        |                |              | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 |
| Outlays .....   | O      | 1,450          | 1,663        | 1,735          | 1,763          | 1,808          | 1,841          | 1,884          |
|   |        |                |              | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 | <sup>J</sup> 5 |
| Salaries and expenses (gross) .....                                 | BA     | <b>1,698</b>   | <b>1,678</b> | <b>1,746</b>   | <b>1,778</b>   | <b>1,814</b>   | <b>1,854</b>   | <b>1,902</b>   |
|   | O      | 1,450          | 1,663        | 1,740          | 1,768          | 1,813          | 1,846          | 1,889          |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-22</b>     |              |                |                |                |                |                |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Portion of cash collections credited to expired accounts .....        | BA     | 17             |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |        | -32            | -25      | -37   | -38   | -38   | -39   | -40   |
| Offsetting collections from non-Federal sources .....                 |        | -291           | -266     | -297  | -303  | -309  | -316  | -324  |
|   |        |                |          | 1-5   | 1-5   | 1-5   | 1-5   | 1-5   |
| Total Salaries and expenses (net) .....                               | BA     | 1,370          | 1,387    | 1,407 | 1,432 | 1,462 | 1,494 | 1,533 |
|   | O      | 1,127          | 1,372    | 1,401 | 1,422 | 1,461 | 1,486 | 1,520 |
| <b>Public Enterprise Funds:</b>                                       |        |                |          |       |       |       |       |       |
| Revolving fund for certification and other services:                  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....       | 554 BA | 5              | 5        | 6     | 5     | 6     | 6     | 6     |
| Outlays .....   | O      | 5              | 8        | 6     | 5     | 6     | 6     | 6     |
| Revolving fund for certification and other services (gross) .....     | BA     | 5              | 5        | 6     | 5     | 6     | 6     | 6     |
|   | O      | 5              | 8        | 6     | 5     | 6     | 6     | 6     |
| Offsetting collections from non-Federal sources .....                 |        | -5             | -5       | -6    | -5    | -6    | -6    | -6    |
| Total Revolving fund for certification and other services (net) ..... | BA     |                |          |       |       |       |       |       |
|   | O      |                | 3        |       |       |       |       |       |
| Total Federal funds Food and Drug Administration .....                | BA     | 1,370          | 1,387    | 1,407 | 1,432 | 1,462 | 1,494 | 1,533 |
|   | O      | 1,127          | 1,375    | 1,401 | 1,422 | 1,461 | 1,486 | 1,520 |

*Health Resources and Services Administration*

*Federal funds*

**General and Special Funds:**

Vaccine injury compensation:

|   |        |    |    |  |  |  |  |  |
|---|--------|----|----|--|--|--|--|--|
| Spending authority from offsetting collections, mandatory ..... | 551 BA | 1  |    |  |  |  |  |  |
| Outlays .....   | O      | 5  | 11 |  |  |  |  |  |
| Vaccine injury compensation (gross) .....                       | BA     | 1  |    |  |  |  |  |  |
|   | O      | 5  | 11 |  |  |  |  |  |
| Offsetting collections from Federal sources .....               |        | -1 |    |  |  |  |  |  |
| Total Vaccine injury compensation (net) .....                   | BA     |    |    |  |  |  |  |  |
|   | O      | 4  | 11 |  |  |  |  |  |

**Public Enterprise Funds:**

Medical facilities guarantee and loan fund:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory ..... | 551 BA | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | -1 |    |    |    |    |    |    |
| Medical facilities guarantee and loan fund (gross) .....        | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
|   | O      | -1 |    |    |    |    |    |    |
| Offsetting collections from non-Federal sources .....           |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Medical facilities guarantee and loan fund (net) .....    | BA     |    |    |    |    |    |    |    |
|   | O      | -2 | -1 | -1 | -1 | -1 | -1 | -1 |

**Credit Accounts:**

Health resources and services

(Health care services):

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| (Appropriation, discretionary) .....                                  | 551 BA | 5,406 | 5,060 | 5,359 | 5,611 | 5,869 | 5,998 | 6,150 |
| (Appropriation, mandatory) .....                                      | BA     | 50    | 25    |       |       |       |       |       |
|   |        |       | B 25  | B 50  | B 50  | B 50  | B 50  |       |
| (Advance appropriation, discretionary) .....                          | BA     | 30    |       |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 110   | 117   | 117   | 119   | 122   | 124   | 128   |
| (Outlays) .....   | O      | 5,121 | 5,353 | 5,513 | 5,627 | 5,878 | 6,063 | 6,167 |
|   |        |       | B 7   | B 37  | B 42  | B 47  | B 50  | B 36  |
| Health resources and services (gross) .....                           | BA     | 5,596 | 5,227 | 5,526 | 5,780 | 6,041 | 6,172 | 6,278 |
|   | O      | 5,121 | 5,360 | 5,550 | 5,669 | 5,925 | 6,113 | 6,203 |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | -1    |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |        | -89   | -97   | -97   | -99   | -101  | -103  | -106  |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from non-Federal sources .....                   |        | -20            | -20          | -20          | -20          | -21          | -21          | -22          |
| Total (Health care services) (net) .....                                | BA     | <b>5,486</b>   | <b>5,110</b> | <b>5,409</b> | <b>5,661</b> | <b>5,919</b> | <b>6,048</b> | <b>6,150</b> |
|   | O      | 5,012          | 5,243        | 5,433        | 5,550        | 5,803        | 5,989        | 6,075        |
| (Health research and training):   |        |                |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                    | 552 BA | 672            | 309          | 307          | 313          | 319          | 326          | 334          |
| (Spending authority from offsetting collections, discretionary) .....   | BA     | 13             | 13           | 13           | 13           | 14           | 14           | 14           |
| (Spending authority from offsetting collections, mandatory) .....       | BA     | 23             | 31           | 35           | 35           | 35           | 35           | 35           |
| (Outlays) .....   | O      | 632            | 554          | 440          | 394          | 373          | 378          | 376          |
| Health resources and services (gross) .....                             | BA     | <b>6,194</b>   | <b>5,463</b> | <b>5,764</b> | <b>6,022</b> | <b>6,287</b> | <b>6,423</b> | <b>6,533</b> |
|   | O      | 5,644          | 5,797        | 5,873        | 5,944        | 6,176        | 6,367        | 6,451        |
| Offsetting collections from Federal sources .....                       |        | -13            | -13          | -13          | -13          | -14          | -14          | -14          |
| Offsetting governmental collections (from non-Federal sources) .....    |        | -23            | -31          | -35          | -35          | -35          | -35          | -35          |
| Total (Health research and training) (net) .....                        | BA     | <b>672</b>     | <b>309</b>   | <b>307</b>   | <b>313</b>   | <b>319</b>   | <b>326</b>   | <b>334</b>   |
|   | O      | 596            | 510          | 392          | 346          | 324          | 329          | 327          |
| Total Health resources and services .....                               | BA     | <b>6,158</b>   | <b>5,419</b> | <b>5,716</b> | <b>5,974</b> | <b>6,238</b> | <b>6,374</b> | <b>6,484</b> |
|   | O      | 5,608          | 5,753        | 5,825        | 5,896        | 6,127        | 6,318        | 6,402        |
| Health education assistance loans program account:                      |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 552 BA | 4              | 4            | 3            | 3            | 3            | 3            | 3            |
| Appropriation, mandatory .....  | BA     | 18             | 20           | 18           |              |              |              |              |
| Outlays .....   | O      | 22             | 24           | 21           | 3            | 3            | 3            | 3            |
| Limitation on loan guarantee commitments .....                          |        | (165)          | (160)        | (150)        |              |              |              |              |
| Total Health education assistance loans program account .....           | BA     | <b>22</b>      | <b>24</b>    | <b>21</b>    | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     |
|   | O      | 22             | 24           | 21           | 3            | 3            | 3            | 3            |
| Health education assistance loans liquidating account:                  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 552 BA | 10             | 7            | 4            | 2            | 1            | 1            | 1            |
| Spending authority from offsetting collections, mandatory .....         | BA     | 21             | 21           | 20           | 20           | 20           | 20           | 20           |
| Outlays .....   | O      | 25             | 28           | 24           | 22           | 21           | 21           | 21           |
| Health education assistance loans liquidating account (gross) .....     | BA     | <b>31</b>      | <b>28</b>    | <b>24</b>    | <b>22</b>    | <b>21</b>    | <b>21</b>    | <b>21</b>    |
|   | O      | 25             | 28           | 24           | 22           | 21           | 21           | 21           |
| Offsetting collections from non-Federal sources .....                   |        | -21            | -21          | -20          | -20          | -20          | -20          | -20          |
| Total Health education assistance loans liquidating account (net) ..... | BA     | <b>10</b>      | <b>7</b>     | <b>4</b>     | <b>2</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     |
|   | O      | 4              | 7            | 4            | 2            | 1            | 1            | 1            |
| <i>Trust funds</i>  |        |                |              |              |              |              |              |              |
| Vaccine injury compensation program trust fund:                         |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 551 BA | 10             | 10           | 10           | 10           | 10           | 11           | 11           |
| Appropriation, mandatory .....  | BA     | 57             | 63           | 66           | 70           | 73           | 77           | 81           |
| Outlays .....   | O      | 67             | 73           | 76           | 80           | 83           | 88           | 92           |
| Total Vaccine injury compensation program trust fund .....              | BA     | <b>67</b>      | <b>73</b>    | <b>76</b>    | <b>80</b>    | <b>83</b>    | <b>88</b>    | <b>92</b>    |
|   | O      | 67             | 73           | 76           | 80           | 83           | 88           | 92           |
| Ricky Ray hemophilia relief fund:                                       |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 551 BA | 2              | 2            |              |              |              |              |              |
| Outlays .....   | O      | 53             | 8            | 3            |              |              |              |              |
| Total Federal funds Health Resources and Services Administration .....  | BA     | <b>6,190</b>   | <b>5,450</b> | <b>5,741</b> | <b>5,979</b> | <b>6,242</b> | <b>6,378</b> | <b>6,488</b> |
|   | O      | 5,636          | 5,794        | 5,849        | 5,900        | 6,130        | 6,321        | 6,405        |
| Total Trust funds Health Resources and Services Administration .....    | BA     | <b>69</b>      | <b>75</b>    | <b>76</b>    | <b>80</b>    | <b>83</b>    | <b>88</b>    | <b>92</b>    |
|   | O      | 120            | 81           | 79           | 80           | 83           | 88           | 92           |

*Indian Health Services*  
*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Indian Health Services:   |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 551 BA | 2,389 | 2,454 | 2,502 | 2,549 | 2,601 | 2,658 | 2,725 |
| Appropriation, mandatory .....                                      | BA     | 100   | 100   | 150   | 150   | 150   | 150   | 150   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 725   | 805   | 812   | 827   | 844   | 863   | 885   |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Outlays   | O      | 3,212          | 3,325        | 3,463        | 3,571        | 3,612        | 3,668        | 3,756        |
| Indian Health Services (gross)                                | BA     | <b>3,214</b>   | <b>3,359</b> | <b>3,464</b> | <b>3,526</b> | <b>3,595</b> | <b>3,671</b> | <b>3,760</b> |
|   | O      | 3,212          | 3,325        | 3,463        | 3,571        | 3,612        | 3,668        | 3,756        |
| Change in uncollected customer payments from Federal sources  | BA     | -33            |              |              |              |              |              |              |
| Portion of cash collections credited to expired accounts      | BA     | 75             |              |              |              |              |              |              |
| Offsetting collections from Federal sources                   |        | -381           | -410         | -448         | -456         | -466         | -476         | -488         |
| Offsetting collections from non-Federal sources               |        | -386           | -395         | -364         | -371         | -378         | -387         | -397         |
| Total Indian Health Services (net)                            | BA     | <b>2,489</b>   | <b>2,554</b> | <b>2,652</b> | <b>2,699</b> | <b>2,751</b> | <b>2,808</b> | <b>2,875</b> |
|   | O      | 2,445          | 2,520        | 2,651        | 2,744        | 2,768        | 2,805        | 2,871        |
| Indian health facilities:                                     |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 551 BA | 369            | 363          | 387          | 394          | 402          | 411          | 422          |
| Appropriation, mandatory                                      | BA     | 6              | 6            | 6            | 6            | 6            | 6            | 6            |
| Spending authority from offsetting collections, discretionary | BA     | 7              | 7            | 7            | 7            | 7            | 7            | 8            |
| Outlays   | O      | 379            | 339          | 385          | 437          | 424          | 421          | 431          |
| Indian health facilities (gross)                              | BA     | <b>382</b>     | <b>376</b>   | <b>400</b>   | <b>407</b>   | <b>415</b>   | <b>424</b>   | <b>436</b>   |
|   | O      | 379            | 339          | 385          | 437          | 424          | 421          | 431          |
| Offsetting collections from Federal sources                   |        | -7             | -7           | -7           | -7           | -7           | -7           | -8           |
| Total Indian health facilities (net)                          | BA     | <b>375</b>     | <b>369</b>   | <b>393</b>   | <b>400</b>   | <b>408</b>   | <b>417</b>   | <b>428</b>   |
|   | O      | 372            | 332          | 378          | 430          | 417          | 414          | 423          |
| Total Federal funds Indian Health Services                    | BA     | <b>2,864</b>   | <b>2,923</b> | <b>3,045</b> | <b>3,099</b> | <b>3,159</b> | <b>3,225</b> | <b>3,303</b> |
|   | O      | 2,817          | 2,852        | 3,029        | 3,174        | 3,185        | 3,219        | 3,294        |

*Centers for Disease Control and Prevention*  
*Federal funds*

**General and Special Funds:**

Disease control, research, and training

(Health care services):

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| (Appropriation, discretionary)                                  | 551 BA | 3,935 | 3,839 | 3,948 | 4,021 | 4,104 | 4,194 | 4,301 |
|   |        |       |       | J-110 | J-112 | J-114 | J-117 | J-120 |
| (Appropriation, mandatory)                                      | BA     | 3     |       |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) | BA     | 71    | 56    | 46    | 47    | 48    | 49    | 50    |
| (Outlays)   | O      | 3,223 | 3,808 | 3,886 | 3,993 | 4,078 | 4,161 | 4,252 |
|   |        |       |       | J-48  | J-85  | J-107 | J-112 | J-117 |

|   |    |              |              |              |              |              |              |              |
|---|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Disease control, research, and training (gross) | BA | <b>4,009</b> | <b>3,895</b> | <b>3,884</b> | <b>3,956</b> | <b>4,038</b> | <b>4,126</b> | <b>4,231</b> |
|   | O  | 3,223        | 3,808        | 3,838        | 3,908        | 3,971        | 4,049        | 4,135        |

|   |  |     |     |     |     |     |     |     |
|---|--|-----|-----|-----|-----|-----|-----|-----|
| Offsetting collections from Federal sources     |  | -71 | -54 | -44 | -45 | -46 | -47 | -48 |
| Offsetting collections from non-Federal sources |  |     | -2  | -2  | -2  | -2  | -2  | -2  |

|                                    |    |              |              |              |              |              |              |              |
|------------------------------------|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total (Health care services) (net) | BA | <b>3,938</b> | <b>3,839</b> | <b>3,838</b> | <b>3,909</b> | <b>3,990</b> | <b>4,077</b> | <b>4,181</b> |
|                                    | O  | 3,152        | 3,752        | 3,792        | 3,861        | 3,923        | 4,000        | 4,085        |

(Health research and training):

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary)                                  | 552 BA | 391 | 327 | 319 | 325 | 332 | 339 | 347 |
| (Appropriation, mandatory)                                      | BA     | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| (Spending authority from offsetting collections, discretionary) | BA     | 153 | 151 | 166 | 169 | 173 | 176 | 181 |
| (Outlays)   | O      | 485 | 505 | 510 | 495 | 501 | 510 | 522 |

|   |    |              |              |              |              |              |              |              |
|---|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Disease control, research, and training (gross) | BA | <b>4,483</b> | <b>4,318</b> | <b>4,324</b> | <b>4,404</b> | <b>4,496</b> | <b>4,593</b> | <b>4,710</b> |
|   | O  | 3,637        | 4,257        | 4,302        | 4,356        | 4,424        | 4,510        | 4,607        |

|  |    |      |      |      |      |      |      |      |
|--|----|------|------|------|------|------|------|------|
| (Change in uncollected customer payments from Federal sources) | BA | -153 |      |      |      |      |      |      |
| (Portion of cash collections credited to expired accounts)     | BA | 74   |      |      |      |      |      |      |
| Offsetting collections from Federal sources                    |    | -74  | -151 | -166 | -169 | -173 | -176 | -181 |

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total (Health research and training) (net) | BA | <b>392</b> | <b>328</b> | <b>320</b> | <b>326</b> | <b>333</b> | <b>340</b> | <b>348</b> |
|  | O  | 411        | 354        | 344        | 326        | 328        | 334        | 341        |

|   |    |              |              |              |              |              |              |              |
|---|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Disease control, research, and training | BA | <b>4,330</b> | <b>4,167</b> | <b>4,158</b> | <b>4,235</b> | <b>4,323</b> | <b>4,417</b> | <b>4,529</b> |
|   | O  | 3,563        | 4,106        | 4,136        | 4,187        | 4,251        | 4,334        | 4,426        |

*Trust funds*

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Toxic substances and environmental public health, Agency for Toxic Substances and Disease Registry: |        |    |    |    |    |    |    |    |
| Appropriation, discretionary  | 551 BA | 78 | 77 | 73 | 74 | 76 | 78 | 80 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |       |       |       |       |       |
|--|----|----------------|----------|-------|-------|-------|-------|-------|
|  |    |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Spending authority from offsetting collections, discretionary .....  | BA | 31             | 25       | 25    | 25    | 26    | 27    | 27    |
| Outlays .....  | O  | 77             | 114      | 100   | 99    | 102   | 104   | 106   |
| <hr/>  |    |                |          |       |       |       |       |       |
| Toxic substances and environmental public health, Agency for Toxic Substances and Disease Registry (gross) .....     | BA | 109            | 102      | 98    | 99    | 102   | 105   | 107   |
|  | O  | 77             | 114      | 100   | 99    | 102   | 104   | 106   |
| <hr/>  |    |                |          |       |       |       |       |       |
| Change in uncollected customer payments from Federal sources .....   | BA | -24            |          |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....   | BA | 6              |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....  |    | -13            | -25      | -25   | -25   | -26   | -27   | -27   |
| <hr/>  |    |                |          |       |       |       |       |       |
| Total Toxic substances and environmental public health, Agency for Toxic Substances and Disease Registry (net) ..... | BA | 78             | 77       | 73    | 74    | 76    | 78    | 80    |
|  | O  | 64             | 89       | 75    | 74    | 76    | 77    | 79    |
| <hr/>  |    |                |          |       |       |       |       |       |
| Total Federal funds Centers for Disease Control and Prevention .....   | BA | 4,330          | 4,167    | 4,158 | 4,235 | 4,323 | 4,417 | 4,529 |
|  | O  | 3,563          | 4,106    | 4,136 | 4,187 | 4,251 | 4,334 | 4,426 |
| <hr/>  |    |                |          |       |       |       |       |       |
| Total Trust funds Centers for Disease Control and Prevention .....   | BA | 78             | 77       | 73    | 74    | 76    | 78    | 80    |
|  | O  | 64             | 89       | 75    | 74    | 76    | 77    | 79    |

*National Institutes of Health*

*Federal funds*

**General and Special Funds:**

National Institutes of Health:

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary .....                                  | 552 BA | 23,182 | 27,244 | 27,742 | 28,260 | 28,835 | 29,471 | 30,220 |
| Appropriation, mandatory .....                                      | BA     | 112    | 115    | 165    | 165    | 165    | 165    | 165    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1,825  | 1,855  | 1,887  | 1,922  | 1,961  | 2,005  | 2,056  |
| Outlays .....   | O      | 22,201 | 25,098 | 28,386 | 29,617 | 30,347 | 31,019 | 31,746 |
| <hr/>   |        |        |        |        |        |        |        |        |
| National Institutes of Health (gross) .....                         | BA     | 25,119 | 29,214 | 29,794 | 30,347 | 30,961 | 31,641 | 32,441 |
|   | O      | 22,201 | 25,098 | 28,386 | 29,617 | 30,347 | 31,019 | 31,746 |
| <hr/>   |        |        |        |        |        |        |        |        |
| Change in uncollected customer payments from Federal sources .....  | BA     | -292   |        |        |        |        |        |        |
| Portion of cash collections credited to expired accounts .....      | BA     | 218    |        |        |        |        |        |        |
| Offsetting collections from Federal sources .....                   |        | -1,688 | -1,855 | -1,887 | -1,922 | -1,961 | -2,005 | -2,056 |
| Offsetting collections from non-Federal sources .....               |        | -63    |        |        |        |        |        |        |
| <hr/>   |        |        |        |        |        |        |        |        |
| Total National Institutes of Health (net) .....                     | BA     | 23,294 | 27,359 | 27,907 | 28,425 | 29,000 | 29,636 | 30,385 |
|   | O      | 20,450 | 23,243 | 26,499 | 27,695 | 28,386 | 29,014 | 29,690 |

*Substance Abuse and Mental Health Services Administration*

*Federal funds*

**General and Special Funds:**

Substance abuse and mental health services:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 551 BA | 3,136 | 3,195 | 3,393 | 3,418 | 3,439 | 3,516 | 3,605 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 73    | 75    | 75    | 76    | 78    | 80    | 82    |
| Outlays .....   | O      | 2,957 | 3,130 | 3,349 | 3,452 | 3,497 | 3,548 | 3,621 |
| <hr/>   |        |       |       |       |       |       |       |       |
| Substance abuse and mental health services (gross) .....            | BA     | 3,209 | 3,270 | 3,468 | 3,494 | 3,517 | 3,596 | 3,687 |
|   | O      | 2,957 | 3,130 | 3,349 | 3,452 | 3,497 | 3,548 | 3,621 |
| <hr/>   |        |       |       |       |       |       |       |       |
| Change in uncollected customer payments from Federal sources .....  | BA     | -3    |       |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....      | BA     | 2     |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                   |        | -72   | -75   | -75   | -76   | -78   | -80   | -82   |
| <hr/>   |        |       |       |       |       |       |       |       |
| Total Substance abuse and mental health services (net) .....        | BA     | 3,136 | 3,195 | 3,393 | 3,418 | 3,439 | 3,516 | 3,605 |
|   | O      | 2,885 | 3,055 | 3,274 | 3,376 | 3,419 | 3,468 | 3,539 |

*Agency for Healthcare Research and Quality*

*Federal funds*

**General and Special Funds:**

Health care policy and research:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 552 BA | 3   |     |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary ..... | BA     | 330 | 275 | 304 | 310 | 316 | 323 | 331 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate      |               |               |               |               | 2008          |
|--|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |    |                | 2003          | 2004          | 2005          | 2006          | 2007          |               |
| Outlays .....  | O  | 263            | 275           | 304           | 310           | 316           | 323           | 331           |
| Health care policy and research (gross) .....                      | BA | <b>333</b>     | <b>275</b>    | <b>304</b>    | <b>310</b>    | <b>316</b>    | <b>323</b>    | <b>331</b>    |
|  | O  | 263            | 275           | 304           | 310           | 316           | 323           | 331           |
| Change in uncollected customer payments from Federal sources ..... | BA | -1             |               |               |               |               |               |               |
| Offsetting collections from Federal sources .....                  |    | -329           | -275          | -304          | -310          | -316          | -323          | -331          |
| Total Health care policy and research (net) .....                  | BA | <b>3</b>       |               |               |               |               |               |               |
|  | O  | -66            |               |               |               |               |               |               |
| Total Federal funds Public Health Service .....                    | BA | <b>41,187</b>  | <b>44,481</b> | <b>45,651</b> | <b>46,588</b> | <b>47,625</b> | <b>48,666</b> | <b>49,843</b> |
|  | O  | 36,412         | 40,425        | 44,188        | 45,754        | 46,832        | 47,842        | 48,874        |
| Total Trust funds Public Health Service .....                      | BA | <b>147</b>     | <b>152</b>    | <b>149</b>    | <b>154</b>    | <b>159</b>    | <b>166</b>    | <b>172</b>    |
|  | O  | 184            | 170           | 154           | 154           | 159           | 165           | 171           |

**Other Health Programs**

*Centers for Medicare and Medicaid Services*

*Federal funds*

**General and Special Funds:**

Grants to States for medicaid:

|  |        |                |                |                |                |                |                |                |
|--|--------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, mandatory .....                                     | 551 BA | <b>111,133</b> | <b>115,757</b> | <b>124,892</b> | <b>134,357</b> | <b>146,252</b> | <b>158,581</b> | <b>172,079</b> |
|  |        |                | <i>B 175</i>   | <i>B 5,789</i> | <i>B 4,209</i> | <i>B 5,466</i> | <i>B 4,976</i> | <i>B 5,603</i> |
| Advance appropriation, mandatory .....                             | BA     | <b>36,208</b>  | <b>46,602</b>  | <b>51,861</b>  | <b>58,416</b>  | <b>63,588</b>  | <b>68,948</b>  | <b>74,817</b>  |
| Spending authority from offsetting collections, mandatory .....    | BA     | <b>2</b>       | <b>127</b>     |                |                |                |                |                |
|  |        |                | <i>B 50</i>    | <i>B 55</i>    | <i>B 60</i>    | <i>B 63</i>    | <i>B 65</i>    | <i>B 68</i>    |
| Outlays .....  | O      | 147,650        | 162,493        | 176,754        | 192,774        | 209,840        | 227,529        | 246,895        |
|  |        |                | <i>B 225</i>   | <i>B 5,844</i> | <i>B 4,269</i> | <i>B 5,529</i> | <i>B 5,041</i> | <i>B 5,671</i> |
| Grants to States for medicaid (gross) .....                        | BA     | <b>147,343</b> | <b>162,711</b> | <b>182,597</b> | <b>197,042</b> | <b>215,369</b> | <b>232,570</b> | <b>252,567</b> |
|  | O      | 147,650        | 162,718        | 182,598        | 197,043        | 215,369        | 232,570        | 252,566        |
| Change in uncollected customer payments from Federal sources ..... | BA     | <b>136</b>     |                |                |                |                |                |                |
| Offsetting collections from Federal sources .....                  |        | -138           | -127           |                |                |                |                |                |
|  |        |                | <i>J -50</i>   | <i>J -55</i>   | <i>J -60</i>   | <i>J -63</i>   | <i>J -65</i>   | <i>J -68</i>   |
| Total Grants to States for medicaid (net) .....                    | BA     | <b>147,341</b> | <b>162,534</b> | <b>182,542</b> | <b>196,982</b> | <b>215,306</b> | <b>232,505</b> | <b>252,499</b> |
|  | O      | 147,512        | 162,541        | 182,543        | 196,983        | 215,306        | 232,505        | 252,498        |

State grants and demonstrations:

|                                |        |           |            |            |           |           |           |           |
|--------------------------------|--------|-----------|------------|------------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 551 BA | <b>67</b> | <b>132</b> | <b>117</b> | <b>81</b> | <b>82</b> | <b>42</b> | <b>43</b> |
| Outlays .....                  | O      | 10        | 37         | 65         | 73        | 81        | 80        | 79        |

Payments to health care trust funds:

|   |        |               |               |                |                |                |                |                |
|---|--------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, mandatory .....                  | 571 BA | <b>93,467</b> | <b>89,376</b> | <b>103,557</b> | <b>105,708</b> | <b>111,220</b> | <b>117,383</b> | <b>125,570</b> |
|   |        |               |               | <i>J 150</i>   | <i>J -25</i>   | <i>J -8</i>    |                |                |
| Outlays .....                                   | O      | 90,450        | 89,376        | 103,557        | 105,708        | 111,220        | 117,383        | 125,570        |
|   |        |               |               | <i>J 150</i>   | <i>J -25</i>   | <i>J -8</i>    |                |                |
| Total Payments to health care trust funds ..... | BA     | <b>93,467</b> | <b>89,376</b> | <b>103,707</b> | <b>105,683</b> | <b>111,212</b> | <b>117,383</b> | <b>125,570</b> |
|   | O      | 90,450        | 89,376        | 103,707        | 105,683        | 111,212        | 117,383        | 125,570        |

Program management

(Health care services):

|   |        |              |               |               |               |               |               |               |
|---|--------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (Spending authority from offsetting collections, discretionary) ..... | 551 BA | <b>2,381</b> | <b>2,580</b>  | <b>2,730</b>  | <b>2,781</b>  | <b>2,837</b>  | <b>2,901</b>  | <b>2,974</b>  |
| (Outlays) .....   | O      | 2,331        | 2,580         | 2,730         | 2,781         | 2,837         | 2,901         | 2,974         |
| Program management (gross) .....                                      | BA     | <b>2,381</b> | <b>2,580</b>  | <b>2,730</b>  | <b>2,781</b>  | <b>2,837</b>  | <b>2,901</b>  | <b>2,974</b>  |
|   | O      | 2,331        | 2,580         | 2,730         | 2,781         | 2,837         | 2,901         | 2,974         |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | <b>-758</b>  |               |               |               |               |               |               |
| (Portion of cash collections credited to expired accounts) .....      | BA     | <b>271</b>   |               |               |               |               |               |               |
| Offsetting collections from Federal sources .....                     |        | -1,842       | -2,519        | -2,671        | -2,721        | -2,776        | -2,838        | -2,910        |
|   |        |              | <i>J 130</i>  | <i>J 201</i>  | <i>J 201</i>  | <i>J 201</i>  | <i>J 201</i>  | <i>J 201</i>  |
| Offsetting collections from non-Federal sources .....                 |        | -60          | -61           | -59           | -60           | -61           | -63           | -64           |
|   |        |              | <i>J -130</i> | <i>J -201</i> | <i>J -201</i> | <i>J -201</i> | <i>J -201</i> | <i>J -201</i> |
| Total (Health care services) (net) .....                              | BA     | <b>-8</b>    |               |               |               |               |               |               |
|   | O      | 429          |               |               |               |               |               |               |



**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |                 |                 |                 |                 |                 |
|---|--------|----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   |        |                | 2003          | 2004            | 2005            | 2006            | 2007            | 2008            |
| <b>(Health research and training):</b>                                |        |                |               |                 |                 |                 |                 |                 |
| (Spending authority from offsetting collections, discretionary) ..... | 552 BA | 117            | 28            | 63              | 64              | 65              | 67              | 69              |
| (Outlays) .....   | O      | 72             | 28            | 63              | 64              | 65              | 67              | 69              |
| Program management (gross) .....                                      | BA     | 109            | 28            | 63              | 64              | 65              | 67              | 69              |
|   | O      | 501            | 28            | 63              | 64              | 65              | 67              | 69              |
| Offsetting collections from Federal sources .....                     |        | -117           | -28           | -63             | -64             | -65             | -67             | -69             |
| Total (Health research and training) (net) .....                      | BA     |                |               |                 |                 |                 |                 |                 |
|   | O      | -45            |               |                 |                 |                 |                 |                 |
| Total Program management .....  | BA     | -8             |               |                 |                 |                 |                 |                 |
|   | O      | 384            |               |                 |                 |                 |                 |                 |
| <b>State children's health insurance fund:</b>                        |        |                |               |                 |                 |                 |                 |                 |
| Appropriation, mandatory .....  | 551 BA | 3,115          | 3,175         | 3,175           | 4,082           | 4,082           | 5,040           | 5,040           |
|   |        |                |               | <i>B</i> -2,433 | <i>B</i> -2,853 | <i>B</i> -3,745 | <i>B</i> -3,749 | <i>B</i> -3,873 |
| Reappropriation, mandatory .....                                      | BA     | 2,819          | 2,207         |                 |                 |                 |                 |                 |
| Outlays .....   | O      | 3,682          | 4,751         | 5,090           | 4,933           | 4,956           | 5,188           | 5,349           |
|   |        |                |               | <i>B</i> -2,433 | <i>B</i> -2,893 | <i>B</i> -3,745 | <i>B</i> -3,749 | <i>B</i> -3,873 |
| Total State children's health insurance fund .....                    | BA     | 5,934          | 5,382         | 742             | 1,229           | 337             | 1,291           | 1,167           |
|   | O      | 3,682          | 4,751         | 2,657           | 2,040           | 1,211           | 1,439           | 1,476           |
| <i>Trust funds</i>  |        |                |               |                 |                 |                 |                 |                 |
| <b>Federal hospital insurance trust fund:</b>                         |        |                |               |                 |                 |                 |                 |                 |
| Appropriation, discretionary .....                                    | 571 BA | 1,607          | 1,515         | 1,574           | 1,604           | 1,635           | 1,672           | 1,715           |
|   |        |                | <i>J</i> -25  | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    |
| Appropriation, mandatory .....  | BA     | 145,591        | 150,613       | 159,538         | 167,585         | 172,160         | 182,318         | 192,787         |
| Outlays .....   | O      | 147,050        | 151,875       | 161,321         | 169,191         | 173,469         | 184,208         | 194,513         |
|   |        |                | <i>J</i> -25  | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    | <i>J</i> -38    |
| Total Federal hospital insurance trust fund .....                     | BA     | 147,198        | 152,103       | 161,074         | 169,151         | 173,757         | 183,952         | 194,464         |
|   | O      | 147,050        | 151,850       | 161,283         | 169,153         | 173,431         | 184,170         | 194,475         |
| <b>Health care fraud and abuse control account:</b>                   |        |                |               |                 |                 |                 |                 |                 |
| Appropriation, mandatory .....  | 571 BA | 1,011          | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
| Spending authority from offsetting collections, mandatory .....       | BA     | 7              |               |                 |                 |                 |                 |                 |
| Outlays .....   | O      | 970            | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
| Health care fraud and abuse control account (gross) .....             | BA     | 1,018          | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
|   | O      | 970            | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
| Offsetting collections from Federal sources .....                     |        | -7             |               |                 |                 |                 |                 |                 |
| Total Health care fraud and abuse control account (net) .....         | BA     | 1,011          | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
|   | O      | 963            | 1,075         | 1,075           | 1,075           | 1,075           | 1,075           | 1,075           |
| <b>Federal supplementary medical insurance trust fund:</b>            |        |                |               |                 |                 |                 |                 |                 |
| Appropriation, discretionary .....                                    | 571 BA | 2,198          | 2,273         | 2,360           | 2,404           | 2,452           | 2,506           | 2,571           |
|   |        |                | <i>J</i> -105 | <i>J</i> -163   | <i>J</i> -163   | <i>J</i> -163   | <i>J</i> -163   | <i>J</i> -163   |
| Appropriation, mandatory .....  | BA     | 106,987        | 117,902       | 119,239         | 126,188         | 129,664         | 138,069         | 147,152         |
|   |        |                | <i>J</i> 50   | <i>J</i> 55     | <i>J</i> 60     | <i>J</i> 63     | <i>J</i> 65     | <i>J</i> 68     |
| Spending authority from offsetting collections, mandatory .....       | BA     | 1,168          |               |                 |                 |                 |                 |                 |
| Outlays .....   | O      | 109,993        | 120,074       | 121,626         | 128,570         | 132,009         | 140,602         | 149,696         |
|   |        |                | <i>J</i> -55  | <i>J</i> -108   | <i>J</i> -103   | <i>J</i> -100   | <i>J</i> -98    | <i>J</i> -95    |
| Federal supplementary medical insurance trust fund (gross) .....      | BA     | 110,353        | 120,120       | 121,491         | 128,489         | 132,016         | 140,477         | 149,628         |
|   | O      | 109,993        | 120,019       | 121,518         | 128,467         | 131,909         | 140,504         | 149,601         |
| Offsetting collections from Federal sources .....                     |        | -1,168         |               |                 |                 |                 |                 |                 |
| Total Federal supplementary medical insurance trust fund (net) .....  | BA     | 109,185        | 120,120       | 121,491         | 128,489         | 132,016         | 140,477         | 149,628         |
|   | O      | 108,825        | 120,019       | 121,518         | 128,467         | 131,909         | 140,504         | 149,601         |
| <b>Allowance for medicare modernization:</b>                          |        |                |               |                 |                 |                 |                 |                 |
| Appropriation, mandatory .....  | 571 BA |                |               | <i>B</i> 6,000  | <i>B</i> 10,000 | <i>B</i> 33,000 | <i>B</i> 38,000 | <i>B</i> 43,000 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate       |                |                 |                 |                 |                 |
|--|----|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
|  |    |                | 2003           | 2004           | 2005            | 2006            | 2007            | 2008            |
| Outlays .....  | O  |                |                | <i>B</i> 6,000 | <i>B</i> 10,000 | <i>B</i> 33,000 | <i>B</i> 38,000 | <i>B</i> 43,000 |
| Total Federal funds Centers for Medicare and Medicaid Services ..... | BA | <b>246,801</b> | <b>257,424</b> | <b>287,108</b> | <b>303,975</b>  | <b>326,937</b>  | <b>351,221</b>  | <b>379,279</b>  |
|  | O  | 242,038        | 256,705        | 288,972        | 304,779         | 327,810         | 351,407         | 379,623         |
| Total Trust funds Centers for Medicare and Medicaid Services .....   | BA | <b>257,394</b> | <b>273,298</b> | <b>289,640</b> | <b>308,715</b>  | <b>339,848</b>  | <b>363,504</b>  | <b>388,167</b>  |
|  | O  | 256,838        | 272,944        | 289,876        | 308,695         | 339,415         | 363,749         | 388,151         |
| Total Federal funds Health Programs .....                            | BA | <b>287,988</b> | <b>301,905</b> | <b>332,759</b> | <b>350,563</b>  | <b>374,562</b>  | <b>399,887</b>  | <b>429,122</b>  |
|  | O  | 278,450        | 297,130        | 333,160        | 350,533         | 374,642         | 399,249         | 428,497         |
| Total Trust funds Health Programs .....                              | BA | <b>257,541</b> | <b>273,450</b> | <b>289,789</b> | <b>308,869</b>  | <b>340,007</b>  | <b>363,670</b>  | <b>388,339</b>  |
|  | O  | 257,022        | 273,114        | 290,030        | 308,849         | 339,574         | 363,914         | 388,322         |

**Administration for Children and Families**

*Federal funds*

**General and Special Funds:**

Temporary assistance for needy families:

|   |        |               |               |               |               |               |               |               |
|---|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Appropriation, mandatory .....                      | 609 BA | <b>17,009</b> | <b>16,882</b> | <b>17,690</b> | <b>16,690</b> | <b>16,690</b> | <b>16,690</b> | <b>16,690</b> |
|   |        |               | <i>B</i> 127  | <i>B</i> -81  | <i>B</i> 419  | <i>B</i> 419  | <i>B</i> 419  | <i>B</i> 419  |
| Outlays .....                                       | O      | 18,749        | 19,214        | 18,567        | 17,910        | 17,557        | 17,382        | 16,968        |
|   |        |               | <i>B</i> -5   | <i>B</i> 146  | <i>B</i> 307  | <i>B</i> 331  | <i>B</i> 322  | <i>B</i> 319  |
| Total Temporary assistance for needy families ..... | BA     | <b>17,009</b> | <b>17,009</b> | <b>17,609</b> | <b>17,109</b> | <b>17,109</b> | <b>17,109</b> | <b>17,109</b> |
|   | O      | 18,749        | 19,209        | 18,713        | 18,217        | 17,888        | 17,704        | 17,287        |

Contingency fund:

|                                  |        |              |              |            |            |            |             |              |
|----------------------------------|--------|--------------|--------------|------------|------------|------------|-------------|--------------|
| Appropriation, mandatory .....   | 609 BA |              | <b>1,958</b> |            |            |            |             | <b>2,000</b> |
|                                  |        |              | <i>B</i> 42  |            |            |            |             |              |
| Reappropriation, mandatory ..... | BA     | <b>1,958</b> |              |            |            |            |             |              |
| Outlays .....                    | O      |              |              | 1          | 5          | 5          | 5           | 10           |
|                                  |        |              | <i>B</i> 1   | <i>B</i> 1 | <i>B</i> 3 | <i>B</i> 3 | <i>B</i> 18 | <i>B</i> 25  |
| Total Contingency fund .....     | BA     | <b>1,958</b> | <b>2,000</b> |            |            |            |             | <b>2,000</b> |
|                                  | O      |              | 1            | 2          | 8          | 8          | 23          | 35           |

Payments to States for child support enforcement and family support programs:

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....   | 609 BA | <b>2,846</b> | <b>2,937</b> | <b>3,293</b> | <b>3,511</b> | <b>3,733</b> | <b>4,286</b> | <b>4,227</b> |
|  |        |              |              | <i>B</i> -47 | <i>B</i> -17 | <i>B</i> -18 | <i>B</i> -17 | <i>B</i> -20 |
| Advance appropriation, mandatory .....   | BA     | <b>1,000</b> | <b>1,100</b> | <b>1,100</b> | <b>1,200</b> | <b>1,300</b> | <b>1,400</b> | <b>1,400</b> |
| Spending authority from offsetting collections, mandatory .....                                | BA     | <b>157</b>   | <b>189</b>   | <b>179</b>   | <b>179</b>   |              |              |              |
| Outlays .....  | O      | 4,155        | 4,363        | 4,517        | 4,837        | 5,164        | 5,620        | 5,615        |
|  |        |              |              | <i>B</i> -47 | <i>B</i> -17 | <i>B</i> -18 | <i>B</i> -17 | <i>B</i> -20 |
| Payments to States for child support enforcement and family support programs (gross) .....     | BA     | <b>4,003</b> | <b>4,226</b> | <b>4,525</b> | <b>4,873</b> | <b>5,194</b> | <b>5,669</b> | <b>5,607</b> |
|  | O      | 4,155        | 4,363        | 4,470        | 4,820        | 5,146        | 5,603        | 5,595        |
| Offsetting governmental collections (from non-Federal sources) .....                           |        | -157         | -189         | -179         | -179         | -179         |              |              |
| Total Payments to States for child support enforcement and family support programs (net) ..... | BA     | <b>3,846</b> | <b>4,037</b> | <b>4,346</b> | <b>4,694</b> | <b>5,015</b> | <b>5,669</b> | <b>5,607</b> |
|  | O      | 3,998        | 4,174        | 4,291        | 4,641        | 4,967        | 5,603        | 5,595        |

Low income home energy assistance:

|                                    |        |              |              |              |              |              |              |              |
|------------------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary ..... | 609 BA | <b>2,000</b> | <b>1,700</b> | <b>2,000</b> | <b>2,038</b> | <b>2,079</b> | <b>2,125</b> | <b>2,179</b> |
| Outlays .....                      | O      | 1,773        | 1,628        | 1,774        | 1,877        | 1,909        | 1,953        | 2,001        |

Refugee and entrant assistance:

|                                    |        |            |            |            |            |            |            |            |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 609 BA | <b>460</b> | <b>486</b> | <b>462</b> | <b>471</b> | <b>480</b> | <b>491</b> | <b>503</b> |
| Outlays .....                      | O      | 480        | 483        | 476        | 469        | 474        | 481        | 491        |

Promoting safe and stable families:

|                                    |        |            |            |            |            |            |            |            |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 506 BA | <b>70</b>  | <b>225</b> | <b>250</b> | <b>255</b> | <b>260</b> | <b>265</b> | <b>272</b> |
| Appropriation, mandatory .....     | BA     | <b>305</b> | <b>305</b> | <b>305</b> | <b>305</b> | <b>305</b> | <b>305</b> | <b>305</b> |
| Outlays .....                      | O      | 301        | 391        | 507        | 534        | 554        | 564        | 570        |

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Promoting safe and stable families ..... | BA | <b>375</b> | <b>530</b> | <b>555</b> | <b>560</b> | <b>565</b> | <b>570</b> | <b>577</b> |
|  | O  | 301        | 391        | 507        | 534        | 554        | 564        | 570        |

Job opportunities and basic skills training program:

|               |       |    |  |  |  |  |  |  |
|---------------|-------|----|--|--|--|--|--|--|
| Outlays ..... | 504 O | 23 |  |  |  |  |  |  |
|---------------|-------|----|--|--|--|--|--|--|

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |          |          |          |          |
|---|--------|----------------|----------|--------|----------|----------|----------|----------|
|   |        |                | 2003     | 2004   | 2005     | 2006     | 2007     | 2008     |
| <b>Child care entitlement to States:</b>                                  |        |                |          |        |          |          |          |          |
| Appropriation, mandatory  | 609 BA | 2,717          | 2,717    | 2,717  | 2,717    | 2,717    | 2,717    | 2,717    |
| Reappropriation, mandatory  | BA     | 41             |          |        |          |          |          |          |
| Outlays   | O      | 2,365          | 2,690    | 2,813  | 2,746    | 2,752    | 2,717    | 2,717    |
| Total Child care entitlement to States                                    | BA     | 2,758          | 2,717    | 2,717  | 2,717    | 2,717    | 2,717    | 2,717    |
|   | O      | 2,365          | 2,690    | 2,813  | 2,746    | 2,752    | 2,717    | 2,717    |
| <b>Payments to States for the child care and development block grant:</b> |        |                |          |        |          |          |          |          |
| Appropriation, discretionary  | 609 BA | 2,100          | 2,100    | 2,100  | 2,139    | 2,183    | 2,231    | 2,288    |
| Outlays   | O      | 2,174          | 2,080    | 2,093  | 2,125    | 2,162    | 2,207    | 2,260    |
| <b>Social services block grant:</b>                                       |        |                |          |        |          |          |          |          |
| Appropriation, mandatory  | 506 BA | 1,700          | 1,700    | 1,700  | 1,700    | 1,700    | 1,700    | 1,700    |
| Outlays   | O      | 1,780          | 1,792    | 1,790  | 1,790    | 1,790    | 1,709    | 1,700    |
| <b>Children and families services programs:</b>                           |        |                |          |        |          |          |          |          |
| Appropriation, discretionary  | 506 BA | 7,027          | 7,079    | 7,147  | 7,281    | 7,429    | 7,592    | 7,786    |
|   |        |                | J 30     | J 30   | J -5,487 | J -5,598 | J -5,722 | J -5,867 |
| Advance appropriation, discretionary                                      | BA     | 1,400          | 1,400    | 1,400  | 1,400    | 1,400    | 1,400    | 1,400    |
|   |        |                |          |        | J -1,400 | J -1,400 | J -1,400 | J -1,400 |
| Spending authority from offsetting collections, discretionary             | BA     | 18             | 15       | 15     | 15       | 16       | 16       | 16       |
| Outlays   | O      | 8,084          | 8,416    | 8,464  | 8,624    | 8,768    | 8,920    | 9,094    |
|   |        |                | J 5      | J 18   | J -3,707 | J -6,725 | J -6,986 | J -7,195 |
| Children and families services programs (gross)                           | BA     | 8,445          | 8,524    | 8,592  | 1,809    | 1,847    | 1,886    | 1,935    |
|   | O      | 8,084          | 8,421    | 8,482  | 4,917    | 2,043    | 1,934    | 1,899    |
| Change in uncollected customer payments from Federal sources              | BA     | -3             |          |        |          |          |          |          |
| Offsetting collections from Federal sources                               |        | -15            | -15      | -15    | -15      | -16      | -16      | -16      |
| Total Children and families services programs (net)                       | BA     | 8,427          | 8,509    | 8,577  | 1,794    | 1,831    | 1,870    | 1,919    |
|   | O      | 8,069          | 8,406    | 8,467  | 4,902    | 2,027    | 1,918    | 1,883    |
| <b>Violent crime reduction programs:</b>                                  |        |                |          |        |          |          |          |          |
| Outlays   | 754 O  | 13             | 9        | 3      |          |          |          |          |
| <b>Children's research and technical assistance:</b>                      |        |                |          |        |          |          |          |          |
| Appropriation, mandatory  | 609 BA | 37             | 50       | 50     | 50       | 51       | 52       | 53       |
| Spending authority from offsetting collections, mandatory                 | BA     | 9              | 9        | 9      | 10       | 10       | 10       | 10       |
| Outlays   | O      | 48             | 47       | 53     | 59       | 61       | 61       | 63       |
| Children's research and technical assistance (gross)                      | BA     | 46             | 59       | 59     | 60       | 61       | 62       | 63       |
|   | O      | 48             | 47       | 53     | 59       | 61       | 61       | 63       |
| Offsetting collections from Federal sources                               |        | -4             | -4       | -4     | -5       | -5       | -5       | -5       |
| Offsetting collections from non-Federal sources                           |        | -5             | -5       | -5     | -5       | -5       | -5       | -5       |
| Total Children's research and technical assistance (net)                  | BA     | 37             | 50       | 50     | 50       | 51       | 52       | 53       |
|   | O      | 39             | 38       | 44     | 49       | 51       | 51       | 53       |
| <b>Payments to States for foster care and adoption assistance:</b>        |        |                |          |        |          |          |          |          |
| Appropriation, discretionary  | 609 BA |                | 60       | 60     | 61       | 62       | 64       | 65       |
| Appropriation, mandatory  | BA     | 4,886          | 4,742    | 5,043  | 5,303    | 5,615    | 5,932    | 6,306    |
|   |        |                |          | B 35   | B 164    | B 59     | B -45    | B -203   |
| Advance appropriation, mandatory  | BA     | 1,736          | 1,754    | 1,736  | 1,768    | 1,872    | 1,977    | 2,102    |
|   |        |                |          | B 54   | B 19     | B -15    | B -68    |          |
| Outlays   | O      | 5,885          | 6,306    | 6,736  | 7,049    | 7,475    | 7,922    | 8,396    |
|   |        |                |          | B 31   | B 88     | B 127    | B -28    | B -225   |
| Total Payments to States for foster care and adoption assistance          | BA     | 6,622          | 6,556    | 6,874  | 7,350    | 7,627    | 7,913    | 8,202    |
|   | O      | 5,885          | 6,306    | 6,767  | 7,137    | 7,602    | 7,894    | 8,171    |
| Total Federal funds Administration for Children and Families              | BA     | 47,292         | 47,394   | 46,990 | 40,622   | 41,357   | 42,447   | 44,854   |
|   | O      | 45,649         | 47,207   | 47,740 | 44,495   | 42,184   | 42,824   | 42,763   |

**Administration on Aging**

*Federal funds*

**General and Special Funds:**

Aging services programs:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary                              | 506 BA | 1,200 | 1,341 | 1,344 | 1,369 | 1,397 | 1,428 | 1,464 |
| Spending authority from offsetting collections, mandatory | BA     |       | 3     | 3     | 3     | 3     | 3     | 3     |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate     |              |              |              |              |              |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |    |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....                                     | O  | 1,105          | 1,291        | 1,344        | 1,363        | 1,388        | 1,417        | 1,451        |
| Aging services programs (gross) .....             | BA | <b>1,200</b>   | <b>1,344</b> | <b>1,347</b> | <b>1,372</b> | <b>1,400</b> | <b>1,431</b> | <b>1,467</b> |
|   | O  | 1,105          | 1,291        | 1,344        | 1,363        | 1,388        | 1,417        | 1,451        |
| Offsetting collections from Federal sources ..... |    |                | -3           | -3           | -3           | -3           | -3           | -3           |
| Total Aging services programs (net) .....         | BA | <b>1,200</b>   | <b>1,341</b> | <b>1,344</b> | <b>1,369</b> | <b>1,397</b> | <b>1,428</b> | <b>1,464</b> |
|   | O  | 1,105          | 1,288        | 1,341        | 1,360        | 1,385        | 1,414        | 1,448        |

**Departmental Management**

*Federal funds*

**General and Special Funds:**

General departmental management:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                  | 551 BA | <b>2,035</b> | <b>2,176</b> | <b>2,278</b> | <b>2,321</b> | <b>2,368</b> | <b>2,420</b> | <b>2,481</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>147</b>   | <b>180</b>   | <b>197</b>   | <b>201</b>   | <b>205</b>   | <b>209</b>   | <b>215</b>   |
| Outlays .....   | O      | 1,092        | 1,913        | 2,432        | 2,478        | 2,560        | 2,580        | 2,640        |
| General departmental management (gross) .....                       | BA     | <b>2,182</b> | <b>2,356</b> | <b>2,475</b> | <b>2,522</b> | <b>2,573</b> | <b>2,629</b> | <b>2,696</b> |
|   | O      | 1,092        | 1,913        | 2,432        | 2,478        | 2,560        | 2,580        | 2,640        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-66</b>   |              |              |              |              |              |              |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>27</b>    |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -108         | -180         | -197         | -201         | -205         | -209         | -215         |
| Total General departmental management (net) .....                   | BA     | <b>2,035</b> | <b>2,176</b> | <b>2,278</b> | <b>2,321</b> | <b>2,368</b> | <b>2,420</b> | <b>2,481</b> |
|   | O      | 984          | 1,733        | 2,235        | 2,277        | 2,355        | 2,371        | 2,425        |

**Program Support Center**

*Federal funds*

**General and Special Funds:**

Retirement pay and medical benefits for commissioned officers:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....  | 551 BA |            |            | <b>113</b> | <b>113</b> | <b>114</b> | <b>114</b> | <b>114</b> |
| Appropriation, mandatory .....  | BA     | <b>278</b> | <b>285</b> | <b>303</b> | <b>319</b> | <b>336</b> | <b>352</b> | <b>369</b> |
| Outlays .....   | O      | 253        | 281        | 301        | 316        | 334        | 349        | 366        |
|   |        |            |            | <b>113</b> | <b>113</b> | <b>114</b> | <b>114</b> | <b>114</b> |
| Total Retirement pay and medical benefits for commissioned officers ..... | BA     | <b>278</b> | <b>285</b> | <b>316</b> | <b>332</b> | <b>350</b> | <b>366</b> | <b>383</b> |
|   | O      | 253        | 281        | 314        | 329        | 348        | 363        | 380        |

**Intragovernmental Funds:**

HHS service and supply fund:

|  |        |            |            |            |            |            |            |            |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, mandatory .....    | 551 BA | <b>417</b> | <b>456</b> | <b>466</b> | <b>456</b> | <b>456</b> | <b>456</b> | <b>456</b> |
| Outlays .....  | O      | 397        | 456        | 466        | 456        | 456        | 456        | 456        |
| HHS service and supply fund (gross) .....                          | BA     | <b>417</b> | <b>456</b> | <b>466</b> | <b>456</b> | <b>456</b> | <b>456</b> | <b>456</b> |
|  | O      | 397        | 456        | 466        | 456        | 456        | 456        | 456        |
| Change in uncollected customer payments from Federal sources ..... | BA     | <b>-32</b> |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                  |        | -385       | -456       | -466       | -456       | -456       | -456       | -456       |
| Total HHS service and supply fund (net) .....                      | BA     |            |            |            |            |            |            |            |
|  | O      | 12         |            |            |            |            |            |            |

*Trust funds*

Miscellaneous trust funds:

|  |        |            |            |            |            |            |            |            |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, mandatory .....                   | 551 BA | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> |
| Outlays .....                                    | O      | 57         | 78         | 96         | 107        | 108        | 108        | 108        |
| Total Federal funds Program Support Center ..... | BA     | <b>278</b> | <b>285</b> | <b>316</b> | <b>332</b> | <b>350</b> | <b>366</b> | <b>383</b> |
|  | O      | 265        | 281        | 314        | 329        | 348        | 363        | 380        |
| Total Trust funds Program Support Center .....   | BA     | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> | <b>108</b> |
|  | O      | 57         | 78         | 96         | 107        | 108        | 108        | 108        |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |               |              |             |              |              |
|---|----------|----------------|----------|---------------|--------------|-------------|--------------|--------------|
|   |          |                | 2003     | 2004          | 2005         | 2006        | 2007         | 2008         |
| <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   | 36             | 40       | 39            | 40           | 41          | 41           | 42           |
| Spending authority from offsetting collections, discretionary ..... | BA       | 16             | 12       | 12            | 12           | 12          | 13           | 13           |
| Spending authority from offsetting collections, mandatory .....     | BA       | 166            | 166      | 166           | 166          | 166         | 166          | 166          |
| Outlays .....   | O        | 54             | 214      | 217           | 218          | 218         | 220          | 221          |
| Office of the Inspector General (gross) .....                       | BA       | 52             | 218      | 217           | 218          | 219         | 220          | 221          |
|   | O        | 54             | 214      | 217           | 218          | 218         | 220          | 221          |
| Change in uncollected customer payments from Federal sources .....  | BA       | -10            |          |               |              |             |              |              |
| Portion of cash collections credited to expired accounts .....      | BA       | 12             |          |               |              |             |              |              |
| Offsetting collections from Federal sources .....                   |          | -18            | -178     | -178          | -178         | -178        | -179         | -179         |
| Total Office of the Inspector General (net) .....                   | BA       | 36             | 40       | 39            | 40           | 41          | 41           | 42           |
|   | O        | 36             | 36       | 39            | 40           | 40          | 41           | 42           |
| <b>Summary</b>  |          |                |          |               |              |             |              |              |
| Federal funds:  |          |                |          |               |              |             |              |              |
| (As shown in detail above) .....                                    | BA       | 338,829        | 353,141  | 383,726       | 395,247      | 420,075     | 446,589      | 478,346      |
|   | O        | 326,489        | 347,675  | 384,829       | 399,034      | 420,954     | 446,262      | 475,555      |
| Deductions for offsetting receipts:                                 |          |                |          |               |              |             |              |              |
| Proprietary receipts from the public .....                          | 551 BA/O | -6             | -6       | -6            | -6           | -6          | -6           | -6           |
|   | 552 BA/O | -16            | -16      | -16           | -16          | -16         | -16          | -16          |
|   | 554 BA/O | -2             | -2       | -2            | -2           | -2          | -2           | -2           |
|   | 609 BA/O | -1,235         | -1,117   | -1,137        | -1,163       | -1,198      | -1,233       | -1,270       |
|   |          |                |          | <i>B -14</i>  | <i>B -30</i> | <i>B 56</i> | <i>B 109</i> | <i>B 114</i> |
| Total Federal funds .....   | BA       | 337,570        | 352,000  | 382,551       | 394,030      | 418,909     | 445,441      | 477,166      |
|   | O        | 325,230        | 346,534  | 383,654       | 397,817      | 419,788     | 445,114      | 474,375      |
| Trust funds:  |          |                |          |               |              |             |              |              |
| (As shown in detail above) .....                                    | BA       | 257,649        | 273,558  | 289,897       | 308,977      | 340,115     | 363,778      | 388,447      |
|   | O        | 257,079        | 273,192  | 290,126       | 308,956      | 339,682     | 364,022      | 388,430      |
| Deductions for offsetting receipts:                                 |          |                |          |               |              |             |              |              |
| Proprietary receipts from the public .....                          | 551 BA/O | -60            | -60      | -60           | -60          | -60         | -60          | -60          |
|   | 571 BA/O | -25,952        | -28,269  | -30,998       | -32,861      | -34,534     | -36,339      | -38,755      |
|   |          |                |          |               | <i>J 35</i>  | <i>J 12</i> |              |              |
|   | 908 BA/O | -4             |          |               |              |             |              |              |
| Total Trust funds .....   | BA       | 231,633        | 245,229  | 258,839       | 276,091      | 305,533     | 327,379      | 349,632      |
|   | O        | 231,063        | 244,863  | 259,068       | 276,070      | 305,100     | 327,623      | 349,615      |
| Interfund transactions .....  | 571 BA/O | -90,481        | -89,384  | -103,557      | -105,708     | -111,220    | -117,383     | -125,570     |
|   |          |                |          | <i>J -150</i> | <i>J 25</i>  | <i>J 8</i>  |              |              |
| Total Department of Health and Human Services .....                 | BA       | 478,722        | 507,845  | 537,683       | 564,438      | 613,230     | 655,437      | 701,228      |
|   | O        | 465,812        | 502,013  | 539,015       | 568,204      | 613,676     | 655,354      | 698,420      |

**DEPARTMENT OF HOMELAND SECURITY**  
(In millions of dollars)

| Account                                       |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Departmental Management</b>                |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>                          |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>             |        |                |          |      |      |      |      |      |
| Departmental Operations                       |        |                |          |      |      |      |      |      |
| (Defense-related activities):                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....          | 054 BA |                |          | 1    | 1    | 1    | 1    | 1    |
| (Outlays) .....                               | O      |                |          | 1    | 1    | 1    | 1    | 1    |
| (Energy information, policy, and regulation): |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....          | 276 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| (Outlays) .....                               | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| (Air transportation):                         |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....          | 402 BA | 8              | 8        | 10   | 10   | 10   | 11   | 11   |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| (Outlays) .....   | O      |                | 15       | 9    | 10   | 10   | 11   | 11   |
| (Water transportation):   |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 403 BA | 19             | 19       | 23   | 23   | 24   | 24   | 25   |
| (Outlays) .....   | O      | 19             | 15       | 21   | 24   | 23   | 25   | 25   |
| (Other transportation):   |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 407 BA | 20             | 20       | 20   | 20   | 21   | 21   | 22   |
| (Outlays) .....   | O      | 20             | 20       | 16   | 20   | 21   | 21   | 22   |
| (Disaster relief and insurance):                                      |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 453 BA | 30             | 30       | 33   | 33   | 34   | 35   | 36   |
| (Outlays) .....   | O      | 1              | 16       | 35   | 35   | 37   | 35   | 36   |
| (Health care services):   |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 551 BA | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| (Outlays) .....   | O      | 1              | 2        | 3    | 3    | 4    | 4    | 4    |
| (Federal law enforcement activities):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 751 BA | 106            | 106      | 125  | 127  | 129  | 133  | 136  |
| (Outlays) .....   | O      | 94             | 101      | 112  | 128  | 133  | 135  | 139  |
| (Executive direction and management):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 802 BA |                |          | 40   | 41   | 42   | 42   | 44   |
| (Outlays) .....   | O      |                |          | 32   | 39   | 42   | 42   | 43   |
| (Central fiscal operations):  |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 803 BA | 28             | 28       | 28   | 28   | 29   | 29   | 31   |
| (Outlays) .....   | O      | 28             | 28       | 25   | 28   | 30   | 30   | 31   |
| (General property and records management):                            |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 804 BA |                |          | 10   | 10   | 10   | 11   | 11   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 10             | 10       |      |      |      |      |      |
| (Outlays) .....   | O      | 9              | 10       | 9    | 10   | 10   | 11   | 11   |
| Total (General property and records management) .....                 | BA     | 10             | 10       | 10   | 10   | 10   | 11   | 11   |
|   | O      | 9              | 10       | 9    | 10   | 10   | 11   | 11   |
| Total Departmental Operations .....                                   | BA     | 225            | 225      | 294  | 297  | 304  | 311  | 321  |
|   | O      | 173            | 208      | 264  | 299  | 312  | 316  | 324  |
| Counterterrorism Fund:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 40             | 40       | 40   | 41   | 42   | 42   | 44   |
| Outlays .....   | O      | 15             | 39       | 40   | 40   | 41   | 42   | 43   |
| Department-wide technology investments                                |        |                |          |      |      |      |      |      |
| (Other advancement of commerce):                                      |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 376 BA |                | 20       | 21   | 21   | 22   | 22   | 23   |
| (Outlays) .....   | O      |                | 17       | 20   | 21   | 22   | 22   | 22   |
| (Disaster relief and insurance):                                      |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 453 BA |                |          | 47   | 48   | 49   | 50   | 51   |
| (Outlays) .....   | O      |                |          | 21   | 43   | 48   | 49   | 50   |
| (Federal law enforcement activities):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 751 BA | 44             | 44       | 68   | 69   | 71   | 72   | 74   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     |                | 6        | 5    | 5    | 5    | 5    | 5    |
| (Outlays) .....   | O      | 34             | 35       | 67   | 74   | 76   | 78   | 80   |
| Department-wide technology investments (gross) .....                  | BA     | 44             | 70       | 141  | 143  | 147  | 149  | 153  |
|   | O      | 34             | 52       | 108  | 138  | 146  | 149  | 152  |
| Offsetting collections from Federal sources .....                     |        |                | -6       | -5   | -5   | -5   | -5   | -5   |
| Total (Federal law enforcement activities) (net) .....                | BA     | 44             | 44       | 68   | 69   | 71   | 72   | 74   |
|   | O      | 34             | 29       | 62   | 69   | 71   | 73   | 75   |
| (Executive direction and management):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 802 BA |                |          | 20   | 20   | 21   | 21   | 22   |
| (Outlays) .....   | O      |                |          | 18   | 20   | 21   | 21   | 22   |
| (Central fiscal operations):  |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 803 BA | 25             | 32       | 32   | 33   | 33   | 34   | 35   |
| (Outlays) .....   | O      | 23             | 32       | 31   | 29   | 33   | 33   | 34   |
| (General property and records management):                            |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 804 BA |                |          | 18   | 18   | 19   | 19   | 20   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 18             | 18       |      |      |      |      |      |
| (Outlays) .....   | O      | 18             | 17       | 18   | 18   | 19   | 19   | 19   |
| Total (General property and records management) .....                 | BA     | 18             | 18       | 18   | 18   | 19   | 19   | 20   |
|   | O      | 18             | 17       | 18   | 18   | 19   | 19   | 19   |
| Total Department-wide technology investments .....                    | BA     | 87             | 114      | 206  | 209  | 215  | 218  | 225  |
|   | O      | 75             | 95       | 170  | 200  | 214  | 217  | 222  |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |     | 2002<br>actual | estimate |      |      |      |      |      |     |
|---|-----|----------------|----------|------|------|------|------|------|-----|
|   |     |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |     |
| <b>Intragovernmental Funds:</b>                                       |     |                |          |      |      |      |      |      |     |
| Working Capital Fund  |     |                |          |      |      |      |      |      |     |
| (Central fiscal operations):  |     |                |          |      |      |      |      |      |     |
| (Spending authority from offsetting collections, discretionary) ..... | 803 | BA             | 44       | 27   | 42   | 43   | 44   | 45   | 46  |
| (Outlays) .....   |     | O              | 25       | 30   | 36   | 43   | 43   | 44   | 46  |
| Working Capital Fund (gross) .....                                    |     | BA             | 44       | 27   | 42   | 43   | 44   | 45   | 46  |
|   |     | O              | 25       | 30   | 36   | 43   | 43   | 44   | 46  |
| (Change in uncollected customer payments from Federal sources) .....  |     | BA             | 1        |      |      |      |      |      |     |
| Offsetting collections from Federal sources .....                     |     |                | -44      | -27  | -42  | -43  | -44  | -45  | -46 |
| Offsetting collections from non-Federal sources .....                 |     |                | -1       |      |      |      |      |      |     |
| Total (Central fiscal operations) (net) .....                         |     | BA             |          |      |      |      |      |      |     |
|   |     | O              | -20      | 3    | -6   |      | -1   | -1   |     |
| Total Working Capital Fund .....                                      |     | BA             |          |      |      |      |      |      |     |
|   |     | O              | -20      | 3    | -6   |      | -1   | -1   |     |
| Total Federal funds Departmental Management .....                     |     | BA             | 352      | 379  | 540  | 547  | 561  | 571  | 590 |
|   |     | O              | 243      | 345  | 468  | 539  | 566  | 574  | 589 |

**Office of the Inspector General**

*Federal funds*

**General and Special Funds:**

Operating Expenses

(Other transportation):

|                                      |     |    |    |    |    |    |    |    |    |
|--------------------------------------|-----|----|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 407 | BA | 11 | 12 | 12 | 12 | 12 | 13 | 13 |
| (Outlays) .....                      |     | O  | 11 | 11 | 12 | 12 | 12 | 12 | 13 |

(Disaster relief and insurance):

|                                      |     |    |    |    |    |    |    |    |    |
|--------------------------------------|-----|----|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 453 | BA | 10 | 33 | 35 | 36 | 36 | 37 | 38 |
| (Outlays) .....                      |     | O  | 9  | 29 | 35 | 35 | 36 | 37 | 38 |

(Federal law enforcement activities):

|                                      |     |    |   |   |   |   |   |   |   |
|--------------------------------------|-----|----|---|---|---|---|---|---|---|
| (Appropriation, discretionary) ..... | 751 | BA | 6 | 6 | 6 | 6 | 6 | 6 | 7 |
| (Outlays) .....                      |     | O  | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

(Executive direction and management):

|                                      |     |    |  |  |   |   |   |   |   |
|--------------------------------------|-----|----|--|--|---|---|---|---|---|
| (Appropriation, discretionary) ..... | 802 | BA |  |  | 7 | 7 | 7 | 7 | 8 |
| (Outlays) .....                      |     | O  |  |  | 6 | 7 | 7 | 7 | 7 |

(Central fiscal operations):

|                                      |     |    |    |    |    |    |    |    |    |
|--------------------------------------|-----|----|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 803 | BA | 20 | 20 | 20 | 20 | 21 | 21 | 22 |
| (Outlays) .....                      |     | O  | 22 | 19 | 20 | 20 | 21 | 21 | 22 |

|                                |  |    |    |    |    |    |    |    |    |
|--------------------------------|--|----|----|----|----|----|----|----|----|
| Total Operating Expenses ..... |  | BA | 47 | 71 | 80 | 81 | 82 | 84 | 88 |
|                                |  | O  | 48 | 65 | 79 | 80 | 82 | 83 | 86 |

|   |  |    |    |    |    |    |    |    |    |
|---|--|----|----|----|----|----|----|----|----|
| Total Federal funds Office of the Inspector General ..... |  | BA | 47 | 71 | 80 | 81 | 82 | 84 | 88 |
|   |  | O  | 48 | 65 | 79 | 80 | 82 | 83 | 86 |

**Citizenship and Immigration Services**

*Federal funds*

**General and Special Funds:**

Operating Expenses:

|   |     |    |       |       |       |       |       |       |       |
|---|-----|----|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 751 | BA | 237   | 229   | 235   | 239   | 244   | 250   | 256   |
| Appropriation, mandatory .....                                      |     | BA | 1,367 | 1,427 | 1,564 | 1,427 | 1,427 | 1,427 | 1,427 |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 18    | 18    | 18    | 18    | 19    | 19    | 20    |
| Outlays .....   |     | O  | 1,481 | 1,565 | 1,521 | 1,549 | 1,553 | 1,559 | 1,566 |

|                                  |  |    |       |       |       |       |       |       |       |
|----------------------------------|--|----|-------|-------|-------|-------|-------|-------|-------|
| Operating Expenses (gross) ..... |  | BA | 1,622 | 1,674 | 1,817 | 1,684 | 1,690 | 1,696 | 1,703 |
|                                  |  | O  | 1,481 | 1,565 | 1,521 | 1,549 | 1,553 | 1,559 | 1,566 |

|   |  |  |     |     |     |     |     |     |     |
|---|--|--|-----|-----|-----|-----|-----|-----|-----|
| Offsetting collections from Federal sources ..... |  |  | -18 | -18 | -18 | -18 | -19 | -19 | -20 |
|---|--|--|-----|-----|-----|-----|-----|-----|-----|

|                                      |  |    |       |       |       |       |       |       |       |
|--------------------------------------|--|----|-------|-------|-------|-------|-------|-------|-------|
| Total Operating Expenses (net) ..... |  | BA | 1,604 | 1,656 | 1,799 | 1,666 | 1,671 | 1,677 | 1,683 |
|                                      |  | O  | 1,463 | 1,547 | 1,503 | 1,531 | 1,534 | 1,540 | 1,546 |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>United States Secret Service</b>                                   |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Operating Expenses:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 751 BA | 1,018          | 1,003    | 1,120 | 1,141 | 1,165 | 1,190 | 1,220 |
| Appropriation, mandatory .....  | BA     | 200            | 200      | 200   | 200   | 200   | 200   | 200   |
| Reappropriation, discretionary .....                                  | BA     | 1              |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....   | BA     | 40             | 28       | 28    | 29    | 29    | 30    | 31    |
| Outlays .....   | O      | 1,111          | 1,243    | 1,350 | 1,386 | 1,409 | 1,436 | 1,467 |
| Operating Expenses (gross) .....                                      | BA     | 1,259          | 1,231    | 1,348 | 1,370 | 1,394 | 1,420 | 1,451 |
|   | O      | 1,111          | 1,243    | 1,350 | 1,386 | 1,409 | 1,436 | 1,467 |
| Change in uncollected customer payments from Federal sources .....    | BA     | -1             |          |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....        | BA     | 7              |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |        | -46            | -28      | -28   | -29   | -12   | -12   | -12   |
| Total Operating Expenses (net) .....                                  | BA     | 1,219          | 1,203    | 1,320 | 1,341 | 1,382 | 1,408 | 1,439 |
|   | O      | 1,065          | 1,215    | 1,322 | 1,357 | 1,397 | 1,424 | 1,455 |
| Capital Acquisitions:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 751 BA | 3              | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....   | O      | 4              | 11       | 4     | 5     | 4     | 4     | 4     |
| Total Federal funds United States Secret Service .....                | BA     | 1,222          | 1,207    | 1,324 | 1,345 | 1,386 | 1,412 | 1,443 |
|   | O      | 1,069          | 1,226    | 1,326 | 1,362 | 1,401 | 1,428 | 1,459 |
| <b>Border and Transportation Security</b>                             |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Customs and border protection   |        |                |          |       |       |       |       |       |
| (Agricultural research and services):                                 |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 352 BA | 121            | 45       | 51    | 52    | 53    | 55    | 56    |
| (Appropriation, mandatory) .....                                      | BA     | 90             | 179      | 177   | 182   | 186   | 191   | 197   |
| (Outlays) .....   | O      | 211            | 213      | 227   | 233   | 237   | 245   | 252   |
| Total (Agricultural research and services) .....                      | BA     | 211            | 224      | 228   | 234   | 239   | 246   | 253   |
|   | O      | 211            | 213      | 227   | 233   | 237   | 245   | 252   |
| (Other advancement of commerce):                                      |        |                |          |       |       |       |       |       |
| (Appropriation, mandatory) .....                                      | 376 BA | 36             |          |       |       |       |       |       |
| (Outlays) .....   | O      |                | 36       |       |       |       |       |       |
| (Federal law enforcement activities):                                 |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 751 BA | 4,809          | 5,419    | 5,593 | 5,697 | 5,813 | 5,941 | 6,093 |
| (Appropriation, mandatory) .....                                      | BA     | 779            | 817      | 821   | 833   | 847   | 861   | 876   |
| (Reappropriation, discretionary) .....                                | BA     | 3              | 2        | 5     | 5     | 5     | 5     | 5     |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 444            | 427      | 433   | 441   | 450   | 459   | 471   |
| (Outlays) .....   | O      | 5,092          | 6,649    | 6,525 | 6,738 | 6,992 | 7,134 | 7,295 |
| Customs and border protection (gross) .....                           | BA     | 6,282          | 6,889    | 7,080 | 7,210 | 7,354 | 7,512 | 7,698 |
|   | O      | 5,303          | 6,898    | 6,752 | 6,971 | 7,229 | 7,379 | 7,547 |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | -72            | -62      | -63   |       |       |       |       |
| (Portion of cash collections credited to expired accounts) .....      | BA     | 46             | 74       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |        | -407           | -427     | -360  | -367  | -374  | -382  | -392  |
| Offsetting collections from non-Federal sources .....                 |        | -11            | -12      | -10   | -10   | -10   | -11   | -11   |
| Total (Federal law enforcement activities) (net) .....                | BA     | 5,591          | 6,238    | 6,419 | 6,599 | 6,731 | 6,873 | 7,042 |
|   | O      | 4,674          | 6,210    | 6,155 | 6,361 | 6,608 | 6,741 | 6,892 |
| (General purpose fiscal assistance):                                  |        |                |          |       |       |       |       |       |
| (Appropriation, mandatory) .....                                      | 806 BA | 85             | 87       | 89    | 96    | 96    | 96    | 96    |
| (Spending authority from offsetting collections, mandatory) .....     | BA     | 4              | 4        | 4     | 3     | 4     | 4     | 4     |
| (Outlays) .....   | O      | 95             | 94       | 93    | 99    | 100   | 100   | 100   |
| Customs and border protection (gross) .....                           | BA     | 5,927          | 6,553    | 6,740 | 6,932 | 7,070 | 7,219 | 7,395 |
|   | O      | 4,980          | 6,553    | 6,475 | 6,693 | 6,945 | 7,086 | 7,244 |



**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        | 2008   |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| Offsetting collections from non-Federal sources .....                        |        | -4             | -4       | -4     | -4     | -4     | -4     | -4     |
| Total (General purpose fiscal assistance) (net) .....                        | BA     | 85             | 87       | 89     | 95     | 96     | 96     | 96     |
|  | O      | 91             | 90       | 89     | 95     | 96     | 96     | 96     |
| Total Customs and border protection .....                                    | BA     | 5,923          | 6,549    | 6,736  | 6,928  | 7,066  | 7,215  | 7,391  |
|  | O      | 4,976          | 6,549    | 6,471  | 6,689  | 6,941  | 7,082  | 7,240  |
| Immigration and Customs Enforcement  |        |                |          |        |        |        |        |        |
| (Federal law enforcement activities):  |        |                |          |        |        |        |        |        |
| (Appropriation, discretionary) .....   | 751 BA | 1,925          | 1,348    | 1,448  | 1,475  | 1,505  | 1,538  | 1,578  |
| (Appropriation, mandatory) .....   | BA     | 267            | 355      | 300    | 303    | 305    | 308    | 311    |
| (Reappropriation, discretionary) .....                                       | BA     | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| (Spending authority from offsetting collections, discretionary) .....        | BA     | 108            | 105      | 106    | 108    | 110    | 112    | 116    |
| (Outlays) .....  | O      | 2,175          | 1,595    | 1,594  | 1,658  | 1,731  | 1,773  | 1,815  |
| Immigration and Customs Enforcement (gross) .....                            | BA     | 2,301          | 1,809    | 1,855  | 1,887  | 1,921  | 1,959  | 2,006  |
|  | O      | 2,175          | 1,595    | 1,594  | 1,658  | 1,731  | 1,773  | 1,815  |
| (Change in uncollected customer payments from Federal sources) .....         | BA     | -15            | -13      | -13    |        |        |        |        |
| (Portion of cash collections credited to expired accounts) .....             | BA     | 9              | 15       |        |        |        |        |        |
| Offsetting collections from Federal sources .....                            |        | -100           | -105     | -91    | -92    | -95    | -96    | -99    |
| Offsetting collections from non-Federal sources .....                        |        | -2             | -2       | -2     | -2     | -2     | -2     | -2     |
| Total (Federal law enforcement activities) (net) .....                       | BA     | 2,193          | 1,704    | 1,749  | 1,793  | 1,824  | 1,861  | 1,905  |
|  | O      | 2,073          | 1,488    | 1,501  | 1,564  | 1,634  | 1,675  | 1,714  |
| (Federal correctional activities):   |        |                |          |        |        |        |        |        |
| (Appropriation, discretionary) .....   | 753 BA |                | 615      | 615    | 627    | 639    | 653    | 670    |
| (Outlays) .....  | O      |                | 523      | 615    | 625    | 637    | 651    | 667    |
| (General property and records management):                                   |        |                |          |        |        |        |        |        |
| (Appropriation, discretionary) .....   | 804 BA | 102            |          |        |        |        |        |        |
| (Spending authority from offsetting collections, discretionary) .....        | BA     | 523            | 738      | 756    | 770    | 786    | 803    | 824    |
| (Outlays) .....  | O      | 614            | 714      | 750    | 766    | 782    | 798    | 818    |
| Immigration and Customs Enforcement (gross) .....                            | BA     | 2,818          | 3,057    | 3,120  | 3,190  | 3,249  | 3,317  | 3,399  |
|  | O      | 2,687          | 2,725    | 2,866  | 2,955  | 3,053  | 3,124  | 3,199  |
| Offsetting collections from Federal sources .....                            |        | -245           | -327     | -332   | -338   | -345   | -353   | -362   |
| Total (General property and records management) (net) .....                  | BA     | 380            | 411      | 424    | 432    | 441    | 450    | 462    |
|  | O      | 369            | 387      | 418    | 428    | 437    | 445    | 456    |
| Total Immigration and Customs Enforcement .....                              | BA     | 2,573          | 2,730    | 2,788  | 2,852  | 2,904  | 2,964  | 3,037  |
|  | O      | 2,442          | 2,398    | 2,534  | 2,617  | 2,708  | 2,771  | 2,837  |
| Transportation Security Administration:                                      |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 402 BA | 2,549          | 2,809    | 2,324  | 2,367  | 2,416  | 2,469  | 2,532  |
| Spending authority from offsetting collections, discretionary .....          | BA     | 1,128          | 2,529    | 2,488  | 2,535  | 2,586  | 2,643  | 2,710  |
| Outlays .....  | O      | 1,186          | 7,440    | 5,509  | 4,888  | 4,986  | 5,096  | 5,222  |
| Transportation Security Administration (gross) .....                         | BA     | 3,677          | 5,338    | 4,812  | 4,902  | 5,002  | 5,112  | 5,242  |
|  | O      | 1,186          | 7,440    | 5,509  | 4,888  | 4,986  | 5,096  | 5,222  |
| Offsetting collections from Federal sources .....                            |        |                | -124     |        |        |        |        |        |
| Offsetting collections from non-Federal sources .....                        |        | -1,128         | -2,405   | -2,488 | -2,535 | -2,586 | -2,643 | -2,710 |
| Total Transportation Security Administration (net) .....                     | BA     | 2,549          | 2,809    | 2,324  | 2,367  | 2,416  | 2,469  | 2,532  |
|  | O      | 58             | 4,911    | 3,021  | 2,353  | 2,400  | 2,453  | 2,512  |
| Federal law enforcement training center operating expenses:                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 751 BA | 127            | 120      | 122    | 124    | 127    | 129    | 133    |
| Spending authority from offsetting collections, discretionary .....          | BA     | 61             | 61       | 62     | 63     | 64     | 66     | 68     |
| Outlays .....  | O      | 171            | 177      | 185    | 187    | 190    | 195    | 201    |
| Federal law enforcement training center operating expenses (gross) .....     | BA     | 188            | 181      | 184    | 187    | 191    | 195    | 201    |
|  | O      | 171            | 177      | 185    | 187    | 190    | 195    | 201    |
| Change in uncollected customer payments from Federal sources .....           | BA     | -7             |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....                            |        | -54            | -61      | -62    | -63    | -64    | -66    | -68    |
| Total Federal law enforcement training center operating expenses (net) ..... | BA     | 127            | 120      | 122    | 124    | 127    | 129    | 133    |
|  | O      | 117            | 116      | 123    | 124    | 126    | 129    | 133    |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        |        |  |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|--|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |  |
| Federal Law Enforcement training Center Capital Acquisitions:              |        |                |          |        |        |        |        |        |  |
| Appropriation, discretionary   | 751 BA | 41             | 23       | 24     | 24     | 25     | 26     | 26     |  |
| Outlays  | O      | 46             | 79       | 37     | 24     | 25     | 25     | 25     |  |
| Office for Domestic Preparedness   |        |                |          |        |        |        |        |        |  |
| (Disaster relief and insurance):   |        |                |          |        |        |        |        |        |  |
| (Appropriation, discretionary)   | 453 BA | 262            | 3,564    | 3,058  | 3,115  | 3,178  | 3,249  | 3,331  |  |
| (Outlays)  | O      | 10             | 1,614    | 2,982  | 3,135  | 3,138  | 3,204  | 3,279  |  |
| (Criminal justice assistance):   |        |                |          |        |        |        |        |        |  |
| (Appropriation, discretionary)   | 754 BA | 633            |          | 500    | 509    | 520    | 531    | 545    |  |
| (Outlays)  | O      | 134            | 224      | 316    | 331    | 483    | 518    | 529    |  |
| Total Office for Domestic Preparedness                                     | BA     | 895            | 3,564    | 3,558  | 3,624  | 3,698  | 3,780  | 3,876  |  |
|  | O      | 144            | 1,838    | 3,298  | 3,466  | 3,621  | 3,722  | 3,808  |  |
| <i>Trust funds</i>   |        |                |          |        |        |        |        |        |  |
| US Customs Refunds, Transfers and Expenses, Unclaimed and Abandoned Goods: |        |                |          |        |        |        |        |        |  |
| Appropriation, mandatory   | 751 BA | 6              | 7        | 7      | 7      | 8      | 8      | 8      |  |
| Outlays  | O      | 6              | 7        | 7      | 7      | 8      | 8      | 8      |  |
| Total Federal funds Border and Transportation Security                     | BA     | 12,108         | 15,795   | 15,552 | 15,919 | 16,236 | 16,583 | 16,995 |  |
|  | O      | 7,783          | 15,891   | 15,484 | 15,273 | 15,821 | 16,182 | 16,555 |  |
| Total Trust funds Border and Transportation Security                       | BA     | 6              | 7        | 7      | 7      | 8      | 8      | 8      |  |
|  | O      | 6              | 7        | 7      | 7      | 8      | 8      | 8      |  |

**United States Coast Guard**

*Federal funds*

**General and Special Funds:**

Operating Expenses

(Defense-related activities):

(Appropriation, discretionary) ..... 054 BA 440 340 340 346 353 361 370

(Outlays) ..... O 418 298 313 345 352 359 368

(Pollution control and abatement):

(Appropriation, discretionary) ..... 304 BA 17 17 17 17 18 18 19

(Outlays) ..... O 17 14 15 17 17 17 18

(Water transportation):

(Appropriation, discretionary) ..... 403 BA 3,375 4,021 4,456 4,539 4,632 4,734 4,854

(Spending authority from offsetting collections, discretionary) ..... BA 113 118 127 129 132 135 138

(Outlays) ..... O 3,324 3,913 4,184 4,619 4,738 4,842 4,960

Operating Expenses (gross) ..... BA 3,945 4,496 4,940 5,031 5,135 5,248 5,381

..... O 3,759 4,225 4,512 4,981 5,107 5,218 5,346

Offsetting collections from Federal sources ..... -105 -111 -119 -121 -124 -126 -130

Offsetting collections from non-Federal sources ..... -8 -7 -8 -8 -8 -8 -9

Total (Water transportation) (net) ..... BA 3,375 4,021 4,456 4,539 4,632 4,735 4,853

..... O 3,211 3,795 4,057 4,490 4,606 4,708 4,821

Total Operating Expenses ..... BA 3,832 4,378 4,813 4,902 5,003 5,114 5,242

..... O 3,646 4,107 4,385 4,852 4,975 5,084 5,207

Capital Acquisitions:

Appropriation, discretionary ..... 403 BA 713 723 773 787 804 821 841

Spending authority from offsetting collections, discretionary ..... BA 45 66 66 67 69 70 72

Outlays ..... O 566 873 747 717 799 840 882

Capital Acquisitions (gross) ..... BA 758 789 839 854 873 891 913

..... O 566 873 747 717 799 840 882

Change in uncollected customer payments from Federal sources ..... BA -17

Offsetting collections from Federal sources ..... -24 -60 -60 -61 -62 -64 -65

Offsetting collections from non-Federal sources ..... -4 -6 -6 -6 -6 -6 -7

Total Capital Acquisitions (net) ..... BA 713 723 773 787 805 821 841

..... O 538 807 681 650 731 770 810

Retired Pay:

Appropriation, mandatory ..... 403 BA 876 889 1,020 1,020 1,040 1,060 1,081

Outlays ..... O 808 880 1,000 1,020 1,037 1,057 1,077

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>Intragovernmental Funds:</b>                               |        |                |          |       |       |       |       |       |
| Supply Fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary | 403 BA | 73             | 68       | 68    | 69    | 71    | 72    | 74    |
| Outlays   | O      | 66             | 68       | 68    | 69    | 71    | 72    | 74    |
| Supply Fund (gross)   | BA     | 73             | 68       | 68    | 69    | 71    | 72    | 74    |
|   | O      | 66             | 68       | 68    | 69    | 71    | 72    | 74    |
| Offsetting collections from Federal sources                   |        | -73            | -68      | -68   | -69   | -71   | -72   | -74   |
| Total Supply Fund (net)                                       | BA     |                |          |       |       |       |       |       |
|   | O      | -7             |          |       |       |       |       |       |
| Yard Fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary | 403 BA | 70             | 29       | 79    | 80    | 82    | 84    | 86    |
| Outlays   | O      | 63             | 29       | 79    | 80    | 82    | 84    | 86    |
| Yard Fund (gross)   | BA     | 70             | 29       | 79    | 80    | 82    | 84    | 86    |
|   | O      | 63             | 29       | 79    | 80    | 82    | 84    | 86    |
| Offsetting collections from Federal sources                   |        | -70            | -29      | -79   | -80   | -82   | -84   | -86   |
| Total Yard Fund (net)   | BA     |                |          |       |       |       |       |       |
|   | O      | -7             |          |       |       |       |       |       |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Boat Safety:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory                                      | 403 BA | 64             | 65       | 64    | 64    | 64    | 64    | 64    |
| Outlays   | O      | 67             | 65       | 65    | 65    | 65    | 65    | 65    |
| Trust Fund Share of Expenses:                                 |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                  | 304 BA | 48             | 48       | 48    | 49    | 50    | 51    | 52    |
| Outlays   | O      | 48             | 48       | 48    | 49    | 50    | 51    | 52    |
| Oil Spill Recovery:   |        |                |          |       |       |       |       |       |
| Appropriation, mandatory                                      | 304 BA | 68             | 61       | 61    | 61    | 61    | 61    | 61    |
| Spending authority from offsetting collections, mandatory     | BA     | 33             |          |       |       |       |       |       |
| Outlays   | O      | 86             | 61       | 61    | 61    | 61    | 61    | 61    |
| Oil Spill Recovery (gross)                                    | BA     | 101            | 61       | 61    | 61    | 61    | 61    | 61    |
|   | O      | 86             | 61       | 61    | 61    | 61    | 61    | 61    |
| Change in uncollected customer payments from Federal sources  | BA     | -33            |          |       |       |       |       |       |
| Total Oil Spill Recovery (net)                                | BA     | 68             | 61       | 61    | 61    | 61    | 61    | 61    |
|   | O      | 86             | 61       | 61    | 61    | 61    | 61    | 61    |
| Miscellaneous Trust Revolving Funds:                          |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory     | 403 BA | 9              | 10       | 10    | 10    | 10    | 10    | 10    |
| Outlays   | O      | 9              | 10       | 10    | 10    | 10    | 10    | 10    |
| Miscellaneous Trust Revolving Funds (gross)                   | BA     | 9              | 10       | 10    | 10    | 10    | 10    | 10    |
|   | O      | 9              | 10       | 10    | 10    | 10    | 10    | 10    |
| Offsetting collections from Federal sources                   |        | -9             | -10      | -10   | -10   | -10   | -10   | -10   |
| Total Miscellaneous Trust Revolving Funds (net)               | BA     |                |          |       |       |       |       |       |
|   | O      |                |          |       |       |       |       |       |
| Total Federal funds United States Coast Guard                 | BA     | 5,421          | 5,990    | 6,606 | 6,709 | 6,848 | 6,995 | 7,164 |
|   | O      | 4,978          | 5,794    | 6,066 | 6,522 | 6,743 | 6,911 | 7,094 |
| Total Trust funds United States Coast Guard                   | BA     | 180            | 174      | 173   | 174   | 175   | 176   | 177   |
|   | O      | 201            | 174      | 174   | 175   | 176   | 177   | 178   |

**Emergency Preparedness and Response**

*Federal funds*

**General and Special Funds:**

Operating Expenses

(Defense-related activities):

|   |        |     |    |    |    |    |    |    |
|---|--------|-----|----|----|----|----|----|----|
| (Appropriation, discretionary)                                  | 054 BA | 50  | 50 | 51 | 52 | 53 | 54 | 56 |
| (Spending authority from offsetting collections, discretionary) | BA     | 100 | 81 | 81 | 82 | 84 | 86 | 88 |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |               |               |               |               |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |        |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| (Outlays) .....   | O      | 147            | 133           | 132           | 134           | 137           | 140           | 144           |
| Operating Expenses (gross) .....                                      | BA     | <b>150</b>     | <b>131</b>    | <b>132</b>    | <b>134</b>    | <b>137</b>    | <b>140</b>    | <b>144</b>    |
|   | O      | 147            | 133           | 132           | 134           | 137           | 140           | 144           |
| Offsetting collections from Federal sources .....                     |        | -100           | -81           | -81           | -82           | -84           | -86           | -88           |
| Total (Defense-related activities) (net) .....                        | BA     | <b>50</b>      | <b>50</b>     | <b>51</b>     | <b>52</b>     | <b>53</b>     | <b>54</b>     | <b>56</b>     |
|   | O      | 47             | 52            | 51            | 52            | 53            | 54            | 56            |
| (Disaster relief and insurance):                                      |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....                                  | 453 BA | <b>820</b>     | <b>364</b>    | <b>260</b>    | <b>264</b>    | <b>270</b>    | <b>276</b>    | <b>283</b>    |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>4</b>       | <b>20</b>     | <b>20</b>     | <b>20</b>     | <b>21</b>     | <b>21</b>     | <b>21</b>     |
| (Outlays) .....   | O      | 707            | 693           | 419           | 329           | 288           | 295           | 303           |
| Operating Expenses (gross) .....                                      | BA     | <b>874</b>     | <b>434</b>    | <b>331</b>    | <b>336</b>    | <b>344</b>    | <b>351</b>    | <b>360</b>    |
|   | O      | 754            | 745           | 470           | 381           | 341           | 349           | 359           |
| Offsetting collections from Federal sources .....                     |        | -4             | -5            | -5            | -5            | -5            | -5            | -5            |
| Offsetting collections from non-Federal sources .....                 |        |                | -15           | -15           | -15           | -16           | -16           | -16           |
| Total (Disaster relief and insurance) (net) .....                     | BA     | <b>820</b>     | <b>364</b>    | <b>260</b>    | <b>264</b>    | <b>270</b>    | <b>276</b>    | <b>283</b>    |
|   | O      | 703            | 673           | 399           | 309           | 267           | 274           | 282           |
| (Health care services):   |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....                                  | 551 BA | <b>1,229</b>   | <b>501</b>    | <b>1,341</b>  | <b>1,349</b>  | <b>1,237</b>  | <b>914</b>    | <b>927</b>    |
|   |        |                |               | <i>J</i> -890 | <i>J</i> -890 | <i>J</i> -768 | <i>J</i> -435 | <i>J</i> -435 |
| (Appropriation, mandatory) .....                                      | BA     |                |               | <i>B</i> 890  | <i>B</i> 890  | <i>B</i> 768  | <i>B</i> 435  | <i>B</i> 435  |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>19</b>      | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>11</b>     | <b>11</b>     |
| (Outlays) .....   | O      | 305            | 864           | 1,090         | 1,368         | 1,264         | 1,115         | 1,069         |
|   |        |                |               | <i>B</i> 575  | <i>B</i> 840  | <i>B</i> 790  | <i>B</i> 635  | <i>B</i> 578  |
|   |        |                |               | <i>J</i> -575 | <i>J</i> -840 | <i>J</i> -790 | <i>J</i> -635 | <i>J</i> -578 |
| Operating Expenses (gross) .....                                      | BA     | <b>2,118</b>   | <b>925</b>    | <b>1,662</b>  | <b>1,675</b>  | <b>1,570</b>  | <b>1,255</b>  | <b>1,277</b>  |
|   | O      | 1,055          | 1,589         | 1,540         | 1,729         | 1,584         | 1,443         | 1,407         |
| Offsetting collections from Federal sources .....                     |        | -19            | -10           | -10           | -10           | -10           | -11           | -11           |
| Total (Health care services) (net) .....                              | BA     | <b>1,229</b>   | <b>501</b>    | <b>1,341</b>  | <b>1,349</b>  | <b>1,237</b>  | <b>914</b>    | <b>927</b>    |
|   | O      | 286            | 854           | 1,080         | 1,358         | 1,254         | 1,104         | 1,058         |
| Total Operating Expenses .....  | BA     | <b>2,099</b>   | <b>915</b>    | <b>1,652</b>  | <b>1,665</b>  | <b>1,560</b>  | <b>1,244</b>  | <b>1,266</b>  |
|   | O      | 1,036          | 1,579         | 1,530         | 1,719         | 1,574         | 1,432         | 1,396         |
| Grant Programs:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 453 BA |                | <b>300</b>    | <b>280</b>    | <b>285</b>    | <b>291</b>    | <b>297</b>    | <b>305</b>    |
| Spending authority from offsetting collections, discretionary .....   | BA     | <b>20</b>      | <b>20</b>     | <b>20</b>     | <b>20</b>     | <b>21</b>     | <b>21</b>     | <b>22</b>     |
| Outlays .....   | O      | 17             | 95            | 209           | 310           | 305           | 310           | 318           |
| Total Grant Programs .....  | BA     | <b>20</b>      | <b>320</b>    | <b>300</b>    | <b>305</b>    | <b>312</b>    | <b>318</b>    | <b>327</b>    |
|   | O      | 17             | 95            | 209           | 310           | 305           | 310           | 318           |
| Emergency food and shelter:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 605 BA | <b>140</b>     | <b>153</b>    | <b>153</b>    | <b>156</b>    | <b>159</b>    | <b>163</b>    | <b>167</b>    |
|   |        |                | <i>J</i> -153 | <i>J</i> -153 | <i>J</i> -156 | <i>J</i> -159 | <i>J</i> -163 | <i>J</i> -167 |
| Outlays .....   | O      | 140            | 153           | 153           | 156           | 159           | 163           | 167           |
|   |        |                | <i>J</i> -153 | <i>J</i> -153 | <i>J</i> -156 | <i>J</i> -159 | <i>J</i> -163 | <i>J</i> -167 |
| Total Emergency food and shelter .....                                | BA     | <b>140</b>     |               |               |               |               |               |               |
|   | O      | 140            |               |               |               |               |               |               |
| Disaster Relief:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 453 BA | <b>10,131</b>  | <b>1,800</b>  | <b>1,934</b>  | <b>1,970</b>  | <b>2,010</b>  | <b>2,055</b>  | <b>2,107</b>  |
| Outlays .....   | O      | 3,947          | 5,094         | 3,518         | 3,468         | 2,179         | 1,998         | 2,047         |
| Flood Map Modernization Fund:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 453 BA | <b>25</b>      | <b>300</b>    | <b>200</b>    | <b>204</b>    | <b>208</b>    | <b>212</b>    | <b>218</b>    |
| Spending authority from offsetting collections, discretionary .....   | BA     | <b>7</b>       |               |               |               |               |               |               |
| Outlays .....   | O      | 11             | 99            | 176           | 236           | 203           | 207           | 212           |
| Total Flood Map Modernization Fund .....                              | BA     | <b>32</b>      | <b>300</b>    | <b>200</b>    | <b>204</b>    | <b>208</b>    | <b>212</b>    | <b>218</b>    |
|   | O      | 11             | 99            | 176           | 236           | 203           | 207           | 212           |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |        |        |        |        |        |
| National Flood Insurance Fund:                                      |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | 453 BA | 78             | 89       | 90     | 92     | 93     | 96     | 98     |
| Spending authority from offsetting collections, mandatory .....     | BA     | 1,458          | 1,700    | 1,786  | 1,733  | 1,765  | 1,799  | 1,834  |
| Outlays .....   | O      | 943            | 1,544    | 1,560  | 1,576  | 1,592  | 1,612  | 1,631  |
| National Flood Insurance Fund (gross) .....                         | BA     | 1,536          | 1,789    | 1,876  | 1,825  | 1,858  | 1,895  | 1,932  |
|   | O      | 943            | 1,544    | 1,560  | 1,576  | 1,592  | 1,612  | 1,631  |
| Offsetting collections from non-Federal sources .....               |        | -1,563         | -1,809   | -1,896 | -1,845 | -1,880 | -1,917 | -1,955 |
| Total National Flood Insurance Fund (net) .....                     | BA     | -27            | -20      | -20    | -20    | -22    | -22    | -23    |
|   | O      | -620           | -265     | -336   | -269   | -288   | -305   | -324   |
| <b>Credit Accounts:</b>   |        |                |          |        |        |        |        |        |
| Disaster assistance direct loan program account:                    |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 453 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Limitation on direct loan activity .....                            |        | (25)           | (25)     | (25)   | (25)   | (25)   | (25)   | (25)   |
| Total Federal funds Emergency Preparedness and Response .....       | BA     | 12,396         | 3,316    | 4,067  | 4,125  | 4,069  | 3,808  | 3,896  |
|   | O      | 4,532          | 6,603    | 5,098  | 5,465  | 3,974  | 3,643  | 3,650  |

**Science and Technology**

*Federal funds*

**General and Special Funds:**

Research, development, acquisitions and operations

(Atomic energy defense activities):

|                                      |        |     |    |    |    |    |    |    |
|--------------------------------------|--------|-----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 053 BA | 109 | 95 | 92 | 94 | 95 | 97 | 99 |
| (Outlays) .....                      | O      | 82  | 94 | 96 | 94 | 94 | 96 | 98 |

(Defense-related activities):

|                                      |        |     |     |     |     |     |     |
|--------------------------------------|--------|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) ..... | 054 BA | 420 | 420 | 428 | 437 | 446 | 458 |
| (Outlays) .....                      | O      | 192 | 368 | 419 | 430 | 438 | 448 |

(General science and basic research):

|                                      |        |   |    |     |     |     |     |     |
|--------------------------------------|--------|---|----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) ..... | 251 BA | 5 | 23 | 273 | 278 | 284 | 290 | 297 |
| (Outlays) .....                      | O      | 5 | 15 | 246 | 277 | 282 | 288 | 296 |

(Agricultural research and services):

|                                      |        |    |    |    |    |    |    |    |
|--------------------------------------|--------|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 352 BA | 53 | 23 | 18 | 18 | 18 | 19 | 20 |
| (Outlays) .....                      | O      | 20 | 42 | 33 | 18 | 18 | 19 | 19 |

|  |    |     |     |     |     |     |     |     |
|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Research, development, acquisitions and operations ..... | BA | 167 | 561 | 803 | 818 | 834 | 852 | 874 |
|  | O  | 107 | 343 | 743 | 808 | 824 | 841 | 861 |

|  |    |     |     |     |     |     |     |     |
|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Science and Technology ..... | BA | 167 | 561 | 803 | 818 | 834 | 852 | 874 |
|  | O  | 107 | 343 | 743 | 808 | 824 | 841 | 861 |

**Information Analysis and Infrastructure Protection**

*Federal funds*

**General and Special Funds:**

Operating Expenses

(Defense-related activities):

|                                      |        |     |     |     |     |     |     |     |
|--------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) ..... | 054 BA | 96  | 115 | 763 | 777 | 793 | 810 | 830 |
| (Outlays) .....                      | O      | 175 | 102 | 687 | 770 | 789 | 807 | 827 |

(Other advancement of commerce):

|                                      |        |   |   |   |   |   |    |    |
|--------------------------------------|--------|---|---|---|---|---|----|----|
| (Appropriation, discretionary) ..... | 376 BA | 6 | 7 | 9 | 9 | 9 | 10 | 10 |
| (Outlays) .....                      | O      | 6 | 6 | 9 | 9 | 9 | 9  | 9  |

(Federal law enforcement activities):

|                                      |        |    |    |    |    |    |    |    |
|--------------------------------------|--------|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 751 BA | 41 | 44 | 46 | 47 | 48 | 49 | 50 |
| (Outlays) .....                      | O      | 33 | 39 | 44 | 45 | 48 | 49 | 50 |

(General property and records management):

|                                      |        |    |    |    |    |    |    |    |
|--------------------------------------|--------|----|----|----|----|----|----|----|
| (Appropriation, discretionary) ..... | 804 BA | 10 | 11 | 11 | 11 | 11 | 12 | 12 |
| (Outlays) .....                      | O      | 11 | 11 | 11 | 11 | 11 | 12 | 12 |

|                                |    |     |     |     |     |     |     |     |
|--------------------------------|----|-----|-----|-----|-----|-----|-----|-----|
| Total Operating Expenses ..... | BA | 153 | 177 | 829 | 844 | 861 | 881 | 902 |
|                                | O  | 225 | 158 | 751 | 835 | 857 | 877 | 898 |

|  |    |     |     |     |     |     |     |     |
|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Information Analysis and Infrastructure Protection ..... | BA | 153 | 177 | 829 | 844 | 861 | 881 | 902 |
|  | O  | 225 | 158 | 751 | 835 | 857 | 877 | 898 |

**DEPARTMENT OF HOMELAND SECURITY—Continued**  
(In millions of dollars)

| Account                                    |          | 2002<br>actual | estimate |                 |                 |                 |                 |                 |
|--|----------|----------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  |          |                | 2003     | 2004            | 2005            | 2006            | 2007            | 2008            |
| <b>Summary</b>                             |          |                |          |                 |                 |                 |                 |                 |
| <b>Federal funds:</b>                      |          |                |          |                 |                 |                 |                 |                 |
| (As shown in detail above)                 | BA       | 33,470         | 29,152   | 31,600          | 32,054          | 32,548          | 32,863          | 33,635          |
|  | O        | 20,448         | 31,972   | 31,518          | 32,415          | 31,802          | 32,079          | 32,738          |
| <b>Deductions for offsetting receipts:</b> |          |                |          |                 |                 |                 |                 |                 |
| Proprietary receipts from the public       | 453 BA/O | -10            | -10      | -1              | -1              | -1              | -1              | -1              |
|  | 751 BA/O | -3             | -4       | -5              | -5              | -6              | -6              | -7              |
| Offsetting governmental receipts           | 403 BA/O | -88            | -91      | -92             | -93             | -94             | -95             | -96             |
|  | 751 BA/O | -3,078         | -3,893   | -2,261          | -2,321          | -2,384          | -2,449          | -2,514          |
|  |          |                |          | <i>B -1,398</i> | <i>B -1,490</i> | <i>B -1,588</i> | <i>B -1,692</i> | <i>B -1,804</i> |
| Total Federal funds                        | BA       | 30,291         | 25,154   | 27,843          | 28,144          | 28,475          | 28,620          | 29,213          |
|  | O        | 17,269         | 27,974   | 27,761          | 28,505          | 27,729          | 27,836          | 28,316          |
| <b>Trust funds:</b>                        |          |                |          |                 |                 |                 |                 |                 |
| (As shown in detail above)                 | BA       | 186            | 181      | 180             | 181             | 183             | 184             | 185             |
|  | O        | 207            | 181      | 181             | 182             | 184             | 185             | 186             |
| Total Department of Homeland Security      | BA       | 30,477         | 25,335   | 28,023          | 28,325          | 28,658          | 28,804          | 29,398          |
|  | O        | 17,476         | 28,155   | 27,942          | 28,687          | 27,913          | 28,021          | 28,502          |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Public and Indian Housing Programs</b>                              |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>   |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                                      |        |                |          |        |        |        |        |        |
| <b>Housing assistance for needy families:</b>                          |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA |                |          | 8,335  | 8,575  | 8,836  | 9,127  | 9,462  |
| Advance appropriation, discretionary                                   | BA     |                |          | 4,200  | 4,200  | 4,200  | 4,200  | 4,200  |
| Outlays  | O      |                |          | 6,086  | 12,631 | 12,879 | 13,153 | 13,461 |
| Total Housing assistance for needy families                            | BA     |                |          | 12,535 | 12,775 | 13,036 | 13,327 | 13,662 |
|  | O      |                |          | 6,086  | 12,631 | 12,879 | 13,153 | 13,461 |
| <b>Project-based rental assistance:</b>                                |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA | 9,748          | 12,227   | 4,523  | 4,607  | 4,701  | 4,804  | 4,927  |
| Contract authority, discretionary                                      | BA     | -17            |          |        |        |        |        |        |
| Advance appropriation, discretionary                                   | BA     | 4,200          | 4,200    |        |        |        |        |        |
| Outlays  | O      | 18,499         | 19,874   | 14,369 | 9,098  | 9,328  | 9,578  | 9,829  |
| Total Project-based rental assistance                                  | BA     | 13,931         | 16,427   | 4,523  | 4,607  | 4,701  | 4,804  | 4,927  |
|  | O      | 18,499         | 19,874   | 14,369 | 9,098  | 9,328  | 9,578  | 9,829  |
| <b>Moving to work:</b>   |        |                |          |        |        |        |        |        |
| Outlays  | 451 O  | 1              | 1        | 1      |        |        |        |        |
| <b>Public housing operating fund:</b>                                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA | 3,495          | 3,530    | 3,574  | 3,641  | 3,715  | 3,797  | 3,893  |
| Outlays  | O      | 3,635          | 3,457    | 3,565  | 3,608  | 3,678  | 3,755  | 3,846  |
| <b>Drug elimination grants for low-income housing:</b>                 |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA | -11            |          |        |        |        |        |        |
| Outlays  | O      | 325            | 200      | 74     |        |        |        |        |
| <b>Revitalization of severely distressed public housing (HOPE VI):</b> |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA | 574            | 574      |        |        |        |        |        |
| Outlays  | O      | 466            | 546      | 609    | 711    | 728    | 747    | 230    |
| <b>Native Hawaiian Housing Block Grant:</b>                            |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 604 BA |                | 10       | 10     | 10     | 10     | 11     | 11     |
| Outlays  | O      |                |          | 11     | 3      | 5      | 7      | 9      |
| <b>Public Enterprise Funds:</b>  |        |                |          |        |        |        |        |        |
| <b>Low-rent public housing—loans and other expenses:</b>               |        |                |          |        |        |        |        |        |
| Authority to borrow, mandatory   | 604 BA | 25             | 40       | 30     | 30     | 40     | 40     | 40     |
| Spending authority from offsetting collections, mandatory              | BA     | 72             | 75       | 84     | 88     | 88     | 88     | 88     |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate      |               |               |               |               |               |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |        |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Outlays .....  | O      | 92             | 115           | 114           | 118           | 128           | 128           | 128           |
| Low-rent public housing—loans and other expenses (gross) .....     | BA     | <b>97</b>      | <b>115</b>    | <b>114</b>    | <b>118</b>    | <b>128</b>    | <b>128</b>    | <b>128</b>    |
|  | O      | 92             | 115           | 114           | 118           | 128           | 128           | 128           |
| Offsetting collections from Federal sources .....                  |        | -71            | -75           | -84           | -88           | -88           | -88           | -88           |
| Offsetting collections from non-Federal sources .....              |        | -1             |               |               |               |               |               |               |
| Total Low-rent public housing—loans and other expenses (net) ..... | BA     | <b>25</b>      | <b>40</b>     | <b>30</b>     | <b>30</b>     | <b>40</b>     | <b>40</b>     | <b>40</b>     |
|  | O      | 20             | 40            | 30            | 30            | 40            | 40            | 40            |
| <b>Credit Accounts:</b>  |        |                |               |               |               |               |               |               |
| Public housing capital fund:                                       |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                 | 604 BA | <b>2,843</b>   | <b>2,426</b>  | <b>2,641</b>  | <b>2,690</b>  | <b>2,745</b>  | <b>2,806</b>  | <b>2,878</b>  |
| Outlays .....  | O      | 3,767          | 3,601         | 3,808         | 3,345         | 3,472         | 3,196         | 3,239         |
| Limitation on loan guarantee commitments .....                     |        |                |               | (1,715)       | (972)         | (972)         | (972)         | (972)         |
| Native American housing block grant:                               |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                 | 604 BA | <b>649</b>     | <b>647</b>    | <b>647</b>    | <b>659</b>    | <b>672</b>    | <b>687</b>    | <b>705</b>    |
| Outlays .....  | O      | 713            | 740           | 820           | 631           | 656           | 667           | 681           |
| Limitation on loan guarantee commitments .....                     |        | (53)           | (17)          | (8)           | (8)           | (8)           | (8)           | (9)           |
| Indian housing loan guarantee fund program account:                |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                 | 371 BA | <b>6</b>       | <b>5</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      |
| Outlays .....  | O      | 1              | 4             | 5             | 5             | 3             | 2             | 1             |
| Limitation on loan guarantee commitments .....                     |        | (234)          | (197)         | (27)          | (28)          | (28)          | (29)          | (29)          |
| Native Hawaiian Housing Loan Guarantee Fund program account:       |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                 | 371 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             |
| Limitation on loan guarantee commitments .....                     |        | (40)           | (40)          | (35)          | (36)          | (36)          | (37)          | (38)          |
| Total Federal funds Public and Indian Housing Programs .....       | BA     | <b>21,513</b>  | <b>23,660</b> | <b>23,962</b> | <b>24,414</b> | <b>24,921</b> | <b>25,474</b> | <b>26,118</b> |
|  | O      | 27,427         | 28,464        | 29,379        | 30,062        | 30,790        | 31,146        | 31,337        |

**Community Planning and Development**

*Federal funds*

**General and Special Funds:**

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Housing opportunities for persons with AIDS:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 604 BA | <b>277</b>   | <b>292</b>   | <b>297</b>   | <b>303</b>   | <b>309</b>   | <b>316</b>   | <b>324</b>   |
| Outlays .....                                  | O      | 314          | 292          | 311          | 276          | 295          | 302          | 308          |
| Community development block grants:            |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 451 BA | <b>7,783</b> | <b>4,716</b> | <b>4,716</b> | <b>4,804</b> | <b>4,902</b> | <b>5,010</b> | <b>5,137</b> |
|  |        |              | ∧16          | ∧16          | ∧16          | ∧17          | ∧17          | ∧17          |
| Outlays .....                                  | O      | 5,429        | 6,650        | 6,124        | 5,270        | 4,632        | 4,764        | 4,911        |
|  |        |              |              | ∧5           | ∧12          | ∧14          | ∧15          | ∧16          |
| Total Community development block grants ..... | BA     | <b>7,783</b> | <b>4,732</b> | <b>4,732</b> | <b>4,820</b> | <b>4,919</b> | <b>5,027</b> | <b>5,154</b> |
|  | O      | 5,429        | 6,650        | 6,129        | 5,282        | 4,646        | 4,779        | 4,927        |
| Empowerment zones/enterprise communities:      |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 451 BA | <b>45</b>    |              |              |              |              |              |              |
| Outlays .....                                  | O      | 57           | 75           | 70           | 50           | 37           | 2            |              |
| Brownfields redevelopment:                     |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 451 BA | <b>25</b>    | <b>25</b>    |              |              |              |              |              |
| Outlays .....                                  | O      | 5            | 10           | 13           | 19           | 19           | 19           | 19           |
| Youthbuild program:                            |        |              |              |              |              |              |              |              |
| Outlays .....                                  | 604 O  |              | 1            |              |              |              |              |              |
| Home investment partnership program:           |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 604 BA | <b>1,796</b> | <b>2,084</b> | <b>2,197</b> | <b>2,238</b> | <b>2,284</b> | <b>2,334</b> | <b>2,393</b> |
| Outlays .....                                  | O      | 1,540        | 1,600        | 1,700        | 2,176        | 2,469        | 2,686        | 2,269        |
| Homeless assistance grants:                    |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 604 BA | <b>1,123</b> | <b>1,130</b> | <b>1,325</b> | <b>1,350</b> | <b>1,377</b> | <b>1,408</b> | <b>1,443</b> |
| Outlays .....                                  | O      | 1,019        | 1,057        | 1,174        | 1,377        | 1,337        | 1,370        | 1,388        |
| Samaritan housing:                             |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 604 BA |              |              | ∧50          | ∧51          | ∧52          | ∧53          | ∧54          |
| Outlays .....                                  | O      |              |              | ∧5           | ∧10          | ∧18          | ∧28          | ∧41          |
| Rural housing and economic development:        |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 604 BA | <b>25</b>    |              |              |              |              |              |              |
| Outlays .....                                  | O      | 22           | 25           | 23           | 8            | 3            | 1            |              |
| Emergency food and shelter program:            |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....             | 605 BA |              | ∧153         | ∧153         | ∧156         | ∧159         | ∧163         | ∧167         |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....   | O      |                | 153      | 153   | 156   | 159   | 163   | 167   |
| Urban development action grants:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 451 BA |                |          | -30   |       |       |       |       |
| Outlays .....   | O      | 6              | 10       | 10    | 3     | 3     | 3     | 4     |
| Capacity building for community development and affordable housing:         |        |                |          |       |       |       |       |       |
| Outlays .....   | 451 O  | 2              |          |       |       |       |       |       |
| Shelter Plus Care Renewals:   |        |                |          |       |       |       |       |       |
| Outlays .....   | 604 O  | 25             | 35       | 37    | 1     |       |       |       |
| <b>Public Enterprise Funds:</b>   |        |                |          |       |       |       |       |       |
| Revolving fund (liquidating programs):                                      |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....             | 451 BA | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   | O      | 1              | 2        | 1     |       |       |       |       |
| Revolving fund (liquidating programs) (gross) .....                         | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   | O      | 1              | 2        | 1     |       |       |       |       |
| Offsetting collections from non-Federal sources .....                       |        | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Revolving fund (liquidating programs) (net) .....                     | BA     |                |          |       |       |       |       |       |
| Outlays .....   | O      |                | 1        |       | -1    | -1    | -1    | -1    |
| <b>Credit Accounts:</b>   |        |                |          |       |       |       |       |       |
| Community development loan guarantees program account:                      |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 451 BA | 15             | 7        |       |       |       |       |       |
| Outlays .....   | O      | 6              | 7        | 7     | 7     | 6     | 5     |       |
| Limitation on loan guarantee commitments .....                              |        | (609)          | (275)    |       |       |       |       |       |
| Community development loan guarantees liquidating account:                  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 451 BA | 2              |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....             | BA     | 3              |          |       |       |       |       |       |
| Outlays .....   | O      | 17             |          |       |       |       |       |       |
| Community development loan guarantees liquidating account (gross) .....     | BA     | 5              |          |       |       |       |       |       |
| Outlays .....   | O      | 17             |          |       |       |       |       |       |
| Change in uncollected customer payments from Federal sources .....          | BA     | -1             |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                           |        | -2             |          |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....                       |        | -2             |          |       |       |       |       |       |
| Total Community development loan guarantees liquidating account (net) ..... | BA     |                |          |       |       |       |       |       |
| Outlays .....   | O      | 13             |          |       |       |       |       |       |
| Total Federal funds Community Planning and Development .....                | BA     | 11,089         | 8,423    | 8,724 | 8,918 | 9,100 | 9,301 | 9,535 |
| Outlays .....   | O      | 8,438          | 9,916    | 9,632 | 9,364 | 8,991 | 9,357 | 9,122 |

**Housing Programs**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |      |      |      |      |      |  |
|---|--------|-------|-------|------|------|------|------|------|--|
| Housing for the elderly:  |        |       |       |      |      |      |      |      |  |
| Appropriation, discretionary .....  | 604 BA | 1,024 | 1,024 | 773  | 787  | 803  | 821  | 842  |  |
| Outlays .....   | O      | 895   | 895   | 702  | 712  | 732  | 742  | 715  |  |
| Housing for persons with disabilities:                                    |        |       |       |      |      |      |      |      |  |
| Appropriation, discretionary .....  | 604 BA |       |       | 251  | 256  | 261  | 267  | 273  |  |
| Outlays .....   | O      |       |       | 228  | 196  | 192  | 150  | 193  |  |
| Housing counseling assistance:  |        |       |       |      |      |      |      |      |  |
| Appropriation, discretionary .....  | 604 BA |       | 35    | 45   | 46   | 47   | 48   | 49   |  |
| Outlays .....   | O      |       | 4     | 31   | 44   | 46   | 47   | 48   |  |
| Other assisted housing programs<br>(Community development):               |        |       |       |      |      |      |      |      |  |
| (Contract authority, discretionary) .....                                 | 451 BA | -300  | -100  | -303 | -309 | -315 | -322 | -330 |  |
| (Housing assistance):   |        |       |       |      |      |      |      |      |  |
| (Outlays) .....   | 604 O  | 655   | 672   | 672  | 672  | 672  | 672  | 672  |  |
| Total Other assisted housing programs .....                               | BA     | -300  | -100  | -303 | -309 | -315 | -322 | -330 |  |
| Outlays .....   | O      | 655   | 672   | 672  | 672  | 672  | 672  | 672  |  |
| Homeownership and opportunity for people everywhere grants (HOPE grants): |        |       |       |      |      |      |      |      |  |
| Outlays .....   | 604 O  | 3     | 3     | 3    | 3    | 3    | 3    | 3    |  |
| Manufactured home inspection and monitoring:                              |        |       |       |      |      |      |      |      |  |
| Outlays .....   | 376 O  | 1     |       |      |      |      |      |      |  |



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate  |           |           |           |           | 2008      |
|---|--------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |        |                | 2003      | 2004      | 2005      | 2006      | 2007      |           |
| <b>Public Enterprise Funds:</b>   |        |                |           |           |           |           |           |           |
| Rental housing assistance fund:   |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, mandatory                                   | 604 BA | 7              | 16        | 16        | 14        | 13        | 13        | 12        |
| Outlays   | O      | 1              | 16        | 16        | 14        | 13        | 13        | 12        |
| Rental housing assistance fund (gross)  | BA     | 7              | 16        | 16        | 14        | 13        | 13        | 12        |
|   | O      | 1              | 16        | 16        | 14        | 13        | 13        | 12        |
| Offsetting collections from non-Federal sources   |        | -7             | -16       | -16       | -14       | -13       | -13       | -12       |
| Total Rental housing assistance fund (net)  | BA     |                |           |           |           |           |           |           |
|   | O      | -6             |           |           |           |           |           |           |
| Flexible subsidy fund:  |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, discretionary                               | 604 BA | 11             | 20        | 20        | 20        | 21        | 21        | 22        |
| Outlays   | O      | 9              |           |           |           |           |           |           |
| Flexible subsidy fund (gross)   | BA     | 11             | 20        | 20        | 20        | 21        | 21        | 22        |
|   | O      | 9              |           |           |           |           |           |           |
| Offsetting collections from Federal sources   |        |                | -12       | -12       | -12       | -12       | -13       | -13       |
| Offsetting collections from interest on Federal securities                                  |        | -4             |           |           |           |           |           |           |
| Offsetting collections from non-Federal sources   |        | -7             | -8        | -8        | -8        | -8        | -8        | -9        |
| Total Flexible subsidy fund (net)   | BA     |                |           |           |           | 1         |           |           |
|   | O      | -2             | -20       | -20       | -20       | -20       | -21       | -22       |
| Nehemiah housing opportunity fund:  |        |                |           |           |           |           |           |           |
| Outlays   | 604 O  | 2              | 5         | 5         |           |           |           |           |
| <b>Credit Accounts:</b>   |        |                |           |           |           |           |           |           |
| FHA-mutual mortgage insurance program account:  |        |                |           |           |           |           |           |           |
| Appropriation, discretionary  | 371 BA | 513            | 434       | 444       | 452       | 461       | 472       | 484       |
| Outlays   | O      | 1,574          | 2,869     | 444       | 452       | 461       | 471       | 483       |
| Limitation on direct loan activity  |        | (250)          | (50)      | (50)      | (51)      | (52)      | (53)      | (54)      |
| Limitation on loan guarantee commitments  |        | (165,000)      | (165,000) | (185,000) | (188,460) | (192,285) | (196,535) | (201,527) |
| FHA-mutual mortgage insurance capital reserve account:                                      |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, mandatory                                   | 371 BA | 2,984          | 5,935     | 5,224     | 5,205     | 4,995     | 5,165     | 5,601     |
| FHA-mutual mortgage insurance capital reserve account (gross)                               | BA     | 2,984          | 5,935     | 5,224     | 5,205     | 4,995     | 5,165     | 5,601     |
| Change in uncollected customer payments from Federal sources                                | BA     | -267           |           |           |           |           |           |           |
| Offsetting collections from Federal sources   |        | -2,704         | -4,405    | -3,378    | -3,114    | -2,678    | -2,618    | -2,820    |
| Offsetting collections from interest on Federal securities                                  |        | -13            | -1,530    | -1,846    | -2,091    | -2,317    | -2,547    | -2,781    |
| Total FHA-mutual mortgage insurance capital reserve account (net)                           | BA     |                |           |           |           |           |           |           |
|   | O      | -2,717         | -5,935    | -5,224    | -5,205    | -4,995    | -5,165    | -5,601    |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account:            |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, mandatory                                   | 371 BA | 3,710          | 273       | 127       | 91        | 67        | 52        | 40        |
| Outlays   | O      | 293            | 414       | 198       | 150       | 101       | 76        | 59        |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account (gross)     | BA     | 3,710          | 273       | 127       | 91        | 67        | 52        | 40        |
|   | O      | 293            | 414       | 198       | 150       | 101       | 76        | 59        |
| Change in uncollected customer payments from Federal sources                                | BA     | 370            |           |           |           |           |           |           |
| Offsetting collections from Federal sources   |        | -2,880         |           |           |           |           |           |           |
| Offsetting collections from interest on Federal securities                                  |        | -900           |           |           |           |           |           |           |
| Offsetting collections from non-Federal sources   |        | -300           | -273      | -127      | -91       | -67       | -52       | -40       |
| Total FHA-mutual mortgage and cooperative housing insurance funds liquidating account (net) | BA     |                |           |           |           |           |           |           |
|   | O      | -3,787         | 141       | 71        | 59        | 34        | 24        | 19        |
| FHA-general and special risk program account:   |        |                |           |           |           |           |           |           |
| Appropriation, discretionary  | 371 BA | 381            | 333       | 338       | 345       | 352       | 359       | 368       |
| Appropriation, mandatory  | BA     | 995            | 1,167     |           |           |           |           |           |
| Outlays   | O      | 1,340          | 1,523     | 338       | 344       | 350       | 359       | 367       |
| Limitation on direct loan activity  |        | (50)           | (50)      | (50)      | (51)      | (52)      | (53)      | (54)      |
| Limitation on loan guarantee commitments  |        | (23,000)       | (24,000)  | (25,000)  | (25,468)  | (25,984)  | (26,559)  | (27,233)  |
| Total FHA-general and special risk program account  | BA     | 1,376          | 1,500     | 338       | 345       | 352       | 359       | 368       |
|   | O      | 1,340          | 1,523     | 338       | 344       | 350       | 359       | 367       |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>FHA-general and special risk insurance funds liquidating account:</b>            |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 371 BA | 1,094          | 472      | 577    | 286    | 345    | 200    | 182    |
| Authority to borrow, mandatory  | BA     | 249            | 225      | 220    | 220    | 220    | 220    | 175    |
| Spending authority from offsetting collections, mandatory                           | BA     | 730            | 834      | 670    | 628    | 399    | 351    | 339    |
| Outlays   | O      | 1,285          | 1,751    | 1,247  | 914    | 744    | 551    | 521    |
| <b>FHA-general and special risk insurance funds liquidating account (gross)</b>     |        |                |          |        |        |        |        |        |
|   | BA     | 2,073          | 1,531    | 1,467  | 1,134  | 964    | 771    | 696    |
|   | O      | 1,285          | 1,751    | 1,247  | 914    | 744    | 551    | 521    |
| <b>Change in uncollected customer payments from Federal sources</b>                 |        |                |          |        |        |        |        |        |
|   | BA     | 9              |          |        |        |        |        |        |
| <b>Offsetting collections from Federal sources</b>                                  |        |                |          |        |        |        |        |        |
|   |        | -10            |          |        |        |        |        |        |
| <b>Offsetting collections from non-Federal sources</b>                              |        |                |          |        |        |        |        |        |
|   |        | -729           | -834     | -670   | -628   | -399   | -351   | -339   |
| <b>Total FHA-general and special risk insurance funds liquidating account (net)</b> |        |                |          |        |        |        |        |        |
|   | BA     | 1,343          | 697      | 797    | 506    | 565    | 420    | 357    |
|   | O      | 546            | 917      | 577    | 286    | 345    | 200    | 182    |
| <b>Housing for the elderly or handicapped fund liquidating account:</b>             |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory                           | 371 BA | 344            | 234      | 193    | 230    | 230    | 400    | 400    |
| Outlays   | O      | 278            | 222      | 288    | 230    | 230    | 400    | 400    |
| <b>Housing for the elderly or handicapped fund liquidating account (gross)</b>      |        |                |          |        |        |        |        |        |
|   | BA     | 344            | 234      | 193    | 230    | 230    | 400    | 400    |
|   | O      | 278            | 222      | 288    | 230    | 230    | 400    | 400    |
| <b>Offsetting collections from Federal sources</b>                                  |        |                |          |        |        |        |        |        |
|   |        | -649           | -530     | -530   | -530   | -530   | -530   | -530   |
| <b>Offsetting collections from non-Federal sources</b>                              |        |                |          |        |        |        |        |        |
|   |        | -158           | -221     | -221   | -221   | -221   | -221   | -221   |
| <b>Total Housing for the elderly or handicapped fund liquidating account (net)</b>  |        |                |          |        |        |        |        |        |
|   | BA     | -463           | -517     | -558   | -521   | -521   | -351   | -351   |
|   | O      | -529           | -529     | -463   | -521   | -521   | -351   | -351   |
| <b>Trust funds</b>  |        |                |          |        |        |        |        |        |
| <b>Manufactured housing fees trust fund:</b>  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 376 BA | 8              | 13       | 17     | 17     | 18     | 18     | 19     |
| Outlays   | O      | 9              | 10       | 14     | 17     | 17     | 18     | 19     |
| <b>Total Federal funds Housing Programs</b>   |        |                |          |        |        |        |        |        |
|   | BA     | 3,493          | 3,073    | 1,787  | 1,562  | 1,654  | 1,714  | 1,692  |
|   | O      | -2,025         | 545      | -2,636 | -2,978 | -2,701 | -2,869 | -3,292 |
| <b>Total Trust funds Housing Programs</b>   |        |                |          |        |        |        |        |        |
|   | BA     | 8              | 13       | 17     | 17     | 18     | 18     | 19     |
|   | O      | 9              | 10       | 14     | 17     | 17     | 18     | 19     |

**Government National Mortgage Association**

*Federal funds*

**Credit Accounts:**

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Guarantees of mortgage-backed securities loan guarantee program account:</b> |        |           |           |           |           |           |           |           |
| Appropriation, discretionary  | 371 BA | 9         | 10        | 11        | 11        | 11        | 12        | 12        |
| Outlays   | O      | 9         | 10        | 11        | 11        | 11        | 12        | 12        |
| Limitation on loan guarantee commitments  |        | (200,000) | (200,000) | (200,000) | (203,740) | (207,876) | (212,470) | (217,867) |
| <b>Guarantees of mortgage-backed securities liquidating account:</b>            |        |           |           |           |           |           |           |           |
| Appropriation, mandatory  | 371 BA |           | 91        | 40        | 40        | 40        | 40        | 40        |
| Spending authority from offsetting collections, mandatory                       | BA     | 400       | 389       | 392       | 410       | 422       | 435       | 451       |
| Outlays   | O      | 12        | 170       | 77        | 77        | 77        | 73        | 74        |
| <b>Guarantees of mortgage-backed securities liquidating account (gross)</b>     |        |           |           |           |           |           |           |           |
|   | BA     | 400       | 480       | 432       | 450       | 462       | 475       | 491       |
|   | O      | 12        | 170       | 77        | 77        | 77        | 73        | 74        |
| <b>Offsetting collections from interest on Federal securities</b>               |        |           |           |           |           |           |           |           |
|   |        | -355      | -346      | -353      | -375      | -390      | -407      | -424      |
| <b>Offsetting collections from non-Federal sources</b>                          |        |           |           |           |           |           |           |           |
|   |        | -45       | -43       | -39       | -35       | -32       | -28       | -27       |
| <b>Total Guarantees of mortgage-backed securities liquidating account (net)</b> |        |           |           |           |           |           |           |           |
|   | BA     |           | 91        | 40        | 40        | 40        | 40        | 40        |
|   | O      | -388      | -219      | -315      | -333      | -345      | -362      | -377      |
| <b>Total Federal funds Government National Mortgage Association</b>             |        |           |           |           |           |           |           |           |
|   | BA     | 9         | 101       | 51        | 51        | 51        | 52        | 52        |
|   | O      | -379      | -209      | -304      | -322      | -334      | -350      | -365      |

**Policy Development and Research**

*Federal funds*

**General and Special Funds:**

|                                 |        |    |    |    |    |    |    |    |
|---------------------------------|--------|----|----|----|----|----|----|----|
| <b>Research and technology:</b> |        |    |    |    |    |    |    |    |
| Appropriation, discretionary    | 451 BA | 49 | 47 | 51 | 52 | 53 | 54 | 56 |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....   | O      | 57             | 51       | 50    | 52    | 53    | 54    | 54    |
| <b>Fair Housing and Equal Opportunity</b>                             |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Fair housing activities:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 751 BA | 46             | 46       | 50    | 51    | 52    | 53    | 54    |
| Outlays .....   | O      | 43             | 47       | 46    | 41    | 50    | 51    | 52    |
| <b>Office of Lead Hazard Control and Healthy Homes</b>                |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Lead hazard reduction:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 451 BA | 110            | 126      | 136   | 139   | 141   | 144   | 148   |
| Outlays .....   | O      | 95             | 101      | 110   | 115   | 114   | 134   | 139   |
| <b>Management and Administration</b>                                  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Salaries and expenses   |        |                |          |       |       |       |       |       |
| (Community development):  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 451 BA | 77             | 68       | 77    | 78    | 80    | 82    | 84    |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| (Outlays) .....   | O      | 83             | 70       | 76    | 79    | 81    | 82    | 85    |
| Salaries and expenses (gross) .....                                   | BA     | 78             | 69       | 78    | 79    | 81    | 83    | 85    |
|   | O      | 83             | 70       | 76    | 79    | 81    | 82    | 85    |
| Offsetting collections from Federal sources .....                     |        | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total (Community development) (net) .....                             | BA     | 77             | 68       | 77    | 78    | 80    | 82    | 84    |
|   | O      | 82             | 69       | 75    | 78    | 80    | 81    | 84    |
| (Housing assistance):   |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 604 BA | 420            | 369      | 400   | 407   | 416   | 425   | 436   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 545            | 559      | 575   | 586   | 598   | 611   | 626   |
| (Outlays) .....   | O      | 986            | 936      | 967   | 992   | 1,012 | 1,034 | 1,059 |
| Salaries and expenses (gross) .....                                   | BA     | 1,042          | 996      | 1,052 | 1,071 | 1,094 | 1,118 | 1,146 |
|   | O      | 1,068          | 1,005    | 1,042 | 1,070 | 1,092 | 1,115 | 1,143 |
| Offsetting collections from Federal sources .....                     |        | -545           | -559     | -575  | -586  | -598  | -611  | -626  |
| Total (Housing assistance) (net) .....                                | BA     | 420            | 369      | 400   | 407   | 416   | 425   | 436   |
|   | O      | 441            | 377      | 392   | 406   | 414   | 423   | 433   |
| (Federal law enforcement activities):                                 |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 751 BA | 58             | 73       | 59    | 60    | 61    | 63    | 64    |
| (Outlays) .....   | O      | 67             | 74       | 62    | 60    | 61    | 62    | 63    |
| Total Salaries and expenses .....                                     | BA     | 555            | 510      | 536   | 545   | 557   | 570   | 584   |
|   | O      | 590            | 520      | 529   | 544   | 555   | 566   | 580   |
| Office of Inspector General:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 451 BA | 68             | 75       | 76    | 77    | 79    | 81    | 83    |
| Spending authority from offsetting collections, discretionary .....   | BA     | 27             | 23       | 24    | 24    | 25    | 25    | 26    |
| Outlays .....   | O      | 98             | 96       | 100   | 101   | 104   | 105   | 109   |
| Office of Inspector General (gross) .....                             | BA     | 95             | 98       | 100   | 101   | 104   | 106   | 109   |
|   | O      | 98             | 96       | 100   | 101   | 104   | 105   | 109   |
| Offsetting collections from Federal sources .....                     |        | -27            | -23      | -24   | -24   | -25   | -25   | -26   |
| Total Office of Inspector General (net) .....                         | BA     | 68             | 75       | 76    | 77    | 79    | 81    | 83    |
|   | O      | 71             | 73       | 76    | 77    | 79    | 80    | 83    |
| Consolidated fee fund:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 604 BA | -7             | -8       |       |       |       |       |       |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |      |      |      |      |       |
|--|--------|----------------|----------|------|------|------|------|-------|
|  |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008  |
| Outlays .....  | O      | 1              | -1       | -1   | -1   | -1   | -1   | -1    |
| Office of Federal Housing Enterprise Oversight:                    |        |                |          |      |      |      |      |       |
| Appropriation, discretionary .....                                 | 371 BA | 27             | 30       | 32   | 32   | 33   | 33   | 35    |
| Outlays .....  | O      | 27             | 29       | 32   | 32   | 34   | 34   | 35    |
| <b>Intragovernmental Funds:</b>                                    |        |                |          |      |      |      |      |       |
| Working capital fund:  |        |                |          |      |      |      |      |       |
| Appropriation, discretionary .....                                 | 451 BA |                | 276      | 276  | 281  | 287  | 293  | 301   |
| Spending authority from offsetting collections, mandatory .....    | BA     | 345            | 75       | 65   | 65   | 65   | 65   | 65    |
| Outlays .....  | O      | 277            | 413      | 341  | 344  | 351  | 357  | 364   |
| Working capital fund (gross) .....                                 | BA     | 345            | 351      | 341  | 346  | 352  | 358  | 366   |
|  | O      | 277            | 413      | 341  | 344  | 351  | 357  | 364   |
| Change in uncollected customer payments from Federal sources ..... | BA     | 19             |          |      |      |      |      |       |
| Offsetting collections from Federal sources .....                  |        | -364           | -75      | -65  | -65  | -65  | -65  | -65   |
| Total Working capital fund (net) .....                             | BA     |                | 276      | 276  | 281  | 287  | 293  | 301   |
|  | O      | -87            | 338      | 276  | 279  | 286  | 292  | 299   |
| Total Federal funds Management and Administration .....            | BA     | 643            | 883      | 920  | 935  | 956  | 977  | 1,003 |
|  | O      | 602            | 959      | 912  | 931  | 953  | 971  | 996   |

**Summary**

|   |          |        |        |        |        |        |        |        |
|---|----------|--------|--------|--------|--------|--------|--------|--------|
| Federal funds:  |          |        |        |        |        |        |        |        |
| (As shown in detail above) .....                        | BA       | 36,952 | 36,359 | 35,681 | 36,122 | 36,928 | 37,769 | 38,658 |
|   | O        | 34,258 | 39,874 | 37,189 | 37,265 | 37,916 | 38,494 | 38,043 |
| Deductions for offsetting receipts:                     |          |        |        |        |        |        |        |        |
| Proprietary receipts from the public .....              | 371 BA/O | -2,347 | -1,854 | -668   | -681   | -694   | -709   | -727   |
| Offsetting governmental receipts .....                  | 371 BA/O | -27    | -30    | -32    | -33    | -33    | -35    | -35    |
| Total Federal funds .....                               | BA       | 34,578 | 34,475 | 34,981 | 35,408 | 36,201 | 37,025 | 37,896 |
|   | O        | 31,884 | 37,990 | 36,489 | 36,551 | 37,189 | 37,750 | 37,281 |
| Trust funds:  |          |        |        |        |        |        |        |        |
| (As shown in detail above) .....                        | BA       | 8      | 13     | 17     | 17     | 18     | 18     | 19     |
|   | O        | 9      | 10     | 14     | 17     | 17     | 18     | 19     |
| Deductions for offsetting receipts:                     |          |        |        |        |        |        |        |        |
| Offsetting governmental receipts .....                  | 376 BA/O | -8     | -13    | -17    | -17    | -17    | -17    | -17    |
| Total Trust funds .....                                 | BA       |        |        |        |        | 1      | 1      | 2      |
|   | O        | 1      | -3     | -3     |        |        | 1      | 2      |
| Total Department of Housing and Urban Development ..... | BA       | 34,578 | 34,475 | 34,981 | 35,408 | 36,202 | 37,026 | 37,898 |
|   | O        | 31,885 | 37,987 | 36,486 | 36,551 | 37,189 | 37,751 | 37,283 |

**DEPARTMENT OF THE INTERIOR**

(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <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 | 788            | 813      | 828  | 844  | 861  | 879  | 902  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 43             | 58       | 58   | 59   | 60   | 62   | 63   |
| Outlays .....   | O      | 821            | 843      | 891  | 899  | 916  | 937  | 960  |
| Management of lands and resources (gross) .....                     | BA     | 831            | 871      | 886  | 903  | 921  | 941  | 965  |
|   | O      | 821            | 843      | 891  | 899  | 916  | 937  | 960  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -22            | -25      | -25  | -25  | -26  | -27  | -27  |





**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate     |              |              |              |              |              |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| (Outlays) .....  | O      | 685            | 887          | 884          | 902          | 908          | 883          | 901          |
| Total Mineral leasing and associated payments .....                          | BA     | <b>685</b>     | <b>887</b>   | <b>884</b>   | <b>902</b>   | <b>908</b>   | <b>883</b>   | <b>901</b>   |
|  | O      | 685            | 887          | 884          | 902          | 908          | 883          | 901          |
| National forests fund, Payment to States:                                    |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 302 BA | 3              | 3            | 3            | 4            | 4            | 4            | 4            |
| Outlays .....  | O      | 3              | 3            | 3            | 4            | 4            | 4            | 4            |
| Leases of lands acquired for flood control, navigation, and allied purposes: |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 302 BA | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
| Outlays .....  | O      | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Intragovernmental Funds:</b>  |        |                |              |              |              |              |              |              |
| Interior Franchise Fund:   |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....              | 306 BA | <b>677</b>     | <b>990</b>   | <b>990</b>   | <b>900</b>   | <b>900</b>   | <b>900</b>   | <b>900</b>   |
| Outlays .....  | O      | 362            | 842          | 891          | 918          | 909          | 900          | 900          |
| Interior Franchise Fund (gross) .....  | BA     | <b>677</b>     | <b>990</b>   | <b>990</b>   | <b>900</b>   | <b>900</b>   | <b>900</b>   | <b>900</b>   |
|  | O      | 362            | 842          | 891          | 918          | 909          | 900          | 900          |
| Change in uncollected customer payments from Federal sources .....           | BA     | -107           | -90          | -90          |              |              |              |              |
| Offsetting collections from Federal sources .....                            |        | -570           | -900         | -900         | -900         | -900         | -900         | -900         |
| Total Interior Franchise Fund (net) .....                                    | BA     |                |              |              |              |              |              |              |
|  | O      | -208           | -58          | -9           | 18           | 9            |              |              |
| <i>Trust funds</i>   |        |                |              |              |              |              |              |              |
| Oil spill research:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA | 6              | 6            | 7            | 7            | 7            | 7            | 8            |
| Outlays .....  | O      | 6              | 6            | 7            | 8            | 8            | 9            | 9            |
| Total Federal funds Minerals Management Service .....                        | BA     | <b>840</b>     | <b>1,055</b> | <b>1,052</b> | <b>1,074</b> | <b>1,083</b> | <b>1,062</b> | <b>1,085</b> |
|  | O      | 627            | 997          | 1,048        | 1,091        | 1,091        | 1,059        | 1,082        |
| Total Trust funds Minerals Management Service .....                          | BA     | <b>6</b>       | <b>6</b>     | <b>7</b>     | <b>7</b>     | <b>7</b>     | <b>7</b>     | <b>8</b>     |
|  | O      | 6              | 6            | 7            | 8            | 8            | 9            | 9            |

*Office of Surface Mining Reclamation and Enforcement*  
*Federal funds*

|  |        |            |            |            |            |            |            |            |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| <b>General and Special Funds:</b>                                      |        |            |            |            |            |            |            |            |
| Regulation and technology:   |        |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                                     | 302 BA | 103        | 105        | 107        | 109        | 111        | 114        | 117        |
| Spending authority from offsetting collections, discretionary .....    | BA     | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Outlays .....  | O      | 109        | 103        | 107        | 110        | 111        | 114        | 117        |
| Regulation and technology (gross) .....                                | BA     | <b>104</b> | <b>106</b> | <b>108</b> | <b>110</b> | <b>112</b> | <b>115</b> | <b>118</b> |
|  | O      | 109        | 103        | 107        | 110        | 111        | 114        | 117        |
| Offsetting collections from Federal sources .....                      |        | -1         | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Regulation and technology (net) .....                            | BA     | <b>103</b> | <b>105</b> | <b>107</b> | <b>109</b> | <b>111</b> | <b>114</b> | <b>117</b> |
|  | O      | 108        | 102        | 106        | 109        | 110        | 113        | 116        |
| Abandoned mine reclamation fund<br>(Conservation and land management): |        |            |            |            |            |            |            |            |
| (Appropriation, discretionary) .....                                   | 302 BA | 203        | 174        | 174        | 177        | 181        | 185        | 190        |
| (Spending authority from offsetting collections, discretionary) .....  | BA     | 24         |            |            |            |            |            |            |
| (Outlays) .....  | O      | 197        | 137        | 160        | 185        | 180        | 179        | 183        |
| Abandoned mine reclamation fund (gross) .....                          | BA     | <b>227</b> | <b>174</b> | <b>174</b> | <b>177</b> | <b>181</b> | <b>185</b> | <b>190</b> |
|  | O      | 197        | 137        | 160        | 185        | 180        | 179        | 183        |
| Offsetting governmental collections (from non-Federal sources) .....   |        | -24        |            |            |            |            |            |            |
| Total (Conservation and land management) (net) .....                   | BA     | <b>203</b> | <b>174</b> | <b>174</b> | <b>177</b> | <b>181</b> | <b>185</b> | <b>190</b> |
|  | O      | 173        | 137        | 160        | 185        | 180        | 179        | 183        |
| (Health care services):  |        |            |            |            |            |            |            |            |
| (Appropriation, mandatory) .....                                       | 551 BA | 114        | 56         | 59         | 55         | 52         | 50         | 47         |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |    |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| (Outlays) .....  | O  | 114            | 56           | 59           | 55           | 52           | 50           | 47           |
| Total Abandoned mine reclamation fund .....                                    | BA | <b>317</b>     | <b>230</b>   | <b>233</b>   | <b>232</b>   | <b>233</b>   | <b>235</b>   | <b>237</b>   |
|  | O  | 287            | 193          | 219          | 240          | 232          | 229          | 230          |
| Total Federal funds Office of Surface Mining Reclamation and Enforcement ..... | BA | <b>420</b>     | <b>335</b>   | <b>340</b>   | <b>341</b>   | <b>344</b>   | <b>349</b>   | <b>354</b>   |
|  | O  | 395            | 295          | 325          | 349          | 342          | 342          | 346          |
| Total Federal funds Land and Minerals Management .....                         | BA | <b>3,265</b>   | <b>3,481</b> | <b>3,349</b> | <b>4,604</b> | <b>3,459</b> | <b>3,591</b> | <b>3,572</b> |
|  | O  | 3,123          | 3,343        | 3,392        | 4,620        | 3,435        | 3,556        | 3,537        |
| Total Trust funds Land and Minerals Management .....                           | BA | <b>20</b>      | <b>20</b>    | <b>21</b>    | <b>21</b>    | <b>21</b>    | <b>21</b>    | <b>22</b>    |
|  | O  | 21             | 20           | 21           | 22           | 22           | 23           | 23           |

**Water and Science**

*Bureau of Reclamation*

*Federal funds*

**General and Special Funds:**

Water and related resources:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 301 BA | <b>942</b> | <b>676</b> | <b>680</b> | <b>693</b> | <b>707</b> | <b>723</b> | <b>741</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>191</b> | <b>177</b> | <b>176</b> | <b>179</b> | <b>183</b> | <b>187</b> | <b>192</b> |
| Outlays .....   | O      | 890        | 942        | 935        | 945        | 883        | 900        | 924        |

|   |    |              |            |            |            |            |            |            |
|---|----|--------------|------------|------------|------------|------------|------------|------------|
| Water and related resources (gross) ..... | BA | <b>1,133</b> | <b>853</b> | <b>856</b> | <b>872</b> | <b>890</b> | <b>910</b> | <b>933</b> |
|   | O  | 890          | 942        | 935        | 945        | 883        | 900        | 924        |

|  |    |      |      |      |      |      |      |      |
|--|----|------|------|------|------|------|------|------|
| Change in uncollected customer payments from Federal sources ..... | BA | -1   |      |      |      |      |      |      |
| Offsetting collections from Federal sources .....                  |    | -140 | -140 | -129 | -131 | -134 | -137 | -141 |
| Offsetting collections from non-Federal sources .....              |    | -50  | -37  | -47  | -48  | -49  | -50  | -51  |

|   |    |            |            |            |            |            |            |            |
|---|----|------------|------------|------------|------------|------------|------------|------------|
| Total Water and related resources (net) ..... | BA | <b>942</b> | <b>676</b> | <b>680</b> | <b>693</b> | <b>707</b> | <b>723</b> | <b>741</b> |
|   | O  | 700        | 765        | 759        | 766        | 700        | 713        | 732        |

California Bay-Delta restoration:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 301 BA |    | 15 | 15 | 15 | 16 | 16 | 16 |
| Outlays .....                      | O      | 35 | 80 | 15 | 15 | 15 | 16 | 16 |

Policy and administration:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 301 BA | <b>53</b> | <b>55</b> | <b>57</b> | <b>58</b> | <b>59</b> | <b>61</b> | <b>62</b> |
| Outlays .....                      | O      | 54        | 59        | 57        | 58        | 59        | 60        | 62        |

Central Valley project restoration fund:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 301 BA | <b>55</b> | <b>49</b> | <b>40</b> | <b>41</b> | <b>42</b> | <b>42</b> | <b>44</b> |
| Outlays .....                      | O      | 47        | 88        | 42        | 41        | 41        | 42        | 43        |

Colorado River dam fund, Boulder Canyon project:

|                                |        |           |           |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 301 BA | <b>61</b> | <b>80</b> | <b>80</b> | <b>80</b> | <b>80</b> | <b>80</b> | <b>83</b> |
| Outlays .....                  | O      | 63        | 54        | 79        | 79        | 78        | 78        | 80        |

San Gabriel Basin restoration fund:

|                                    |        |           |    |  |  |  |  |  |
|------------------------------------|--------|-----------|----|--|--|--|--|--|
| Appropriation, discretionary ..... | 301 BA | <b>13</b> | -5 |  |  |  |  |  |
| Outlays .....                      | O      | 8         | 22 |  |  |  |  |  |

**Public Enterprise Funds:**

Lower Colorado River Basin development fund:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                              | 301 BA | <b>33</b>  | <b>34</b>  | <b>34</b>  | <b>35</b>  | <b>35</b>  | <b>36</b>  | <b>37</b>  |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>139</b> | <b>100</b> | <b>100</b> | <b>382</b> | <b>155</b> | <b>154</b> | <b>157</b> |
| Outlays .....   | O      | 124        | 197        | 133        | 201        | 260        | 169        | 167        |

|   |    |            |            |            |            |            |            |            |
|---|----|------------|------------|------------|------------|------------|------------|------------|
| Lower Colorado River Basin development fund (gross) ..... | BA | <b>172</b> | <b>134</b> | <b>134</b> | <b>417</b> | <b>190</b> | <b>190</b> | <b>194</b> |
|   | O  | 124        | 197        | 133        | 201        | 260        | 169        | 167        |

|  |    |      |      |      |      |      |      |      |
|--|----|------|------|------|------|------|------|------|
| Change in uncollected customer payments from Federal sources ..... | BA | -2   |      |      |      |      |      |      |
| Offsetting collections from non-Federal sources .....              |    | -137 | -100 | -100 | -382 | -155 | -154 | -157 |

|   |    |           |           |           |           |           |           |           |
|---|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Lower Colorado River Basin development fund (net) ..... | BA | <b>33</b> | <b>34</b> | <b>34</b> | <b>35</b> | <b>35</b> | <b>36</b> | <b>37</b> |
|   | O  | -13       | 97        | 33        | -181      | 105       | 15        | 10        |

Upper Colorado River Basin fund:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                              | 301 BA | <b>16</b> | <b>31</b> | <b>57</b> | <b>58</b> | <b>59</b> | <b>61</b> | <b>62</b> |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>62</b> | <b>66</b> | <b>80</b> | <b>80</b> | <b>80</b> | <b>80</b> | <b>80</b> |



**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |              |              |
|---|--------|----------------|------------|------------|------------|------------|--------------|--------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007         | 2008         |
| Outlays .....   | O      | 74             | 91         | 120        | 137        | 138        | 139          | 140          |
| Upper Colorado River Basin fund (gross) .....                       | BA     | <b>78</b>      | <b>97</b>  | <b>137</b> | <b>138</b> | <b>139</b> | <b>141</b>   | <b>142</b>   |
|   | O      | 74             | 91         | 120        | 137        | 138        | 139          | 140          |
| Offsetting collections from non-Federal sources .....               |        | -62            | -66        | -80        | -80        | -80        | -80          | -80          |
| Total Upper Colorado River Basin fund (net) .....                   | BA     | <b>16</b>      | <b>31</b>  | <b>57</b>  | <b>58</b>  | <b>59</b>  | <b>61</b>    | <b>62</b>    |
|   | O      | 12             | 25         | 40         | 57         | 58         | 59           | 60           |
| <b>Intragovernmental Funds:</b>                                     |        |                |            |            |            |            |              |              |
| Working capital fund:   |        |                |            |            |            |            |              |              |
| Appropriation, discretionary .....                                  | 301 BA |                |            | -5         | -5         | -5         | -5           | -5           |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>312</b>     | <b>321</b> | <b>327</b> | <b>333</b> | <b>340</b> | <b>347</b>   | <b>356</b>   |
| Outlays .....   | O      | 306            | 282        | 321        | 326        | 334        | 341          | 349          |
| Working capital fund (gross) .....                                  | BA     | <b>312</b>     | <b>321</b> | <b>322</b> | <b>328</b> | <b>335</b> | <b>342</b>   | <b>351</b>   |
|   | O      | 306            | 282        | 321        | 326        | 334        | 341          | 349          |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |            |            |            |            |              |              |
| Offsetting collections from Federal sources .....                   |        | -311           | -321       | -327       | -333       | -340       | -347         | -356         |
| Total Working capital fund (net) .....                              | BA     |                |            | -5         | -5         | -5         | -5           | -5           |
|   | O      | -5             | -39        | -6         | -7         | -6         | -6           | -7           |
| <b>Credit Accounts:</b>   |        |                |            |            |            |            |              |              |
| Bureau of Reclamation loan program account:                         |        |                |            |            |            |            |              |              |
| Appropriation, discretionary .....                                  | 301 BA | 7              |            |            |            |            |              |              |
| Outlays .....   | O      | 4              | 11         |            |            |            |              |              |
| Limitations on direct loan activity .....                           |        | (26)           |            |            |            |            |              |              |
| Bureau of Reclamation loan liquidating account:                     |        |                |            |            |            |            |              |              |
| Offsetting collections from non-Federal sources .....               | 301    |                | -2         | -3         | -3         | -3         | -3           | -3           |
| Bureau of Reclamation loan liquidating account (net) .....          | BA     |                | -2         | -3         | -3         | -3         | -3           | -3           |
|   | O      |                | -2         | -3         | -3         | -3         | -3           | -3           |
| <i>Trust funds</i>  |        |                |            |            |            |            |              |              |
| Reclamation trust funds:  |        |                |            |            |            |            |              |              |
| Appropriation, mandatory .....                                      | 301 BA | <b>24</b>      | <b>4</b>   | <b>10</b>  |            |            |              |              |
| Spending authority from offsetting collections, mandatory .....     | BA     | <b>-18</b>     |            |            |            |            |              |              |
| Outlays .....   | O      | 15             | 64         | 9          | 2          |            |              |              |
| Reclamation trust funds (gross) .....                               | BA     | <b>6</b>       | <b>4</b>   | <b>10</b>  |            |            |              |              |
|   | O      | 15             | 64         | 9          | 2          |            |              |              |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>18</b>      |            |            |            |            |              |              |
| Total Reclamation trust funds (net) .....                           | BA     | <b>24</b>      | <b>4</b>   | <b>10</b>  |            |            |              |              |
|   | O      | 15             | 64         | 9          | 2          |            |              |              |
| Total Federal funds Bureau of Reclamation .....                     | BA     | <b>1,180</b>   | <b>933</b> | <b>955</b> | <b>972</b> | <b>990</b> | <b>1,011</b> | <b>1,037</b> |
|   | O      | 905            | 1,160      | 1,016      | 825        | 1,047      | 974          | 993          |
| Total Trust funds Bureau of Reclamation .....                       | BA     | <b>24</b>      | <b>4</b>   | <b>10</b>  |            |            |              |              |
|   | O      | 15             | 64         | 9          | 2          |            |              |              |
| <i>Central Utah Project</i>   |        |                |            |            |            |            |              |              |
| <i>Federal funds</i>  |        |                |            |            |            |            |              |              |
| <b>General and Special Funds:</b>                                   |        |                |            |            |            |            |              |              |
| Central Utah Project completion account:                            |        |                |            |            |            |            |              |              |
| Appropriation, discretionary .....                                  | 301 BA | <b>25</b>      | <b>25</b>  | <b>29</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>    | <b>32</b>    |
| Outlays .....   | O      | 26             | 25         | 29         | 29         | 30         | 31           | 32           |
| Utah reclamation mitigation and conservation account:               |        |                |            |            |            |            |              |              |
| Appropriation, discretionary .....                                  | 301 BA | <b>15</b>      | <b>11</b>  | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>    | <b>10</b>    |
| Outlays .....   | O      | 14             | 13         | 11         | 9          | 9          | 10           | 10           |
| Total Federal funds Central Utah Project .....                      | BA     | <b>40</b>      | <b>36</b>  | <b>38</b>  | <b>39</b>  | <b>39</b>  | <b>41</b>    | <b>42</b>    |
|   | O      | 40             | 38         | 40         | 38         | 39         | 41           | 42           |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <i>United States Geological Survey</i>                              |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Surveys, investigations, and research:                              |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 306 BA | 914            | 867      | 896   | 912   | 931   | 951   | 976   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 388            | 358      | 346   | 352   | 360   | 367   | 377   |
| Outlays .....   | O      | 1,295          | 1,187    | 1,239 | 1,262 | 1,285 | 1,314 | 1,349 |
| Surveys, investigations, and research (gross) .....                 | BA     | 1,302          | 1,225    | 1,242 | 1,264 | 1,291 | 1,318 | 1,353 |
|   | O      | 1,295          | 1,187    | 1,239 | 1,262 | 1,285 | 1,314 | 1,349 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -138           |          |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....      | BA     | 133            |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                   |        | -349           | -327     | -316  | -322  | -328  | -336  | -344  |
| Offsetting collections from non-Federal sources .....               |        | -34            | -31      | -30   | -30   | -31   | -32   | -33   |
| Total Surveys, investigations, and research (net) .....             | BA     | 914            | 867      | 896   | 912   | 932   | 950   | 976   |
|   | O      | 912            | 829      | 893   | 910   | 926   | 946   | 972   |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Working capital fund:   |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....     | 306 BA | 42             | 38       | 39    | 39    | 40    | 42    | 42    |
| Outlays .....   | O      | 43             | 51       | 47    | 47    | 43    | 41    | 41    |
| Working capital fund (gross) .....                                  | BA     | 42             | 38       | 39    | 39    | 40    | 42    | 42    |
|   | O      | 43             | 51       | 47    | 47    | 43    | 41    | 41    |
| Change in uncollected customer payments from Federal sources .....  | BA     | 5              |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                   |        | -47            | -38      | -39   | -39   | -40   | -42   | -42   |
| Total Working capital fund (net) .....                              | BA     |                |          |       |       |       |       |       |
|   | O      | -4             | 13       | 8     | 8     | 3     | -1    | -1    |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Contributed funds:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 306 BA | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   | O      | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Total Federal funds United States Geological Survey .....           | BA     | 914            | 867      | 896   | 912   | 932   | 950   | 976   |
|   | O      | 908            | 842      | 901   | 918   | 929   | 945   | 971   |
| Total Trust funds United States Geological Survey .....             | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
|   | O      | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| <b>Bureau of Mines</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Mines and minerals:   |        |                |          |       |       |       |       |       |
| Outlays .....   | 306 O  | 1              |          |       |       |       |       |       |
| Total Federal funds Water and Science .....                         | BA     | 2,134          | 1,836    | 1,889 | 1,923 | 1,961 | 2,002 | 2,055 |
|   | O      | 1,854          | 2,040    | 1,957 | 1,781 | 2,015 | 1,960 | 2,006 |
| Total Trust funds Water and Science .....                           | BA     | 25             | 5        | 11    | 1     | 1     | 1     | 1     |
|   | O      | 16             | 65       | 10    | 3     | 1     | 1     | 1     |
| <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 .....                                  | 302 BA | 850            | 904      | 942   | 959   | 979   | 1,000 | 1,026 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 119            | 116      | 116   | 118   | 121   | 123   | 126   |
| Outlays .....   | O      | 938            | 1,058    | 1,090 | 1,117 | 1,109 | 1,133 | 1,159 |
| Resource management (gross) .....                                   | BA     | 969            | 1,020    | 1,058 | 1,077 | 1,100 | 1,123 | 1,152 |
|   | O      | 938            | 1,058    | 1,090 | 1,117 | 1,109 | 1,133 | 1,159 |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate   |            |              |              |              |              |
|--|-----------|----------------|------------|------------|--------------|--------------|--------------|--------------|
|  |           |                | 2003       | 2004       | 2005         | 2006         | 2007         | 2008         |
| Change in uncollected customer payments from Federal sources .....   | BA        | -12            | -12        | -12        | -79          | -81          | -83          | -85          |
| Offsetting collections from Federal sources .....                    |           | -85            | -78        | -78        | -79          | -81          | -83          | -85          |
| Offsetting collections from non-Federal sources .....                |           | -12            | -14        | -14        | -14          | -15          | -15          | -15          |
| Offsetting governmental collections (from non-Federal sources) ..... |           | -10            | -12        | -12        | -12          | -12          | -13          | -13          |
| <b>Total Resource management (net) .....</b>                         | <b>BA</b> | <b>850</b>     | <b>904</b> | <b>942</b> | <b>972</b>   | <b>992</b>   | <b>1,012</b> | <b>1,039</b> |
|  | <b>O</b>  | <b>831</b>     | <b>954</b> | <b>986</b> | <b>1,012</b> | <b>1,001</b> | <b>1,022</b> | <b>1,046</b> |
| <b>Construction:</b>   |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 44             | 35         | 35         | 36           | 36           | 37           | 38           |
| Spending authority from offsetting collections, discretionary .....  | BA        | 8              | 2          | 2          | 2            | 2            | 2            | 2            |
| Outlays .....  | O         | 86             | 60         | 65         | 49           | 47           | 38           | 40           |
| <b>Construction (gross) .....</b>                                    | <b>BA</b> | <b>52</b>      | <b>37</b>  | <b>37</b>  | <b>38</b>    | <b>38</b>    | <b>39</b>    | <b>40</b>    |
|  | <b>O</b>  | <b>86</b>      | <b>60</b>  | <b>65</b>  | <b>49</b>    | <b>47</b>    | <b>38</b>    | <b>40</b>    |
| Offsetting collections from Federal sources .....                    |           | -5             | -2         | -2         | -2           | -2           | -2           | -2           |
| Offsetting collections from non-Federal sources .....                |           | -3             |            |            |              |              |              |              |
| <b>Total Construction (net) .....</b>                                | <b>BA</b> | <b>44</b>      | <b>35</b>  | <b>35</b>  | <b>36</b>    | <b>36</b>    | <b>37</b>    | <b>38</b>    |
|  | <b>O</b>  | <b>78</b>      | <b>58</b>  | <b>63</b>  | <b>47</b>    | <b>45</b>    | <b>36</b>    | <b>38</b>    |
| <b>Multinational species conservation fund:</b>                      |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 7              | 5          | 7          | 7            | 7            | 7            | 8            |
| Outlays .....  | O         | 4              | 6          | 7          | 7            | 7            | 7            | 7            |
| <b>Commercial salmon fishery capacity reduction:</b>                 |           |                |            |            |              |              |              |              |
| Outlays .....  | 302 O     | 5              |            |            |              |              |              |              |
| <b>State and tribal wildlife grants:</b>                             |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 60             | 60         | 60         | 61           | 62           | 63           | 65           |
| Outlays .....  | O         | 3              | 56         | 60         | 57           | 61           | 62           | 64           |
| <b>Land acquisition:</b>   |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 94             | 70         | 41         | 42           | 43           | 44           | 45           |
| Spending authority from offsetting collections, discretionary .....  | BA        | 4              | 6          |            |              |              |              |              |
| Outlays .....  | O         | 95             | 94         | 63         | 45           | 42           | 43           | 44           |
| <b>Land acquisition (gross) .....</b>                                | <b>BA</b> | <b>98</b>      | <b>76</b>  | <b>41</b>  | <b>42</b>    | <b>43</b>    | <b>44</b>    | <b>45</b>    |
|  | <b>O</b>  | <b>95</b>      | <b>94</b>  | <b>63</b>  | <b>45</b>    | <b>42</b>    | <b>43</b>    | <b>44</b>    |
| Change in uncollected customer payments from Federal sources .....   | BA        | 2              |            |            |              |              |              |              |
| Offsetting collections from Federal sources .....                    |           | -6             | -6         |            |              |              |              |              |
| <b>Total Land acquisition (net) .....</b>                            | <b>BA</b> | <b>94</b>      | <b>70</b>  | <b>41</b>  | <b>42</b>    | <b>43</b>    | <b>44</b>    | <b>45</b>    |
|  | <b>O</b>  | <b>89</b>      | <b>88</b>  | <b>63</b>  | <b>45</b>    | <b>42</b>    | <b>43</b>    | <b>44</b>    |
| <b>Landowner incentive program:</b>                                  |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 40             | 50         | 40         | 41           | 42           | 42           | 44           |
| Outlays .....  | O         |                | 26         | 57         | 52           | 42           | 42           | 42           |
| <b>Stewardship grants:</b>   |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 10             | 10         | 10         | 10           | 10           | 11           | 11           |
| Outlays .....  | O         |                | 7          | 12         | 12           | 11           | 10           | 10           |
| <b>Wildlife conservation and appreciation fund:</b>                  |           |                |            |            |              |              |              |              |
| Outlays .....  | 302 O     | 1              | 1          |            |              |              |              |              |
| <b>Migratory bird conservation account:</b>                          |           |                |            |            |              |              |              |              |
| Appropriation, mandatory .....                                       | 303 BA    | 41             | 43         | 43         | 43           | 43           | 43           | 43           |
| Outlays .....  | O         | 50             | 43         | 43         | 43           | 43           | 43           | 43           |
| <b>North American wetlands conservation fund:</b>                    |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 44             | 44         | 50         | 51           | 52           | 53           | 54           |
| Appropriation, mandatory .....                                       | BA        | 1              | 1          | 1          | 1            | 1            | 1            | 1            |
| Outlays .....  | O         | 35             | 45         | 49         | 52           | 52           | 54           | 55           |
| <b>Total North American wetlands conservation fund .....</b>         | <b>BA</b> | <b>45</b>      | <b>45</b>  | <b>51</b>  | <b>52</b>    | <b>53</b>    | <b>54</b>    | <b>55</b>    |
|  | <b>O</b>  | <b>35</b>      | <b>45</b>  | <b>49</b>  | <b>52</b>    | <b>52</b>    | <b>54</b>    | <b>55</b>    |
| <b>Cooperative endangered species conservation fund:</b>             |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 302 BA    | 96             | 89         | 87         | 89           | 90           | 92           | 95           |
| Appropriation, mandatory .....                                       | BA        | 36             | 35         | 36         | 38           | 39           | 40           | 41           |
| Outlays .....  | O         | 71             | 134        | 128        | 126          | 127          | 130          | 132          |
| <b>Total Cooperative endangered species conservation fund .....</b>  | <b>BA</b> | <b>132</b>     | <b>124</b> | <b>123</b> | <b>127</b>   | <b>129</b>   | <b>132</b>   | <b>136</b>   |
|  | <b>O</b>  | <b>71</b>      | <b>134</b> | <b>128</b> | <b>126</b>   | <b>127</b>   | <b>130</b>   | <b>132</b>   |
| <b>National wildlife refuge fund:</b>                                |           |                |            |            |              |              |              |              |
| Appropriation, discretionary .....                                   | 806 BA    | 14             | 14         | 14         | 14           | 15           | 15           | 15           |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate     |              |              |              |              |              |
|--|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |           |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Appropriation, mandatory .....   | BA        | 6              | 6            | 6            | 6            | 6            | 6            | 6            |
| Outlays .....  | O         | 20             | 20           | 20           | 20           | 21           | 21           | 21           |
| <b>Total National wildlife refuge fund .....</b>                         | <b>BA</b> | <b>20</b>      | <b>20</b>    | <b>20</b>    | <b>20</b>    | <b>21</b>    | <b>21</b>    | <b>21</b>    |
|  | O         | 20             | 20           | 20           | 20           | 21           | 21           | 21           |
| Recreational fee demonstration program:                                  |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 4              | 4            | 4            | 4            | 4            | 4            | 4            |
| Outlays .....  | O         | 3              | 4            | 4            | 4            | 4            | 4            | 4            |
|  |           |                |              |              | B 4          | B 4          | B 4          | B 4          |
|  |           |                |              |              | B 3          | B 4          | B 4          | B 4          |
| <b>Total Recreational fee demonstration program .....</b>                | <b>BA</b> | <b>4</b>       | <b>4</b>     | <b>4</b>     | <b>8</b>     | <b>8</b>     | <b>8</b>     | <b>8</b>     |
|  | O         | 3              | 4            | 4            | 7            | 8            | 8            | 8            |
| Federal aid in wildlife restoration:                                     |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 213            | 237          | 238          | 257          | 265          | 281          | 299          |
| Outlays .....  | O         | 227            | 230          | 229          | 232          | 246          | 256          | 271          |
| Miscellaneous permanent appropriations:                                  |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 302 BA    | 2              | 3            | 3            | 2            | 2            | 2            | 2            |
| Outlays .....  | O         | 3              | 3            | 3            | 3            | 3            | 3            | 3            |
|  |           |                |              |              |              |              |              |              |
|  |           |                |              |              |              |              |              |              |
| Sport fish restoration:  |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 357            | 330          | 337          | 363          | 377          | 392          | 404          |
| Outlays .....  | O         | 291            | 330          | 333          | 346          | 357          | 373          | 388          |
| Contributed funds:   |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 302 BA    | 3              | 4            | 4            | 4            | 4            | 4            | 4            |
| Outlays .....  | O         | 3              | 3            | 4            | 4            | 4            | 4            | 4            |
| <b>Total Federal funds United States Fish and Wildlife Service .....</b> | <b>BA</b> | <b>1,562</b>   | <b>1,610</b> | <b>1,617</b> | <b>1,678</b> | <b>1,713</b> | <b>1,757</b> | <b>1,814</b> |
|  | O         | 1,420          | 1,675        | 1,724        | 1,715        | 1,709        | 1,737        | 1,784        |
| <b>Total Trust funds United States Fish and Wildlife Service .....</b>   | <b>BA</b> | <b>360</b>     | <b>334</b>   | <b>341</b>   | <b>367</b>   | <b>381</b>   | <b>396</b>   | <b>408</b>   |
|  | O         | 294            | 333          | 337          | 350          | 361          | 377          | 392          |

*National Park Service*

*Federal funds*

**General and Special Funds:**

Operation of the national park system:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 303 BA | 1,486 | 1,585 | 1,632 | 1,662 | 1,696 | 1,734 | 1,777 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 18    | 15    | 15    | 15    | 16    | 16    | 16    |
| Outlays .....   | O      | 1,470 | 1,560 | 1,647 | 1,670 | 1,703 | 1,740 | 1,783 |

|  |           |              |              |              |              |              |              |              |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Operation of the national park system (gross) .....</b> | <b>BA</b> | <b>1,504</b> | <b>1,600</b> | <b>1,647</b> | <b>1,677</b> | <b>1,712</b> | <b>1,750</b> | <b>1,793</b> |
|  | O         | 1,470        | 1,560        | 1,647        | 1,670        | 1,703        | 1,740        | 1,783        |

|   |  |     |     |     |     |     |     |     |
|---|--|-----|-----|-----|-----|-----|-----|-----|
| Offsetting collections from non-Federal sources ..... |  | -18 | -15 | -15 | -15 | -16 | -16 | -16 |
|---|--|-----|-----|-----|-----|-----|-----|-----|

|  |           |              |              |              |              |              |              |              |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Operation of the national park system (net) .....</b> | <b>BA</b> | <b>1,486</b> | <b>1,585</b> | <b>1,632</b> | <b>1,662</b> | <b>1,696</b> | <b>1,734</b> | <b>1,777</b> |
|  | O         | 1,452        | 1,545        | 1,632        | 1,655        | 1,687        | 1,724        | 1,767        |

United States park police:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 303 BA | 91 | 78 | 79 | 80 | 83 | 84 | 86 |
| Outlays .....                      | O      | 82 | 81 | 82 | 80 | 81 | 83 | 86 |

National recreation and preservation:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 303 BA | 66 | 47 | 48 | 49 | 50 | 51 | 52 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 62 | 52 | 49 | 50 | 50 | 51 | 53 |

|   |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>National recreation and preservation (gross) .....</b> | <b>BA</b> | <b>67</b> | <b>48</b> | <b>49</b> | <b>50</b> | <b>51</b> | <b>52</b> | <b>53</b> |
|   | O         | 62        | 52        | 49        | 50        | 50        | 51        | 53        |

|  |  |    |    |    |    |    |    |    |
|--|--|----|----|----|----|----|----|----|
| Offsetting governmental collections (from non-Federal sources) ..... |  | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
|--|--|----|----|----|----|----|----|----|

|   |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Total National recreation and preservation (net) .....</b> | <b>BA</b> | <b>66</b> | <b>47</b> | <b>48</b> | <b>49</b> | <b>50</b> | <b>51</b> | <b>52</b> |
|   | O         | 61        | 51        | 48        | 49        | 49        | 50        | 52        |

Urban park and recreation fund:

|                                    |        |    |    |    |   |  |  |  |
|------------------------------------|--------|----|----|----|---|--|--|--|
| Appropriation, discretionary ..... | 303 BA | 30 |    |    |   |  |  |  |
| Outlays .....                      | O      | 1  | 25 | 26 | 9 |  |  |  |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |                  |                  |                  |                  |
|---|--------|----------------|----------|-------|------------------|------------------|------------------|------------------|
|   |        |                | 2003     | 2004  | 2005             | 2006             | 2007             | 2008             |
| <b>Construction and major maintenance:</b>                          |        |                |          |       |                  |                  |                  |                  |
| Appropriation, discretionary .....                                  | 303 BA | 388            | 323      | 327   | 332              | 340              | 347              | 356              |
| Spending authority from offsetting collections, discretionary ..... | BA     | 105            | 90       | 90    | 92               | 94               | 96               | 98               |
| Outlays .....   | O      | 409            | 465      | 463   | 448              | 431              | 431              | 440              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Construction and major maintenance (gross) .....                    | BA     | 493            | 413      | 417   | 424              | 434              | 443              | 454              |
|   | O      | 409            | 465      | 463   | 448              | 431              | 431              | 440              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -10            | -9       | -9    |                  |                  |                  |                  |
| Offsetting collections from Federal sources .....                   |        | -51            | -43      | -43   | -44              | -45              | -46              | -47              |
| Offsetting collections from non-Federal sources .....               |        | -44            | -38      | -38   | -39              | -39              | -40              | -41              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Construction and major maintenance (net) .....                | BA     | 388            | 323      | 327   | 341              | 350              | 357              | 366              |
|   | O      | 314            | 384      | 382   | 365              | 347              | 345              | 352              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <b>Land acquisition and State assistance:</b>                       |        |                |          |       |                  |                  |                  |                  |
| Appropriation, discretionary .....                                  | 303 BA | 274            | 286      | 239   | 243              | 248              | 254              | 260              |
| Contract authority, discretionary .....                             | BA     | -30            | -30      | -30   | -31              | -31              | -32              | -33              |
| Contract authority, mandatory .....                                 | BA     | 30             | 30       | 30    | 30               | 30               | 30               | 30               |
| Outlays .....   | O      | 167            | 193      | 183   | 226              | 254              | 255              | 248              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Land acquisition and State assistance (gross) .....                 | BA     | 274            | 286      | 239   | 242              | 247              | 252              | 257              |
|   | O      | 167            | 193      | 183   | 226              | 254              | 255              | 248              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Change in uncollected customer payments from Federal sources .....  | BA     | 9              |          |       |                  |                  |                  |                  |
| Offsetting collections from Federal sources .....                   |        | -9             |          |       |                  |                  |                  |                  |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Land acquisition and State assistance (net) .....             | BA     | 274            | 286      | 239   | 242              | 247              | 252              | 257              |
|   | O      | 158            | 193      | 183   | 226              | 254              | 255              | 248              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <b>Recreation fee permanent appropriations:</b>                     |        |                |          |       |                  |                  |                  |                  |
| Appropriation, mandatory .....                                      | 303 BA | 148            | 148      | 149   | 25               | 25               | 25               | 25               |
|   |        |                |          |       | <sup>B</sup> 129 | <sup>B</sup> 131 | <sup>B</sup> 133 | <sup>B</sup> 135 |
| Outlays .....   | O      | 120            | 172      | 168   | 154              | 112              | 78               | 52               |
|   |        |                |          |       | <sup>B</sup> 16  | <sup>B</sup> 39  | <sup>B</sup> 78  | <sup>B</sup> 118 |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Recreation fee permanent appropriations .....                 | BA     | 148            | 148      | 149   | 154              | 156              | 158              | 160              |
|   | O      | 120            | 172      | 168   | 170              | 151              | 156              | 170              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <b>Historic preservation fund:</b>                                  |        |                |          |       |                  |                  |                  |                  |
| Appropriation, discretionary .....                                  | 303 BA | 74             | 67       | 67    | 69               | 69               | 71               | 73               |
| Outlays .....   | O      | 71             | 104      | 113   | 109              | 84               | 71               | 72               |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <b>Other permanent appropriations:</b>                              |        |                |          |       |                  |                  |                  |                  |
| Appropriation, mandatory .....                                      | 303 BA | 79             | 81       | 90    | 95               | 98               | 98               | 104              |
| Outlays .....   | O      | 68             | 82       | 89    | 95               | 97               | 98               | 103              |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <i>Trust funds</i>  |        |                |          |       |                  |                  |                  |                  |
| <b>Construction (trust fund):</b>                                   |        |                |          |       |                  |                  |                  |                  |
| Outlays .....   | 401 O  | 2              | 4        | 1     |                  |                  |                  |                  |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| <b>Miscellaneous trust funds:</b>                                   |        |                |          |       |                  |                  |                  |                  |
| Appropriation, mandatory .....                                      | 303 BA | 15             | 15       | 15    | 15               | 15               | 15               | 15               |
| Spending authority from offsetting collections, mandatory .....     | BA     |                | 2        |       |                  |                  |                  |                  |
| Outlays .....   | O      | 16             | 15       | 15    | 15               | 15               | 15               | 15               |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Miscellaneous trust funds (gross) .....                             | BA     | 15             | 17       | 15    | 15               | 15               | 15               | 15               |
|   | O      | 16             | 15       | 15    | 15               | 15               | 15               | 15               |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Offsetting collections from non-Federal sources .....               |        |                | -2       |       |                  |                  |                  |                  |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Miscellaneous trust funds (net) .....                         | BA     | 15             | 15       | 15    | 15               | 15               | 15               | 15               |
|   | O      | 16             | 13       | 15    | 15               | 15               | 15               | 15               |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Federal funds National Park Service .....                     | BA     | 2,636          | 2,615    | 2,631 | 2,692            | 2,749            | 2,805            | 2,875            |
|   | O      | 2,327          | 2,637    | 2,723 | 2,758            | 2,750            | 2,782            | 2,850            |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Trust funds National Park Service .....                       | BA     | 15             | 15       | 15    | 15               | 15               | 15               | 15               |
|   | O      | 18             | 17       | 16    | 15               | 15               | 15               | 15               |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Federal funds Fish and Wildlife and Parks .....               | BA     | 4,198          | 4,225    | 4,248 | 4,370            | 4,462            | 4,562            | 4,689            |
|   | O      | 3,747          | 4,312    | 4,447 | 4,473            | 4,459            | 4,519            | 4,634            |
| <hr/>   |        |                |          |       |                  |                  |                  |                  |
| Total Trust funds Fish and Wildlife and Parks .....                 | BA     | 375            | 349      | 356   | 382              | 396              | 411              | 423              |
|   | O      | 312            | 350      | 353   | 365              | 376              | 392              | 407              |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   | 2002<br>actual | estimate |       |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
|   |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |       |
| <b>Indian Affairs</b>   |                |          |       |       |       |       |       |       |
| <b>Bureau of Indian Affairs</b>                                       |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>  |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |                |          |       |       |       |       |       |       |
| Operation of Indian programs  |                |          |       |       |       |       |       |       |
| (Conservation and land management):                                   |                |          |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 302 BA         | 133      | 136   | 140   | 143   | 146   | 149   | 153   |
| (Reappropriation, discretionary) .....                                | BA             | 1        |       |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA             | 2        | 2     | 3     | 3     | 3     | 3     | 3     |
| (Outlays) .....   | O              | 134      | 140   | 138   | 144   | 147   | 150   | 154   |
| Operation of Indian programs (gross) .....                            | BA             | 136      | 138   | 143   | 146   | 149   | 152   | 156   |
|   | O              | 134      | 140   | 138   | 144   | 147   | 150   | 154   |
| Offsetting collections from Federal sources .....                     |                | -1       | -1    | -2    | -2    | -2    | -2    | -2    |
| Offsetting collections from non-Federal sources .....                 |                | -1       | -1    | -1    | -1    | -1    | -1    | -1    |
| Total (Conservation and land management) (net) .....                  | BA             | 134      | 136   | 140   | 143   | 146   | 149   | 153   |
|   | O              | 132      | 138   | 135   | 141   | 144   | 147   | 151   |
| (Area and regional development):                                      |                |          |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 452 BA         | 1,041    | 1,066 | 1,097 | 1,118 | 1,140 | 1,165 | 1,195 |
| (Reappropriation, discretionary) .....                                | BA             | 9        |       |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA             | 5        | 5     | 6     | 6     | 6     | 6     | 7     |
| (Outlays) .....   | O              | 1,101    | 1,061 | 1,060 | 1,115 | 1,138 | 1,162 | 1,191 |
| Operation of Indian programs (gross) .....                            | BA             | 1,189    | 1,207 | 1,243 | 1,267 | 1,292 | 1,320 | 1,355 |
|   | O              | 1,233    | 1,199 | 1,195 | 1,256 | 1,282 | 1,309 | 1,342 |
| Offsetting collections from Federal sources .....                     |                | -4       | -4    | -5    | -5    | -5    | -5    | -5    |
| Offsetting collections from non-Federal sources .....                 |                | -1       | -1    | -1    | -1    | -1    | -1    | -1    |
| Total (Area and regional development) (net) .....                     | BA             | 1,050    | 1,066 | 1,097 | 1,118 | 1,140 | 1,165 | 1,196 |
|   | O              | 1,096    | 1,056 | 1,054 | 1,109 | 1,132 | 1,156 | 1,185 |
| (Elementary, secondary, and vocational education):                    |                |          |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 501 BA         | 615      | 633   | 653   | 665   | 679   | 693   | 711   |
| (Spending authority from offsetting collections, discretionary) ..... | BA             | 158      | 161   | 162   | 165   | 168   | 172   | 176   |
| (Outlays) .....   | O              | 781      | 787   | 789   | 825   | 841   | 860   | 880   |
| Operation of Indian programs (gross) .....                            | BA             | 1,957    | 1,996 | 2,052 | 2,091 | 2,133 | 2,179 | 2,236 |
|   | O              | 2,009    | 1,981 | 1,978 | 2,075 | 2,117 | 2,163 | 2,216 |
| (Change in uncollected customer payments from Federal sources) .....  | BA             | -12      |       |       | -46   | -49   | -51   | -51   |
| (Portion of cash collections credited to expired accounts) .....      | BA             | 15       |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |                | -156     | -153  | -153  | -156  | -159  | -163  | -167  |
| Offsetting collections from non-Federal sources .....                 |                | -5       | -8    | -9    | -9    | -9    | -10   | -10   |
| Total (Elementary, secondary, and vocational education) (net) .....   | BA             | 615      | 633   | 653   | 619   | 630   | 641   | 659   |
|   | O              | 620      | 626   | 627   | 660   | 673   | 687   | 703   |
| Total Operation of Indian programs .....                              | BA             | 1,799    | 1,835 | 1,890 | 1,880 | 1,916 | 1,955 | 2,008 |
|   | O              | 1,848    | 1,820 | 1,816 | 1,910 | 1,949 | 1,990 | 2,039 |
| Construction:   |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 452 BA         | 357      | 345   | 346   | 352   | 360   | 368   | 377   |
| Spending authority from offsetting collections, discretionary .....   | BA             | 45       | 20    | 21    | 21    | 22    | 22    | 23    |
| Outlays .....   | O              | 297      | 331   | 355   | 365   | 373   | 379   | 388   |
| Construction (gross) .....  | BA             | 402      | 365   | 367   | 373   | 382   | 390   | 400   |
|   | O              | 297      | 331   | 355   | 365   | 373   | 379   | 388   |
| Change in uncollected customer payments from Federal sources .....    | BA             | -25      |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |                | -9       | -6    | -6    | -6    | -6    | -6    | -7    |
| Offsetting collections from non-Federal sources .....                 |                | -11      | -14   | -15   | -15   | -16   | -16   | -16   |
| Total Construction (net) .....  | BA             | 357      | 345   | 346   | 352   | 360   | 368   | 377   |
|   | O              | 277      | 311   | 334   | 344   | 351   | 357   | 365   |
| Indian land consolidation:  |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 452 BA         | 11       | 8     | 21    | 21    | 22    | 22    | 23    |
| Outlays .....   | O              | 8        | 15    | 19    | 21    | 22    | 22    | 23    |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>White Earth settlement fund:</b>   |        |                |          |       |       |       |       |       |
| Appropriation, mandatory  | 452 BA | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| Outlays   | O      | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| <b>Indian land and water claim settlements and miscellaneous payments to Indians:</b> |        |                |          |       |       |       |       |       |
| Appropriation, discretionary  | 452 BA | 61             | 58       | 51    | 52    | 53    | 54    | 56    |
| Outlays   | O      | 62             | 58       | 52    | 52    | 53    | 54    | 55    |
| <b>Operation and maintenance of quarters:</b>   |        |                |          |       |       |       |       |       |
| Appropriation, mandatory  | 452 BA | 5              | 5        | 5     | 5     | 5     | 5     | 5     |
| Outlays   | O      | 4              | 4        | 4     | 4     | 5     | 5     | 5     |
| <b>Miscellaneous permanent appropriations:</b>  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory  | 452 BA | 78             | 83       | 85    | 82    | 85    | 86    | 87    |
| Outlays   | O      | 76             | 83       | 83    | 84    | 83    | 85    | 86    |
| <b>Credit Accounts:</b>   |        |                |          |       |       |       |       |       |
| <b>Indian direct loan program account:</b>  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory  | 452 BA |                | 2        |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                             | BA     |                | 2        |       |       |       |       |       |
| Outlays   | O      |                | 4        |       |       |       |       |       |
| Indian direct loan program account (gross)  | BA     |                | 4        |       |       |       |       |       |
|   | O      |                | 4        |       |       |       |       |       |
| Offsetting collections from Federal sources   |        |                | -2       |       |       |       |       |       |
| Total Indian direct loan program account (net)  | BA     |                | 2        |       |       |       |       |       |
|   | O      |                | 2        |       |       |       |       |       |
| <b>Revolving fund for loans liquidating account:</b>                                  |        |                |          |       |       |       |       |       |
| Offsetting collections from non-Federal sources                                       | 452    | -4             | -4       | -4    | -1    | -1    | -1    | -1    |
| Revolving fund for loans liquidating account (net)                                    | BA     | -4             | -4       | -4    | -1    | -1    | -1    | -1    |
|   | O      | -4             | -4       | -4    | -1    | -1    | -1    | -1    |
| <b>Indian guaranteed loan program account:</b>  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary  | 452 BA | 5              | 5        | 6     | 6     | 6     | 6     | 7     |
| Outlays   | O      | 4              | 5        | 5     | 6     | 6     | 6     | 6     |
| Limitation on loan guarantee commitments  |        | (75)           | (72)     | (84)  | (86)  | (87)  | (89)  | (92)  |
| <b>Indian loan guaranty and insurance fund liquidating account:</b>                   |        |                |          |       |       |       |       |       |
| Appropriation, mandatory  | 452 BA | 1              |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                             | BA     | 2              | 1        | 1     | 2     | 2     | 2     | 2     |
| Outlays   | O      |                | 1        | 1     | 2     | 2     | 2     | 2     |
| Indian loan guaranty and insurance fund liquidating account (gross)                   | BA     | 3              | 1        | 1     | 2     | 2     | 2     | 2     |
|   | O      |                | 1        | 1     | 2     | 2     | 2     | 2     |
| Offsetting collections from non-Federal sources                                       |        | -2             | -1       | -1    | -2    | -2    | -2    | -2    |
| Total Indian loan guaranty and insurance fund liquidating account (net)               | BA     | 1              |          |       |       |       |       |       |
|   | O      | -2             |          |       |       |       |       |       |
| Total Federal funds Bureau of Indian Affairs  | BA     | 2,316          | 2,340    | 2,403 | 2,400 | 2,449 | 2,498 | 2,565 |
|   | O      | 2,276          | 2,297    | 2,312 | 2,423 | 2,471 | 2,521 | 2,581 |

**Departmental Offices**

*Departmental Management*  
*Federal funds*

**General and Special Funds:**

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| <b>Salaries and expenses:</b>                                 |        |    |     |     |     |     |     |     |
| Appropriation, discretionary                                  | 306 BA | 70 | 79  | 97  | 99  | 101 | 103 | 106 |
| Spending authority from offsetting collections, discretionary | BA     | 24 | 25  | 25  | 25  | 26  | 27  | 27  |
| Outlays   | O      | 92 | 104 | 123 | 124 | 127 | 130 | 132 |
| Salaries and expenses (gross)                                 | BA     | 94 | 104 | 122 | 124 | 127 | 130 | 133 |
|   | O      | 92 | 104 | 123 | 124 | 127 | 130 | 132 |
| Change in uncollected customer payments from Federal sources  | BA     | -7 |     |     |     |     |     |     |
| Portion of cash collections credited to expired accounts      | BA     | 7  |     |     |     |     |     |     |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| Offsetting collections from Federal sources .....               |        | -24            | -25        | -25        | -25        | -26        | -27        | -27        |
| Total Salaries and expenses (net) .....                         | BA     | <b>70</b>      | <b>79</b>  | <b>97</b>  | <b>99</b>  | <b>101</b> | <b>103</b> | <b>106</b> |
|   | O      | 68             | 79         | 98         | 99         | 101        | 103        | 105        |
| Payments in lieu of taxes:                                      |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                              | 806 BA | <b>210</b>     | <b>165</b> | <b>200</b> | <b>204</b> | <b>208</b> | <b>212</b> | <b>217</b> |
| Outlays .....   | O      | 214            | 165        | 200        | 204        | 208        | 212        | 217        |
| Management of Federal lands for subsistence uses:               |        |                |            |            |            |            |            |            |
| Outlays .....   | 302 O  | 1              | 2          |            |            |            |            |            |
| Everglades watershed protection:                                |        |                |            |            |            |            |            |            |
| Outlays .....   | 303 O  | 5              | 6          |            |            |            |            |            |
| Everglades restoration account:                                 |        |                |            |            |            |            |            |            |
| Outlays .....   | 303 O  |                | 1          | 1          |            |            |            |            |
| Priority Federal land acquisitions and exchanges:               |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                              | 303 BA |                | <b>3</b>   |            |            |            |            |            |
| Outlays .....   | O      | 13             | 25         |            |            |            |            |            |
| <b>Intragovernmental Funds:</b>                                 |        |                |            |            |            |            |            |            |
| Working capital fund:   |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory ..... | 306 BA | <b>512</b>     | <b>486</b> | <b>508</b> | <b>508</b> | <b>508</b> | <b>508</b> | <b>508</b> |
| Outlays .....   | O      | 457            | 492        | 531        | 508        | 508        | 508        | 508        |
| Working capital fund (gross) .....                              | BA     | <b>512</b>     | <b>486</b> | <b>508</b> | <b>508</b> | <b>508</b> | <b>508</b> | <b>508</b> |
|   | O      | 457            | 492        | 531        | 508        | 508        | 508        | 508        |
| Offsetting collections from Federal sources .....               |        | -512           | -486       | -508       | -508       | -508       | -508       | -508       |
| Total Working capital fund (net) .....                          | BA     |                |            |            |            |            |            |            |
|   | O      | -55            | 6          | 23         |            |            |            |            |
| Total Federal funds Departmental Management .....               | BA     | <b>280</b>     | <b>247</b> | <b>297</b> | <b>303</b> | <b>309</b> | <b>315</b> | <b>323</b> |
|   | O      | 246            | 284        | 322        | 303        | 309        | 315        | 322        |

*Insular Affairs*

*Federal funds*

**General and Special Funds:**

|  |        |            |            |             |             |             |             |             |
|--|--------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Assistance to territories:   |        |            |            |             |             |             |             |             |
| Appropriation, discretionary .....   | 808 BA | <b>49</b>  | <b>42</b>  | <b>43</b>   | <b>44</b>   | <b>45</b>   | <b>46</b>   | <b>47</b>   |
| Appropriation, mandatory .....   | BA     | <b>28</b>  | <b>28</b>  | <b>28</b>   | <b>28</b>   | <b>28</b>   | <b>28</b>   | <b>28</b>   |
| Outlays .....  | O      | 84         | 78         | 79          | 81          | 82          | 84          | 84          |
| Assistance to territories (gross) .....                                    | BA     | <b>77</b>  | <b>70</b>  | <b>71</b>   | <b>72</b>   | <b>73</b>   | <b>74</b>   | <b>75</b>   |
|  | O      | 84         | 78         | 79          | 81          | 82          | 84          | 84          |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>1</b>   |            |             |             |             |             |             |
| Offsetting collections from Federal sources .....                          |        | -1         |            |             |             |             |             |             |
| Total Assistance to territories (net) .....                                | BA     | <b>77</b>  | <b>70</b>  | <b>71</b>   | <b>72</b>   | <b>73</b>   | <b>74</b>   | <b>75</b>   |
|  | O      | 83         | 78         | 79          | 81          | 82          | 84          | 84          |
| Trust Territory of the Pacific Islands:                                    |        |            |            |             |             |             |             |             |
| Outlays .....  | 808 O  | 2          | 2          | 2           | 2           | 2           | 2           | 2           |
| Compact of free association:   |        |            |            |             |             |             |             |             |
| Appropriation, discretionary .....   | 808 BA | <b>9</b>   | <b>9</b>   | <b>4</b>    | <b>4</b>    | <b>4</b>    | <b>4</b>    | <b>4</b>    |
| Appropriation, mandatory .....   | BA     | <b>160</b> | <b>158</b> | <b>160</b>  | <b>160</b>  | <b>162</b>  | <b>164</b>  | <b>165</b>  |
| Outlays .....  | O      | 197        | 191        | 192         | 192         | 167         | 169         | 170         |
|  |        |            |            | <i>B 19</i> | <i>B 20</i> | <i>B 21</i> | <i>B 22</i> | <i>B 23</i> |
|  |        |            |            | <i>B 19</i> | <i>B 20</i> | <i>B 21</i> | <i>B 22</i> | <i>B 23</i> |
| Total Compact of free association .....                                    | BA     | <b>169</b> | <b>167</b> | <b>183</b>  | <b>184</b>  | <b>187</b>  | <b>190</b>  | <b>192</b>  |
|  | O      | 197        | 191        | 211         | 212         | 188         | 191         | 193         |
| Payments to the United States territories, fiscal assistance:              |        |            |            |             |             |             |             |             |
| Appropriation, mandatory .....   | 806 BA | <b>134</b> | <b>122</b> | <b>122</b>  | <b>122</b>  | <b>122</b>  | <b>122</b>  | <b>122</b>  |
| Spending authority from offsetting collections, mandatory .....            | BA     | <b>3</b>   |            |             |             |             |             |             |
| Outlays .....  | O      | 137        | 122        | 122         | 122         | 122         | 122         | 122         |
| Payments to the United States territories, fiscal assistance (gross) ..... | BA     | <b>137</b> | <b>122</b> | <b>122</b>  | <b>122</b>  | <b>122</b>  | <b>122</b>  | <b>122</b>  |
|  | O      | 137        | 122        | 122         | 122         | 122         | 122         | 122         |



**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |      |      |      |      |      |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....                          |    | -3             |          |      |      |      |      |      |
| Total Payments to the United States territories, fiscal assistance (net) ..... | BA | 134            | 122      | 122  | 122  | 122  | 122  | 122  |
|  | O  | 134            | 122      | 122  | 122  | 122  | 122  | 122  |
| Total Federal funds Insular Affairs .....                                      | BA | 380            | 359      | 376  | 378  | 382  | 386  | 389  |
|  | O  | 416            | 393      | 414  | 417  | 394  | 399  | 401  |

*Office of the Solicitor*

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Salaries and expenses:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 306 BA | 45 | 48 | 50 | 51 | 52 | 53 | 54 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  | 6  | 6  | 6  | 6  | 6  | 7  |
| Outlays .....   | O      | 48 | 52 | 56 | 58 | 59 | 60 | 62 |
| Salaries and expenses (gross) .....                                 | BA     | 49 | 54 | 56 | 57 | 58 | 59 | 61 |
|   | O      | 48 | 52 | 56 | 58 | 59 | 60 | 62 |
| Offsetting collections from Federal sources .....                   |        | -4 | -6 | -6 | -6 | -6 | -6 | -7 |
| Total Salaries and expenses (net) .....                             | BA     | 45 | 48 | 50 | 51 | 52 | 53 | 54 |
|   | O      | 44 | 46 | 50 | 52 | 53 | 54 | 55 |

*Office of Inspector General*

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Salaries and expenses:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 306 BA | 34 | 37 | 39 | 40 | 41 | 41 | 42 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3  | 3  | 3  | 3  | 3  | 3  | 3  |
| Outlays .....   | O      | 36 | 39 | 42 | 43 | 43 | 44 | 45 |
| Salaries and expenses (gross) .....                                 | BA     | 37 | 40 | 42 | 43 | 44 | 44 | 45 |
|   | O      | 36 | 39 | 42 | 43 | 43 | 44 | 45 |
| Offsetting collections from Federal sources .....                   |        | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Salaries and expenses (net) .....                             | BA     | 34 | 37 | 39 | 40 | 41 | 41 | 42 |
|   | O      | 33 | 36 | 39 | 40 | 40 | 41 | 42 |

*Natural Resources Damage Assessment and Restoration*

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Natural resource damage assessment fund:            |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                  | 302 BA | 5  | 6  | 6  | 6  | 6  | 6  | 7  |
| Appropriation, mandatory .....                      | BA     | 15 | 44 | 49 | 40 | 35 | 35 | 35 |
| Outlays .....                                       | O      | 17 | 27 | 34 | 34 | 35 | 32 | 36 |
| Total Natural resource damage assessment fund ..... | BA     | 20 | 50 | 55 | 46 | 41 | 41 | 42 |
|   | O      | 17 | 27 | 34 | 34 | 35 | 32 | 36 |

*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 | 99  | 151 | 275 | 280 | 286 | 292 | 300 |
| Spending authority from offsetting collections, discretionary .....  | BA     | 1   | 11  | 11  | 11  | 11  | 12  | 12  |
| Outlays .....  | O      | 104 | 145 | 249 | 290 | 295 | 303 | 310 |
| Office of the Special Trustee for American Indians (gross) .....     | BA     | 100 | 162 | 286 | 291 | 297 | 304 | 312 |
|  | O      | 104 | 145 | 249 | 290 | 295 | 303 | 310 |
| Offsetting collections from Federal sources .....                    |        | -1  | -11 | -11 | -11 | -11 | -12 | -12 |
| Total Office of the Special Trustee for American Indians (net) ..... | BA     | 99  | 151 | 275 | 280 | 286 | 292 | 300 |
|  | O      | 103 | 134 | 238 | 279 | 284 | 291 | 298 |



**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account                                    |          | 2002<br>actual | estimate |                  |                  |                  |                  |                  |
|--|----------|----------------|----------|------------------|------------------|------------------|------------------|------------------|
|  |          |                | 2003     | 2004             | 2005             | 2006             | 2007             | 2008             |
| Proprietary receipts from the public ..... | 301 BA/O | -280           | -284     | -267             | -267             | -278             | -280             | -285             |
|  | 302 BA/O | -1,562         | -2,212   | -1,991           | -2,062           | -2,072           | -2,045           | -2,090           |
|  |          |                |          | <sup>B</sup> -10 | <sup>B</sup> -16 | <sup>B</sup> -25 | <sup>B</sup> -33 | <sup>B</sup> -41 |
|  | 303 BA/O | -225           | -225     | -234             | -99              | -101             | -102             | -105             |
|  |          |                |          |                  | <sup>B</sup> -48 | <sup>B</sup> -49 | <sup>B</sup> -51 | <sup>B</sup> -52 |
|  | 306 BA/O | -1             | -4       | -8               | -8               | -7               | -7               | -7               |
|  | 452 BA/O | -335           | -349     | -359             | -373             | -387             | -403             | -421             |
| 908 BA/O                                   | -8       | -8             | -8       | -8               | -7               | -7               | -7               |                  |
| Total Federal funds .....                  | BA       | 10,390         | 9,759    | 10,140           | 11,519           | 10,542           | 10,885           | 11,122           |
|  | O        | 9,435          | 9,940    | 10,365           | 11,545           | 10,595           | 10,792           | 11,004           |
| Trust funds:                               |          |                |          |                  |                  |                  |                  |                  |
| (As shown in detail above) .....           | BA       | 492            | 449      | 467              | 487              | 505              | 524              | 542              |
|  | O        | 418            | 514      | 463              | 473              | 486              | 507              | 527              |
| Deductions for offsetting receipts:        |          |                |          |                  |                  |                  |                  |                  |
| Proprietary receipts from the public ..... | 301 BA/O | -24            | -4       | -10              |                  |                  |                  |                  |
|  | 302 BA/O | -17            | -18      | -18              | -18              | -18              | -18              | -18              |
|  | 306 BA/O | -1             | -1       | -1               | -1               | -1               |                  |                  |
|  | 452 BA/O | -40            | -41      | -43              | -45              | -48              | -50              | -53              |
|  | 908 BA/O | -5             | -5       | -5               | -6               | -6               | -6               | -6               |
| Total Trust funds .....                    | BA       | 405            | 380      | 390              | 417              | 432              | 450              | 465              |
|  | O        | 331            | 445      | 386              | 403              | 413              | 433              | 450              |
| Interfund transactions .....               | 452 BA/O | -27            | -28      | -29              | -31              | -32              | -34              | -36              |
| Total Department of the Interior .....     | BA       | 10,768         | 10,111   | 10,501           | 11,905           | 10,942           | 11,301           | 11,551           |
|  | O        | 9,739          | 10,357   | 10,722           | 11,917           | 10,976           | 11,191           | 11,418           |

**DEPARTMENT OF JUSTICE**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>General Administration</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Salaries and expenses   |        |                |          |      |      |      |      |      |
| (Defense-related activities):   |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 054 BA | 43             | 34       | 34   | 35   | 35   | 36   | 37   |
| (Reappropriation, discretionary) .....                                | BA     | 2              |          |      |      |      |      |      |
| (Outlays) .....   | O      | 30             | 30       | 34   | 35   | 35   | 36   | 37   |
| Total (Defense-related activities) .....                              | BA     | 45             | 34       | 34   | 35   | 35   | 36   | 37   |
|   | O      | 30             | 30       | 34   | 35   | 35   | 36   | 37   |
| (Federal law enforcement activities):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 751 BA | 90             | 105      | 134  | 136  | 140  | 142  | 146  |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 38             | 33       | 33   | 34   | 34   | 35   | 36   |
| (Outlays) .....   | O      | 130            | 143      | 164  | 170  | 173  | 177  | 181  |
| Salaries and expenses (gross) .....                                   | BA     | 173            | 172      | 201  | 205  | 209  | 213  | 219  |
|   | O      | 160            | 173      | 198  | 205  | 208  | 213  | 218  |
| (Portion of cash collections credited to expired accounts) .....      | BA     | 14             |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                     |        | -52            | -33      | -33  | -34  | -34  | -35  | -36  |
| Total (Federal law enforcement activities) (net) .....                | BA     | 90             | 105      | 134  | 136  | 140  | 142  | 146  |
|   | O      | 78             | 110      | 131  | 136  | 139  | 142  | 145  |
| Total Salaries and expenses .....                                     | BA     | 135            | 139      | 168  | 171  | 175  | 178  | 183  |
|   | O      | 108            | 140      | 165  | 171  | 174  | 178  | 182  |
| Identification systems integration:                                   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 1              | 24       | 34   | 35   | 35   | 36   | 37   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 17             |          |      |      |      |      |      |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O      | 23             | 21         | 34         | 34         | 35         | 36         | 37         |
| Identification systems integration (gross) .....   | BA     | <b>18</b>      | <b>24</b>  | <b>34</b>  | <b>35</b>  | <b>35</b>  | <b>36</b>  | <b>37</b>  |
|  | O      | 23             | 21         | 34         | 34         | 35         | 36         | 37         |
| Change in uncollected customer payments from Federal sources .....                         | BA     | <b>-13</b>     |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....  |        | <b>-4</b>      |            |            |            |            |            |            |
| Total Identification systems integration (net) .....                                       | BA     | <b>1</b>       | <b>24</b>  | <b>34</b>  | <b>35</b>  | <b>35</b>  | <b>36</b>  | <b>37</b>  |
|  | O      | 19             | 21         | 34         | 34         | 35         | 36         | 37         |
| <b>Narrowband communications:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 751 BA | <b>54</b>      | <b>108</b> | <b>140</b> | <b>143</b> | <b>146</b> | <b>149</b> | <b>153</b> |
| Spending authority from offsetting collections, discretionary .....                        | BA     | <b>30</b>      | <b>9</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
| Outlays .....  | O      | 94             | 202        | 187        | 198        | 151        | 154        | 158        |
| Narrowband communications (gross) .....  | BA     | <b>84</b>      | <b>117</b> | <b>145</b> | <b>148</b> | <b>151</b> | <b>154</b> | <b>158</b> |
|  | O      | 94             | 202        | 187        | 198        | 151        | 154        | 158        |
| Change in uncollected customer payments from Federal sources .....                         | BA     | <b>-7</b>      |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....  |        | <b>-23</b>     | <b>-9</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  | <b>-5</b>  |
| Total Narrowband communications (net) .....  | BA     | <b>54</b>      | <b>108</b> | <b>140</b> | <b>143</b> | <b>146</b> | <b>149</b> | <b>153</b> |
|  | O      | 71             | 193        | 182        | 193        | 146        | 149        | 153        |
| <b>Counterterrorism fund:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 751 BA | <b>5</b>       |            |            |            |            |            |            |
| Outlays .....  | O      | 33             |            |            |            |            |            |            |
| <b>Telecommunications carrier compliance fund</b><br>(Federal law enforcement activities): |        |                |            |            |            |            |            |            |
| (Outlays) .....  | 751 O  | 109            | 94         | 34         |            |            |            |            |
| Telecommunications carrier compliance fund (gross) .....                                   | O      | 109            | 94         | 34         |            |            |            |            |
| (Change in uncollected customer payments from Federal sources) .....                       | BA     | <b>40</b>      |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....  |        | <b>-40</b>     |            |            |            |            |            |            |
| Total (Federal law enforcement activities) (net) .....                                     | BA     |                |            |            |            |            |            |            |
|  | O      | 69             | 94         | 34         |            |            |            |            |
| Total Telecommunications carrier compliance fund .....                                     | BA     |                |            |            |            |            |            |            |
|  | O      | 69             | 94         | 34         |            |            |            |            |
| <b>Administrative review and appeals:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 751 BA | <b>176</b>     | <b>194</b> | <b>197</b> | <b>200</b> | <b>205</b> | <b>209</b> | <b>214</b> |
| Reappropriation, discretionary .....   | BA     | <b>1</b>       |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                        | BA     | <b>1</b>       |            |            |            |            |            |            |
| Outlays .....  | O      | 186            | 192        | 197        | 201        | 204        | 209        | 214        |
| Administrative review and appeals (gross) .....  | BA     | <b>178</b>     | <b>194</b> | <b>197</b> | <b>200</b> | <b>205</b> | <b>209</b> | <b>214</b> |
|  | O      | 186            | 192        | 197        | 201        | 204        | 209        | 214        |
| Change in uncollected customer payments from Federal sources .....                         | BA     | <b>-1</b>      |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....  |        | <b>-1</b>      |            |            |            |            |            |            |
| Total Administrative review and appeals (net) .....  | BA     | <b>176</b>     | <b>194</b> | <b>197</b> | <b>200</b> | <b>205</b> | <b>209</b> | <b>214</b> |
|  | O      | 185            | 192        | 197        | 201        | 204        | 209        | 214        |
| <b>Detention trustee:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 753 BA | <b>1</b>       | <b>774</b> | <b>810</b> | <b>825</b> | <b>842</b> | <b>861</b> | <b>882</b> |
| Spending authority from offsetting collections, discretionary .....                        | BA     | <b>1</b>       |            |            |            |            |            |            |
| Outlays .....  | O      | 2              | 658        | 805        | 823        | 840        | 857        | 879        |
| Detention trustee (gross) .....  | BA     | <b>2</b>       | <b>774</b> | <b>810</b> | <b>825</b> | <b>842</b> | <b>861</b> | <b>882</b> |
|  | O      | 2              | 658        | 805        | 823        | 840        | 857        | 879        |
| Change in uncollected customer payments from Federal sources .....                         | BA     | <b>-1</b>      |            |            |            |            |            |            |
| Total Detention trustee (net) .....  | BA     | <b>1</b>       | <b>774</b> | <b>810</b> | <b>825</b> | <b>842</b> | <b>861</b> | <b>882</b> |
|  | O      | 2              | 658        | 805        | 823        | 840        | 857        | 879        |
| <b>Office of Inspector General:</b>  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 751 BA | <b>50</b>      | <b>63</b>  | <b>62</b>  | <b>63</b>  | <b>64</b>  | <b>66</b>  | <b>67</b>  |
| Spending authority from offsetting collections, discretionary .....                        | BA     | <b>15</b>      | <b>15</b>  | <b>16</b>  | <b>16</b>  | <b>17</b>  | <b>17</b>  | <b>17</b>  |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....  | O      | 62             | 73       | 78    | 79    | 82    | 83    | 84    |
| Office of Inspector General (gross) .....                          | BA     | 65             | 78       | 78    | 79    | 81    | 83    | 84    |
|  | O      | 62             | 73       | 78    | 79    | 82    | 83    | 84    |
| Change in uncollected customer payments from Federal sources ..... | BA     | -9             |          |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....     | BA     | 4              |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                  |        | -10            | -15      | -16   | -16   | -17   | -17   | -17   |
| Total Office of Inspector General (net) .....                      | BA     | 50             | 63       | 62    | 63    | 64    | 66    | 67    |
|  | O      | 52             | 58       | 62    | 63    | 65    | 66    | 67    |
| <b>Intragovernmental Funds:</b>                                    |        |                |          |       |       |       |       |       |
| Working capital fund:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                 | 751 BA | 151            |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....    | BA     | 795            | 850      | 865   | 875   | 885   | 895   | 905   |
| Outlays .....  | O      | 912            | 850      | 865   | 875   | 885   | 895   | 905   |
| Working capital fund (gross) .....                                 | BA     | 946            | 850      | 865   | 875   | 885   | 895   | 905   |
|  | O      | 912            | 850      | 865   | 875   | 885   | 895   | 905   |
| Change in uncollected customer payments from Federal sources ..... | BA     | -5             |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                  |        | -790           | -850     | -865  | -875  | -885  | -895  | -905  |
| Total Working capital fund (net) .....                             | BA     | 151            |          |       |       |       |       |       |
|  | O      | 122            |          |       |       |       |       |       |
| Total Federal funds General Administration .....                   | BA     | 573            | 1,302    | 1,411 | 1,437 | 1,467 | 1,499 | 1,536 |
|  | O      | 661            | 1,356    | 1,479 | 1,485 | 1,464 | 1,495 | 1,532 |

**United States Parole Commission**

Federal funds

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 751 BA | 10 | 11 | 11 | 11 | 11 | 12 | 12 |
| Outlays .....                      | O      | 10 | 10 | 12 | 13 | 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 | 565 | 645 | 665 | 678 | 691 | 707 | 725   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 261 | 276 | 273 | 278 | 284 | 290 | 297   |
| Outlays .....   | O      | 862 | 909 | 934 | 953 | 973 | 994 | 1,018 |

|   |    |     |     |     |     |     |     |       |
|---|----|-----|-----|-----|-----|-----|-----|-------|
| Salaries and expenses, General Legal Activities (gross) ..... | BA | 826 | 921 | 938 | 956 | 975 | 997 | 1,022 |
|   | O  | 862 | 909 | 934 | 953 | 973 | 994 | 1,018 |

|   |  |      |      |      |      |      |      |      |
|---|--|------|------|------|------|------|------|------|
| Offsetting collections from Federal sources ..... |  | -261 | -276 | -273 | -278 | -284 | -290 | -297 |
|---|--|------|------|------|------|------|------|------|

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total Salaries and expenses, General Legal Activities (net) ..... | BA | 565 | 645 | 665 | 678 | 691 | 707 | 725 |
|   | O  | 601 | 633 | 661 | 675 | 689 | 704 | 721 |

Legal activities office automation:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 752 BA | 16 | 16 | 33 | 34 | 34 | 35 | 36 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  | 61 | 33 | 34 | 34 | 35 | 36 |
| Outlays .....   | O      | 1  | 83 | 69 | 75 | 77 | 80 | 82 |

|  |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|
| Legal activities office automation (gross) ..... | BA | 20 | 77 | 66 | 68 | 68 | 70 | 72 |
|  | O  | 1  | 83 | 69 | 75 | 77 | 80 | 82 |

|  |    |    |     |     |     |     |     |     |
|--|----|----|-----|-----|-----|-----|-----|-----|
| Change in uncollected customer payments from Federal sources ..... | BA | -3 |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                  |    | -1 | -61 | -33 | -34 | -34 | -35 | -36 |

|  |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|
| Total Legal activities office automation (net) ..... | BA | 16 | 16 | 33 | 34 | 34 | 35 | 36 |
|  | O  |    | 22 | 36 | 41 | 43 | 45 | 46 |

Salaries and expenses, Antitrust Division:

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 752 BA | 53 |     |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary ..... | BA     | 69 | 138 | 142 | 145 | 148 | 151 | 155 |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....   | O      | 122            | 127          | 140          | 144          | 147          | 150          | 154          |
| Salaries and expenses, Antitrust Division (gross) .....                 | BA     | <b>122</b>     | <b>138</b>   | <b>142</b>   | <b>145</b>   | <b>148</b>   | <b>151</b>   | <b>155</b>   |
|   | O      | 122            | 127          | 140          | 144          | 147          | 150          | 154          |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>8</b>       |              |              |              |              |              |              |
| Offsetting collections from non-Federal sources .....                   |        | -77            | -150         | -159         | -162         | -165         | -169         | -173         |
| Total Salaries and expenses, Antitrust Division (net) .....             | BA     | <b>53</b>      | <b>-12</b>   | <b>-17</b>   | <b>-17</b>   | <b>-17</b>   | <b>-18</b>   | <b>-18</b>   |
|   | O      | 45             | -23          | -19          | -18          | -18          | -19          | -19          |
| Salaries and expenses, United States Attorneys:                         |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 752 BA | <b>1,396</b>   | <b>1,506</b> | <b>1,557</b> | <b>1,587</b> | <b>1,618</b> | <b>1,654</b> | <b>1,696</b> |
| Reappropriation, discretionary .....                                    | BA     | <b>9</b>       |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>149</b>     | <b>151</b>   | <b>159</b>   | <b>162</b>   | <b>165</b>   | <b>169</b>   | <b>173</b>   |
| Outlays .....   | O      | 1,526          | 1,649        | 1,707        | 1,744        | 1,778        | 1,818        | 1,863        |
| Salaries and expenses, United States Attorneys (gross) .....            | BA     | <b>1,554</b>   | <b>1,657</b> | <b>1,716</b> | <b>1,749</b> | <b>1,783</b> | <b>1,823</b> | <b>1,869</b> |
|   | O      | 1,526          | 1,649        | 1,707        | 1,744        | 1,778        | 1,818        | 1,863        |
| Offsetting collections from Federal sources .....                       |        | -149           | -151         | -159         | -162         | -165         | -169         | -173         |
| Total Salaries and expenses, United States Attorneys (net) .....        | BA     | <b>1,405</b>   | <b>1,506</b> | <b>1,557</b> | <b>1,587</b> | <b>1,618</b> | <b>1,654</b> | <b>1,696</b> |
|   | O      | 1,377          | 1,498        | 1,548        | 1,582        | 1,613        | 1,649        | 1,690        |
| Salaries and expenses, Foreign Claims Settlement Commission:            |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 153 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            |
| Salaries and expenses, United States Marshals Service:                  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 752 BA | <b>643</b>     | <b>691</b>   | <b>721</b>   | <b>735</b>   | <b>749</b>   | <b>766</b>   | <b>785</b>   |
| Reappropriation, discretionary .....                                    | BA     | <b>3</b>       |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>49</b>      | <b>44</b>    | <b>37</b>    | <b>38</b>    | <b>38</b>    | <b>39</b>    | <b>40</b>    |
| Outlays .....   | O      | 664            | 729          | 755          | 771          | 786          | 803          | 823          |
| Salaries and expenses, United States Marshals Service (gross) .....     | BA     | <b>695</b>     | <b>735</b>   | <b>758</b>   | <b>773</b>   | <b>787</b>   | <b>805</b>   | <b>825</b>   |
|   | O      | 664            | 729          | 755          | 771          | 786          | 803          | 823          |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>-34</b>     |              |              |              |              |              |              |
| Portion of cash collections credited to expired accounts .....          | BA     | <b>27</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                       |        | -39            | -41          | -34          | -35          | -35          | -36          | -37          |
| Offsetting collections from non-Federal sources .....                   |        | -3             | -3           | -3           | -3           | -3           | -3           | -3           |
| Total Salaries and expenses, United States Marshals Service (net) ..... | BA     | <b>646</b>     | <b>691</b>   | <b>721</b>   | <b>735</b>   | <b>749</b>   | <b>766</b>   | <b>785</b>   |
|   | O      | 622            | 685          | 718          | 733          | 748          | 764          | 783          |
| Construction:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 751 BA | <b>24</b>      | <b>15</b>    |              |              |              |              |              |
| Outlays .....   | O      | 9              | 2            | 6            | 8            | 1            |              |              |
| Federal prisoner detention:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 752 BA | <b>676</b>     |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>38</b>      |              |              |              |              |              |              |
| Outlays .....   | O      | 688            | 110          | 49           |              |              |              |              |
| Federal prisoner detention (gross) .....                                | BA     | <b>714</b>     |              |              |              |              |              |              |
|   | O      | 688            | 110          | 49           |              |              |              |              |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>-21</b>     |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                       |        | -17            |              |              |              |              |              |              |
| Total Federal prisoner detention (net) .....                            | BA     | <b>676</b>     |              |              |              |              |              |              |
|   | O      | 671            | 110          | 49           |              |              |              |              |
| Fees and expenses of witnesses:   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 752 BA | <b>156</b>     | <b>156</b>   | <b>156</b>   | <b>165</b>   | <b>168</b>   | <b>171</b>   | <b>174</b>   |
| Outlays .....   | O      | 126            | 165          | 156          | 163          | 168          | 170          | 173          |
| Salaries and expenses, Community Relations Service:                     |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 752 BA | <b>9</b>       | <b>9</b>     | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>11</b>    | <b>11</b>    |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>1</b>       |              |              |              |              |              |              |
| Outlays .....   | O      | 10             | 8            | 11           | 11           | 12           | 12           | 12           |
| Salaries and expenses, Community Relations Service (gross) .....        | BA     | <b>10</b>      | <b>9</b>     | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>11</b>    | <b>11</b>    |
|   | O      | 10             | 8            | 11           | 11           | 12           | 12           | 12           |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>-1</b>      |              |              |              |              |              |              |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate     |                  |                  |                  |                  | 2008             |
|--|-----------|----------------|--------------|------------------|------------------|------------------|------------------|------------------|
|  |           |                | 2003         | 2004             | 2005             | 2006             | 2007             |                  |
| Portion of cash collections credited to expired accounts .....                                   | BA        | 1              |              |                  |                  |                  |                  |                  |
| Offsetting collections from Federal sources .....  |           | -1             |              |                  |                  |                  |                  |                  |
| <b>Total Salaries and expenses, Community Relations Service (net) .....</b>                      | <b>BA</b> | <b>9</b>       | <b>9</b>     | <b>10</b>        | <b>10</b>        | <b>10</b>        | <b>11</b>        | <b>11</b>        |
|  | O         | 9              | 8            | 11               | 11               | 12               | 12               | 12               |
| <b>Independent counsel:</b>  |           |                |              |                  |                  |                  |                  |                  |
| Appropriation, mandatory .....   | 752 BA    | 10             | 10           | 10               | 10               | 10               | 10               | 10               |
| Outlays .....  | O         | 5              | 10           | 10               | 10               | 10               | 10               | 10               |
| <b>September 11th victim compensation (general fund):</b>  |           |                |              |                  |                  |                  |                  |                  |
| Appropriation, mandatory .....   | 754 BA    | 60             | 2,700        | 2,361            |                  |                  |                  |                  |
| Outlays .....  | O         | 20             | 2,740        | 2,361            |                  |                  |                  |                  |
| <b>United States trustee system fund:</b>  |           |                |              |                  |                  |                  |                  |                  |
| Appropriation, discretionary .....   | 752 BA    | 180            | 168          | 175              | 178              | 182              | 186              | 191              |
| Spending authority from offsetting collections, discretionary .....                              | BA        | -32            |              |                  |                  |                  |                  |                  |
| Outlays .....  | O         | 141            | 160          | 173              | 178              | 182              | 185              | 190              |
| <b>United States trustee system fund (gross) .....</b>   | <b>BA</b> | <b>148</b>     | <b>168</b>   | <b>175</b>       | <b>178</b>       | <b>182</b>       | <b>186</b>       | <b>191</b>       |
|  | O         | 141            | 160          | 173              | 178              | 182              | 185              | 190              |
| Offsetting collections from Federal sources .....  |           | -1             |              |                  |                  |                  |                  |                  |
| <b>Total United States trustee system fund (net) .....</b>                                       | <b>BA</b> | <b>147</b>     | <b>168</b>   | <b>175</b>       | <b>178</b>       | <b>182</b>       | <b>186</b>       | <b>191</b>       |
|  | O         | 140            | 160          | 173              | 178              | 182              | 185              | 190              |
| <b>Assets forfeiture fund:</b>   |           |                |              |                  |                  |                  |                  |                  |
| Appropriation, discretionary .....   | 752 BA    | 23             | 23           | 23               | 23               | 24               | 24               | 25               |
| Appropriation, mandatory .....   | BA        | 345            | 422          | 377              | 380              | 387              | 395              | 402              |
|  |           |                |              | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 |
| Spending authority from offsetting collections, discretionary .....                              | BA        | 8              | 3            | 3                | 3                | 3                | 3                | 3                |
| Outlays .....  | O         | 438            | 496          | 500              | 417              | 410              | 417              | 425              |
|  |           |                |              | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 | <sup>B</sup> 221 |
| <b>Assets forfeiture fund (gross) .....</b>  | <b>BA</b> | <b>376</b>     | <b>448</b>   | <b>624</b>       | <b>627</b>       | <b>635</b>       | <b>643</b>       | <b>651</b>       |
|  | O         | 438            | 496          | 721              | 638              | 631              | 638              | 646              |
| Offsetting collections from Federal sources .....  |           | -8             | -3           | -3               | -3               | -3               | -3               | -3               |
| <b>Total Assets forfeiture fund (net) .....</b>  | <b>BA</b> | <b>368</b>     | <b>445</b>   | <b>621</b>       | <b>624</b>       | <b>632</b>       | <b>640</b>       | <b>648</b>       |
|  | O         | 430            | 493          | 718              | 635              | 628              | 635              | 643              |
| <b>Intragovernmental Funds:</b>  |           |                |              |                  |                  |                  |                  |                  |
| <b>Justice prisoner and alien transportation system, U.S. Marshals Service:</b>                  |           |                |              |                  |                  |                  |                  |                  |
| Spending authority from offsetting collections, discretionary .....                              | 752 BA    | 83             | 85           | 76               | 77               | 79               | 81               | 83               |
| Outlays .....  | O         | 79             | 85           | 77               | 78               | 79               | 81               | 83               |
| <b>Justice prisoner and alien transportation system, U.S. Marshals Service (gross) .....</b>     | <b>BA</b> | <b>83</b>      | <b>85</b>    | <b>76</b>        | <b>77</b>        | <b>79</b>        | <b>81</b>        | <b>83</b>        |
|  | O         | 79             | 85           | 77               | 78               | 79               | 81               | 83               |
| Offsetting collections from Federal sources .....  |           | -83            | -85          | -76              | -77              | -79              | -81              | -83              |
| <b>Total Justice prisoner and alien transportation system, U.S. Marshals Service (net) .....</b> | <b>BA</b> | <b>-4</b>      | <b>1</b>     | <b>1</b>         | <b>1</b>         | <b>1</b>         | <b>1</b>         | <b>1</b>         |
|  | O         |                |              |                  |                  |                  |                  |                  |
| <b>Total Federal funds Legal Activities and U.S. Marshals .....</b>                              | <b>BA</b> | <b>4,136</b>   | <b>6,350</b> | <b>6,293</b>     | <b>4,005</b>     | <b>4,078</b>     | <b>4,163</b>     | <b>4,259</b>     |
|  | O         | 4,052          | 6,504        | 6,430            | 4,020            | 4,077            | 4,156            | 4,250            |

**Radiation Exposure Compensation**

Federal funds

**General and Special Funds:**

Administrative expenses:

|  |           |          |          |  |  |  |  |  |
|--|-----------|----------|----------|--|--|--|--|--|
| Appropriation, discretionary .....         | 054 BA    | 1        | 2        |  |  |  |  |  |
| Reappropriation, discretionary .....       | BA        | 1        |          |  |  |  |  |  |
| Outlays .....                              | O         | 2        | 2        |  |  |  |  |  |
| <b>Total Administrative expenses .....</b> | <b>BA</b> | <b>2</b> | <b>2</b> |  |  |  |  |  |
|  | O         | 2        | 2        |  |  |  |  |  |

Payment to radiation exposure compensation trust fund:

|                                |        |     |     |     |    |    |    |    |
|--------------------------------|--------|-----|-----|-----|----|----|----|----|
| Appropriation, mandatory ..... | 054 BA | 172 | 143 | 107 | 65 | 47 | 29 | 29 |
| Outlays .....                  | O      | 172 | 143 | 107 | 65 | 47 | 29 | 29 |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <i>Trust funds</i>  |        |                |          |      |      |      |      |      |
| Radiation exposure compensation trust fund:               |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                            | 054 BA | 172            | 143      | 107  | 65   | 47   | 29   | 29   |
| Outlays .....   | O      | 194            | 172      | 121  | 82   | 54   | 36   | 29   |
| Total Federal funds Radiation Exposure Compensation ..... | BA     | 174            | 145      | 107  | 65   | 47   | 29   | 29   |
|   | O      | 174            | 145      | 107  | 65   | 47   | 29   | 29   |
| Total Trust funds Radiation Exposure Compensation .....   | BA     | 172            | 143      | 107  | 65   | 47   | 29   | 29   |
|   | O      | 194            | 172      | 121  | 82   | 54   | 36   | 29   |

**Interagency Law Enforcement**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Interagency crime and drug enforcement: |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....      | 751 BA | 338 | 362 | 542 | 552 | 563 | 576 | 590 |
| Outlays .....                           | O      | 350 | 298 | 498 | 550 | 561 | 573 | 587 |

**Federal Bureau of Investigation**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses   |        |       |       |       |       |       |       |       |
| (Defense-related activities):   |        |       |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 054 BA | 459   | 475   | 490   | 499   | 509   | 521   | 534   |
| (Outlays) .....   | O      | 325   | 425   | 476   | 495   | 506   | 516   | 529   |
| (Federal law enforcement activities):                                 |        |       |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 751 BA | 3,707 | 3,722 | 4,150 | 4,227 | 4,313 | 4,409 | 4,521 |
| (Reappropriation, discretionary) .....                                | BA     | 71    | 43    |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 669   | 621   | 633   | 645   | 658   | 672   | 690   |
| (Outlays) .....   | O      | 3,823 | 4,076 | 4,642 | 4,824 | 4,934 | 5,046 | 5,170 |
| Salaries and expenses (gross) .....                                   | BA     | 4,906 | 4,861 | 5,273 | 5,371 | 5,480 | 5,602 | 5,745 |
|   | O      | 4,148 | 4,501 | 5,118 | 5,319 | 5,440 | 5,562 | 5,699 |
| Offsetting collections from Federal sources .....                     |        | -575  | -542  | -552  | -562  | -574  | -586  | -601  |
| Offsetting collections from non-Federal sources .....                 |        | -94   | -79   | -81   | -83   | -84   | -86   | -88   |
| Total (Federal law enforcement activities) (net) .....                | BA     | 3,778 | 3,765 | 4,150 | 4,227 | 4,313 | 4,409 | 4,522 |
|   | O      | 3,154 | 3,455 | 4,009 | 4,179 | 4,276 | 4,374 | 4,481 |
| Total Salaries and expenses .....                                     | BA     | 4,237 | 4,240 | 4,640 | 4,726 | 4,822 | 4,930 | 5,056 |
|   | O      | 3,479 | 3,880 | 4,485 | 4,674 | 4,782 | 4,890 | 5,010 |
| Construction:   |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 751 BA | 57    | 1     |       |       |       |       |       |
| Outlays .....   | O      | 35    | 23    | 15    | 4     |       |       |       |
| Total Federal funds Federal Bureau of Investigation .....             | BA     | 4,294 | 4,241 | 4,640 | 4,726 | 4,822 | 4,930 | 5,056 |
|   | O      | 3,514 | 3,903 | 4,500 | 4,678 | 4,782 | 4,890 | 5,010 |

**Drug Enforcement Administration**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses:  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 751 BA | 1,488 | 1,546 | 1,559 | 1,588 | 1,620 | 1,657 | 1,698 |
| Reappropriation, discretionary .....                                | BA     | 11    |       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | BA     | 226   | 233   | 260   | 265   | 270   | 276   | 283   |
| Outlays .....   | O      | 1,739 | 1,717 | 1,800 | 1,845 | 1,879 | 1,919 | 1,967 |
| Salaries and expenses (gross) .....                                 | BA     | 1,725 | 1,779 | 1,819 | 1,853 | 1,890 | 1,933 | 1,981 |
|   | O      | 1,739 | 1,717 | 1,800 | 1,845 | 1,879 | 1,919 | 1,967 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -50   |       |       |       |       |       |       |
| Portion of cash collections credited to expired accounts .....      | BA     | 50    |       |       |       |       |       |       |



**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from Federal sources .....         |        | -226           | -233         | -260         | -265         | -270         | -276         | -283         |
| Total Salaries and expenses (net) .....                   | BA     | <b>1,499</b>   | <b>1,546</b> | <b>1,559</b> | <b>1,588</b> | <b>1,620</b> | <b>1,657</b> | <b>1,698</b> |
|   | O      | 1,513          | 1,484        | 1,540        | 1,580        | 1,609        | 1,643        | 1,684        |
| Construction:   |        |                |              |              |              |              |              |              |
| Outlays .....   | 751 O  | 11             | 3            | 3            |              |              |              |              |
| Diversion control fee account:                            |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                            | 751 BA | <b>82</b>      | <b>114</b>   | <b>119</b>   | <b>99</b>    | <b>102</b>   | <b>102</b>   | <b>102</b>   |
| Outlays .....   | O      | 77             | 107          | 114          | 103          | 104          | 102          | 103          |
| Total Federal funds Drug Enforcement Administration ..... | BA     | <b>1,581</b>   | <b>1,660</b> | <b>1,678</b> | <b>1,687</b> | <b>1,722</b> | <b>1,759</b> | <b>1,800</b> |
|   | O      | 1,601          | 1,594        | 1,657        | 1,683        | 1,713        | 1,745        | 1,787        |

**Bureau of Alcohol, Tobacco, Firearms, and Explosives**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 751 BA | <b>779</b> | <b>801</b> | <b>852</b> | <b>868</b> | <b>885</b> | <b>905</b> | <b>928</b> |
| Reappropriation, discretionary .....                                | BA     | <b>2</b>   | <b>1</b>   |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>23</b>  | <b>23</b>  | <b>23</b>  | <b>23</b>  | <b>24</b>  | <b>24</b>  | <b>25</b>  |
| Outlays .....   | O      | 785        | 875        | 935        | 913        | 908        | 928        | 951        |
| Salaries and expenses (gross) .....                                 | BA     | <b>804</b> | <b>825</b> | <b>875</b> | <b>891</b> | <b>909</b> | <b>929</b> | <b>953</b> |
|   | O      | 785        | 875        | 935        | 913        | 908        | 928        | 951        |
| Change in uncollected customer payments from Federal sources .....  | BA     | -7         | -7         | -7         | -6         |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -16        | -16        | -16        | -16        | -17        | -17        | -17        |
| Total Salaries and expenses (net) .....                             | BA     | <b>781</b> | <b>802</b> | <b>852</b> | <b>869</b> | <b>892</b> | <b>912</b> | <b>936</b> |
|   | O      | 769        | 859        | 919        | 897        | 891        | 911        | 934        |

Laboratory facilities and headquarters:

|  |       |            |            |            |            |            |            |            |
|--|-------|------------|------------|------------|------------|------------|------------|------------|
| Outlays .....  | 751 O | 36         |            |            |            |            |            |            |
| Total Federal funds Bureau of Alcohol, Tobacco, Firearms, and Explosives ..... | BA    | <b>781</b> | <b>802</b> | <b>852</b> | <b>869</b> | <b>892</b> | <b>912</b> | <b>936</b> |
|  | O     | 805        | 859        | 919        | 897        | 891        | 911        | 934        |

**Federal Prison System**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                  | 753 BA | <b>3,790</b> | <b>4,082</b> | <b>4,677</b> | <b>4,764</b> | <b>4,861</b> | <b>4,969</b> | <b>5,095</b> |
| Reappropriation, discretionary .....                                | BA     | <b>16</b>    |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>32</b>    | <b>33</b>    | <b>34</b>    | <b>35</b>    | <b>35</b>    | <b>36</b>    | <b>37</b>    |
| Outlays .....   | O      | 3,881        | 3,814        | 4,506        | 4,757        | 4,877        | 4,983        | 5,108        |
| Salaries and expenses (gross) .....                                 | BA     | <b>3,838</b> | <b>4,115</b> | <b>4,711</b> | <b>4,799</b> | <b>4,896</b> | <b>5,005</b> | <b>5,132</b> |
|   | O      | 3,881        | 3,814        | 4,506        | 4,757        | 4,877        | 4,983        | 5,108        |
| Offsetting collections from Federal sources .....                   |        | -14          | -14          | -14          | -14          | -15          | -15          | -15          |
| Offsetting collections from non-Federal sources .....               |        | -18          | -19          | -20          | -20          | -21          | -21          | -22          |
| Total Salaries and expenses (net) .....                             | BA     | <b>3,806</b> | <b>4,082</b> | <b>4,677</b> | <b>4,765</b> | <b>4,860</b> | <b>4,969</b> | <b>5,095</b> |
|   | O      | 3,849        | 3,781        | 4,472        | 4,723        | 4,841        | 4,947        | 5,071        |

Buildings and facilities:

|                                    |        |            |            |             |     |    |  |  |
|------------------------------------|--------|------------|------------|-------------|-----|----|--|--|
| Appropriation, discretionary ..... | 753 BA | <b>808</b> | <b>395</b> | <b>-188</b> |     |    |  |  |
| Outlays .....                      | O      | 928        | 465        | 185         | 140 | 20 |  |  |

**Intragovernmental Funds:**

Federal Prison Industries, Incorporated:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, discretionary ..... | 753 BA | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Spending authority from offsetting collections, mandatory .....     | BA     | <b>714</b> | <b>677</b> | <b>748</b> | <b>848</b> | <b>891</b> | <b>935</b> | <b>982</b> |
| Outlays .....   | O      | 662        | 680        | 751        | 851        | 894        | 938        | 985        |
| Federal Prison Industries, Incorporated (gross) .....               | BA     | <b>717</b> | <b>680</b> | <b>751</b> | <b>851</b> | <b>894</b> | <b>938</b> | <b>985</b> |
|   | O      | 662        | 680        | 751        | 851        | 894        | 938        | 985        |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| Offsetting collections from Federal sources .....                          |        | -717           | -680     | -751  | -851  | -894  | -938  | -985  |
| Total Federal Prison Industries, Incorporated (net) .....                  | BA     |                |          |       |       |       |       |       |
|  | O      | -55            |          |       |       |       |       |       |
| <i>Trust funds</i>   |        |                |          |       |       |       |       |       |
| Commissary funds, Federal prisons (trust revolving fund):                  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....            | 753 BA | 210            | 229      | 235   | 240   | 245   | 250   | 256   |
| Outlays .....  | O      | 234            | 246      | 230   | 235   | 240   | 250   | 253   |
| Commissary funds, Federal prisons (trust revolving fund) (gross) .....     | BA     | 210            | 229      | 235   | 240   | 245   | 250   | 256   |
|  | O      | 234            | 246      | 230   | 235   | 240   | 250   | 253   |
| Offsetting collections from non-Federal sources .....                      |        | -210           | -229     | -235  | -240  | -245  | -250  | -256  |
| Total Commissary funds, Federal prisons (trust revolving fund) (net) ..... | BA     |                |          |       |       |       |       |       |
|  | O      | 24             | 17       | -5    | -5    | -5    |       | -3    |
| Total Federal funds Federal Prison System .....                            | BA     | 4,614          | 4,477    | 4,489 | 4,765 | 4,860 | 4,969 | 5,095 |
|  | O      | 4,722          | 4,246    | 4,657 | 4,863 | 4,861 | 4,947 | 5,071 |
| Total Trust funds Federal Prison System .....                              | BA     |                |          |       |       |       |       |       |
|  | O      | 24             | 17       | -5    | -5    | -5    |       | -3    |

**Office of Justice Programs**

*Federal funds*

**General and Special Funds:**

Justice assistance:

|   |        |      |      |       |       |       |       |       |
|---|--------|------|------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 754 BA | 210  | 221  | 2,124 | 2,163 | 2,208 | 2,256 | 2,313 |
| Appropriation, mandatory .....                                      | BA     |      |      | 49    | 50    | 51    | 52    | 53    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 414  | 442  | 80    | 81    | 83    | 85    | 87    |
| Outlays .....   | O      | 457  | 852  | 2,435 | 4,018 | 4,075 | 2,337 | 2,387 |
| Justice assistance (gross) .....                                    | BA     | 624  | 663  | 2,253 | 2,294 | 2,342 | 2,393 | 2,453 |
|   | O      | 457  | 852  | 2,435 | 4,018 | 4,075 | 2,337 | 2,387 |
| Offsetting collections from Federal sources .....                   |        | -414 | -442 | -80   | -81   | -83   | -85   | -87   |
| Total Justice assistance (net) .....                                | BA     | 210  | 221  | 2,173 | 2,213 | 2,259 | 2,308 | 2,366 |
|   | O      | 43   | 410  | 2,355 | 3,937 | 3,992 | 2,252 | 2,300 |

State and local law enforcement assistance:

|   |        |       |       |  |  |  |  |  |
|---|--------|-------|-------|--|--|--|--|--|
| Appropriation, discretionary .....                                  | 754 BA | 2,654 | 752   |  |  |  |  |  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 171   | 875   |  |  |  |  |  |
| Outlays .....   | O      | 3,243 | 2,082 |  |  |  |  |  |
| State and local law enforcement assistance (gross) .....            | BA     | 2,825 | 1,627 |  |  |  |  |  |
|   | O      | 3,243 | 2,082 |  |  |  |  |  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -23   |       |  |  |  |  |  |
| Offsetting collections from Federal sources .....                   |        | -144  | -875  |  |  |  |  |  |
| Offsetting collections from non-Federal sources .....               |        | -4    |       |  |  |  |  |  |
| Total State and local law enforcement assistance (net) .....        | BA     | 2,654 | 752   |  |  |  |  |  |
|   | O      | 3,095 | 1,207 |  |  |  |  |  |

Weed and seed program fund:

|   |        |     |    |  |  |  |  |  |
|---|--------|-----|----|--|--|--|--|--|
| Appropriation, discretionary .....                                  | 751 BA | 59  | 59 |  |  |  |  |  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10  |    |  |  |  |  |  |
| Outlays .....   | O      | 50  | 30 |  |  |  |  |  |
| Weed and seed program fund (gross) .....                            | BA     | 69  | 59 |  |  |  |  |  |
|   | O      | 50  | 30 |  |  |  |  |  |
| Change in uncollected customer payments from Federal sources .....  | BA     | 3   |    |  |  |  |  |  |
| Offsetting collections from Federal sources .....                   |        | -13 |    |  |  |  |  |  |
| Total Weed and seed program fund (net) .....                        | BA     | 59  | 59 |  |  |  |  |  |
|   | O      | 37  | 30 |  |  |  |  |  |

Community oriented policing services:

|                                    |        |       |       |     |     |     |     |     |
|------------------------------------|--------|-------|-------|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 754 BA | 1,050 | 1,381 | 158 | 161 | 164 | 168 | 172 |
|------------------------------------|--------|-------|-------|-----|-----|-----|-----|-----|

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        |        |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Spending authority from offsetting collections, discretionary ..... | BA       | 122            |          |        |        |        |        |        |
| Outlays .....   | O        | 1,447          | 1,014    | 1,322  | 926    | 686    | 245    | 163    |
| Community oriented policing services (gross) .....                  | BA       | 1,172          | 1,381    | 158    | 161    | 164    | 168    | 172    |
|   | O        | 1,447          | 1,014    | 1,322  | 926    | 686    | 245    | 163    |
| Offsetting collections from Federal sources .....                   |          | -122           |          |        |        |        |        |        |
| Total Community oriented policing services (net) .....              | BA       | 1,050          | 1,381    | 158    | 161    | 164    | 168    | 172    |
|   | O        | 1,325          | 1,014    | 1,322  | 926    | 686    | 245    | 163    |
| Juvenile justice programs:  |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   | 299            | 251      |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | BA       | 59             | 35       |        |        |        |        |        |
| Outlays .....   | O        | 291            | 247      |        |        |        |        |        |
| Juvenile justice programs (gross) .....                             | BA       | 358            | 286      |        |        |        |        |        |
|   | O        | 291            | 247      |        |        |        |        |        |
| Offsetting collections from Federal sources .....                   |          | -59            | -35      |        |        |        |        |        |
| Total Juvenile justice programs (net) .....                         | BA       | 299            | 251      |        |        |        |        |        |
|   | O        | 232            | 212      |        |        |        |        |        |
| Public safety officers' benefits:                                   |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   | 4              | 4        |        |        |        |        |        |
| Appropriation, mandatory .....                                      | BA       | 198            | 49       |        |        |        |        |        |
| Outlays .....   | O        | 164            | 61       |        |        |        |        |        |
| Total Public safety officers' benefits .....                        | BA       | 202            | 53       |        |        |        |        |        |
|   | O        | 164            | 61       |        |        |        |        |        |
| Crime victims fund:   |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   | 68             |          | -1,081 | 175    | 225    | 275    | 325    |
| Appropriation, mandatory .....                                      | BA       | 606            | 605      | 1,706  | 500    | 500    | 500    | 500    |
| Outlays .....   | O        | 615            | 559      | 655    | 685    | 700    | 750    | 800    |
| Total Crime victims fund .....                                      | BA       | 674            | 605      | 625    | 675    | 725    | 775    | 825    |
|   | O        | 615            | 559      | 655    | 685    | 700    | 750    | 800    |
| Total Federal funds Office of Justice Programs .....                | BA       | 5,148          | 3,322    | 2,956  | 3,049  | 3,148  | 3,251  | 3,363  |
|   | O        | 5,511          | 3,493    | 4,332  | 5,548  | 5,378  | 3,247  | 3,263  |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 21,649         | 22,672   | 22,979 | 21,166 | 21,610 | 22,100 | 22,676 |
|   | O        | 21,400         | 22,408   | 24,591 | 23,802 | 23,786 | 22,005 | 22,475 |
| Deductions for offsetting receipts:                                 |          |                |          |        |        |        |        |        |
| Intrafund transactions .....  | 754 BA/O | -68            |          |        |        |        |        |        |
|   | 908 BA/O | -27            | -27      | -28    | -27    | -27    | -27    | -27    |
|   |          |                |          | J -8   | J -8   | J -8   | J -8   | J -8   |
| Offsetting governmental receipts .....                              | 751 BA/O | -65            | -104     | -114   | -114   | -114   | -114   | -114   |
|   | 752 BA/O | -174           | -167     | -179   | -182   | -186   | -190   | -195   |
| Total Federal funds .....   | BA       | 21,315         | 22,374   | 22,650 | 20,835 | 21,275 | 21,761 | 22,332 |
|   | O        | 21,066         | 22,110   | 24,262 | 23,471 | 23,451 | 21,666 | 22,131 |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 172            | 143      | 107    | 65     | 47     | 29     | 29     |
|   | O        | 218            | 189      | 116    | 77     | 49     | 36     | 26     |
| Interfund transactions .....  | 054 BA/O | -172           | -143     | -107   | -65    | -47    | -29    | -29    |
| Total Department of Justice .....                                   | BA       | 21,315         | 22,374   | 22,650 | 20,835 | 21,275 | 21,761 | 22,332 |
|   | O        | 21,112         | 22,156   | 24,271 | 23,483 | 23,453 | 21,673 | 22,128 |

**DEPARTMENT OF LABOR**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate           |                    |        |        |        |          |
|--|--------|----------------|--------------------|--------------------|--------|--------|--------|----------|
|  |        |                | 2003               | 2004               | 2005   | 2006   | 2007   | 2008     |
| <b>Employment and Training Administration</b>                                |        |                |                    |                    |        |        |        |          |
| <i>Federal funds</i>   |        |                |                    |                    |        |        |        |          |
| <b>General and Special Funds:</b>  |        |                |                    |                    |        |        |        |          |
| Training and employment services:  |        |                |                    |                    |        |        |        |          |
| Appropriation, discretionary .....   | 504 BA | 3,021          | 2,573              | 2,489              | 2,585  | 2,689  | 2,803  | 2,935    |
|  |        |                |                    | J 797              | J 812  | J 828  | J 847  | J 868    |
| Appropriation, mandatory .....   | BA     | 151            | 98                 |                    |        |        |        |          |
| Advance appropriation, discretionary .....                                   | BA     | 2,463          | 2,463              | 2,463              | 2,463  | 2,463  | 2,463  | 2,463    |
| Spending authority from offsetting collections, discretionary .....          | BA     | 16             | 4                  | 4                  | 4      | 4      | 4      | 4        |
| Outlays .....  | O      | 5,875          | 6,075              | 5,513              | 5,179  | 5,111  | 5,176  | 5,294    |
|  |        |                |                    | J 36               | J 586  | J 728  | J 823  | J 841    |
| Training and employment services (gross) .....                               | BA     | 5,651          | 5,138              | 5,753              | 5,864  | 5,984  | 6,117  | 6,270    |
|  | O      | 5,875          | 6,075              | 5,549              | 5,765  | 5,839  | 5,999  | 6,135    |
| Offsetting collections from Federal sources .....                            |        | -16            | -2                 | -2                 | -2     | -2     | -2     | -2       |
| Offsetting collections from non-Federal sources .....                        |        |                | -2                 | -2                 | -2     | -2     | -2     | -2       |
| Total Training and employment services (net) .....                           | BA     | 5,635          | 5,134              | 5,749              | 5,860  | 5,980  | 6,113  | 6,266    |
|  | O      | 5,859          | 6,071              | 5,545              | 5,761  | 5,835  | 5,995  | 6,131    |
| Welfare to work jobs:  |        |                |                    |                    |        |        |        |          |
| Outlays .....  | 504 O  | 500            | 187                | 114                |        |        |        |          |
| Reemployment accounts:   |        |                |                    |                    |        |        |        |          |
| Appropriation, mandatory .....   | 504 BA |                | <sup>B</sup> 3,600 |                    |        |        |        |          |
| Outlays .....  | O      |                | <sup>B</sup> 1,600 | <sup>B</sup> 2,000 |        |        |        |          |
| Community service employment for older Americans:                            |        |                |                    |                    |        |        |        |          |
| Appropriation, discretionary .....   | 504 BA | 445            | 440                | 440                | 448    | 457    | 467    | 479      |
| Outlays .....  | O      | 454            | 444                | 442                | 441    | 450    | 459    | 469      |
| Federal unemployment benefits and allowances                                 |        |                |                    |                    |        |        |        |          |
| (Training and employment):   |        |                |                    |                    |        |        |        |          |
| (Appropriation, mandatory) .....   | 504 BA | 132            | 259                | 259                | 259    | 259    | 260    | 260      |
| (Outlays) .....  | O      | 142            | 190                | 233                | 246    | 259    | 259    | 260      |
| (Unemployment compensation):   |        |                |                    |                    |        |        |        |          |
| (Appropriation, mandatory) .....   | 603 BA | 284            | 612                | 1,079              | 1,036  | 974    | 940    | 972      |
| (Spending authority from offsetting collections, mandatory) .....            | BA     | 18             | 40                 | 40                 | 40     | 40     | 40     | 40       |
| (Outlays) .....  | O      | 264            | 652                | 1,119              | 1,076  | 1,014  | 980    | 1,012    |
| Federal unemployment benefits and allowances (gross) .....                   | BA     | 434            | 911                | 1,378              | 1,335  | 1,273  | 1,240  | 1,272    |
|  | O      | 406            | 842                | 1,352              | 1,322  | 1,273  | 1,239  | 1,272    |
| (Portion of cash collections credited to expired accounts) .....             | BA     | -3             |                    |                    |        |        |        |          |
| Offsetting collections from Federal sources .....                            |        | -15            | -40                | -40                | -40    | -40    | -40    | -40      |
| Total (Unemployment compensation) (net) .....                                | BA     | 284            | 612                | 1,079              | 1,036  | 974    | 940    | 972      |
|  | O      | 249            | 612                | 1,079              | 1,036  | 974    | 940    | 972      |
| Total Federal unemployment benefits and allowances .....                     | BA     | 416            | 871                | 1,338              | 1,295  | 1,233  | 1,200  | 1,232    |
|  | O      | 391            | 802                | 1,312              | 1,282  | 1,233  | 1,199  | 1,232    |
| State unemployment insurance and employment service operations               |        |                |                    |                    |        |        |        |          |
| (Training and employment):   |        |                |                    |                    |        |        |        |          |
| (Appropriation, discretionary) .....   | 504 BA | 163            | 156                | 144                | 146    | 150    | 152    | 157      |
|  |        |                |                    | J -23              | J -23  | J -24  | J -24  | J -25    |
| (Spending authority from offsetting collections, discretionary) .....        | BA     | 824            | 802                | 851                | 867    | 885    | 904    | 927      |
|  |        |                |                    | J -774             | J -788 | J -804 | J -822 | J -843   |
| (Outlays) .....  | O      | 971            | 967                | 991                | 1,005  | 1,018  | 1,037  | 1,059    |
|  |        |                |                    | J -779             | J -810 | J -828 | J -846 | J -868   |
| State unemployment insurance and employment service operations (gross) ..... | BA     | 987            | 958                | 198                | 202    | 207    | 210    | 216      |
|  | O      | 971            | 967                | 212                | 195    | 190    | 191    | 191      |
| Offsetting collections from Federal sources .....                            |        | -824           | -802               | -851               | -867   | -885   | -904   | -927     |
|  |        |                |                    | J 774              | J 788  | J 804  | J 822  | J 843    |
| Total (Training and employment) (net) .....                                  | BA     | 163            | 156                | 121                | 123    | 126    | 128    | 132      |
|  | O      | 147            | 165                | 135                | 116    | 109    | 109    | 107      |
| (Unemployment compensation):   |        |                |                    |                    |        |        |        |          |
| (Appropriation, discretionary) .....   | 603 BA | 4              |                    |                    |        |        |        |          |
| (Spending authority from offsetting collections, discretionary) .....        | BA     | 2,727          | 2,749              | 2,661              | 2,711  | 2,765  | 2,827  | 2,899    |
|  |        |                |                    |                    |        |        | J -857 | J -1,847 |
| (Spending authority from offsetting collections, mandatory) .....            | BA     | 146            | 222                |                    |        |        |        |          |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account  |         | 2002<br>actual        | estimate              |                       |                       |                       |                        |                          |
|--|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------------------|
|  |         |                       | 2003                  | 2004                  | 2005                  | 2006                  | 2007                   | 2008                     |
| (Outlays) .....  | O       | 2,651                 | 3,071                 | 2,661                 | 2,711                 | 2,766                 | 2,827<br>J -857        | 2,899<br>J -1,847        |
| State unemployment insurance and employment service operations (gross) ..... | BA<br>O | <b>3,040</b><br>2,798 | <b>3,127</b><br>3,236 | <b>2,782</b><br>2,796 | <b>2,834</b><br>2,827 | <b>2,891</b><br>2,875 | <b>2,098</b><br>2,079  | <b>1,184</b><br>1,159    |
| (Change in uncollected customer payments from Federal sources) .....         | BA      | -573                  |                       |                       |                       |                       |                        |                          |
| (Portion of cash collections credited to expired accounts) .....             | BA      | 341                   |                       |                       |                       |                       |                        |                          |
| Offsetting collections from Federal sources .....                            |         | -2,641                | -2,971                | -2,661                | -2,711                | -2,765                | -2,827<br>J 857        | -2,899<br>J 1,847        |
| Total (Unemployment compensation) (net) .....                                | BA<br>O | <b>4</b><br>10        | <b>100</b>            |                       |                       | <b>1</b>              |                        |                          |
| Total State unemployment insurance and employment service operations .....   | BA<br>O | <b>167</b><br>157     | <b>156</b><br>265     | <b>121</b><br>135     | <b>123</b><br>116     | <b>126</b><br>110     | <b>128</b><br>109      | <b>132</b><br>107        |
| Payments to the Unemployment trust fund:                                     |         |                       |                       |                       |                       |                       |                        |                          |
| Appropriation, mandatory .....   | 603 BA  | <b>303</b>            | <b>606</b>            | <b>103</b>            | <b>1</b>              | <b>1</b>              | <b>1</b>               | <b>2</b>                 |
| Outlays .....  | O       | 270                   | 644                   | 103                   | 1                     | 1                     | 1                      | 2                        |
| Advances to the Unemployment trust fund and other funds                      |         |                       |                       |                       |                       |                       |                        |                          |
| (General retirement and disability insurance (excluding social se):          |         |                       |                       |                       |                       |                       |                        |                          |
| (Appropriation, mandatory) .....   | 601 BA  |                       |                       | J 2,318               |                       |                       |                        |                          |
| (Outlays) .....  | O       |                       |                       | J 2,318               |                       |                       |                        |                          |
| (Unemployment compensation):   |         |                       |                       |                       |                       |                       |                        |                          |
| (Appropriation, mandatory) .....   | 603 BA  | <b>3</b>              |                       |                       |                       |                       |                        |                          |
| (Outlays) .....  | O       | 3                     |                       |                       |                       |                       |                        |                          |
| Total Advances to the Unemployment trust fund and other funds .....          | BA<br>O | <b>3</b><br>3         |                       | <b>2,318</b><br>2,318 |                       |                       |                        |                          |
| Program administration:  |         |                       |                       |                       |                       |                       |                        |                          |
| Appropriation, discretionary .....   | 504 BA  | <b>112</b>            | <b>116</b>            | <b>116</b>            | <b>118</b>            | <b>120</b>            | <b>123</b>             | <b>126</b>               |
| Spending authority from offsetting collections, discretionary .....          | BA      | <b>49</b>             | <b>55</b>             | <b>67</b>             | <b>68</b>             | <b>70</b>             | <b>71</b>              | <b>73</b>                |
| Outlays .....  | O       | 155                   | 175                   | 184                   | 186                   | 191                   | 194                    | 199                      |
| Program administration (gross) .....   | BA<br>O | <b>161</b><br>155     | <b>171</b><br>175     | <b>183</b><br>184     | <b>186</b><br>186     | <b>190</b><br>191     | <b>194</b><br>194      | <b>199</b><br>199        |
| Offsetting collections from Federal sources .....                            |         | -49                   | -55                   | -67                   | -68                   | -70                   | -71                    | -73                      |
| Total Program administration (net) .....                                     | BA<br>O | <b>112</b><br>106     | <b>116</b><br>120     | <b>116</b><br>117     | <b>118</b><br>118     | <b>120</b><br>121     | <b>123</b><br>123      | <b>126</b><br>126        |
| Workers compensation programs:   |         |                       |                       |                       |                       |                       |                        |                          |
| Appropriation, discretionary .....   | 806 BA  | <b>175</b>            |                       |                       |                       |                       |                        |                          |
| Outlays .....  | O       |                       | 175                   |                       |                       |                       |                        |                          |
| <i>Trust funds</i>   |         |                       |                       |                       |                       |                       |                        |                          |
| Unemployment trust fund  |         |                       |                       |                       |                       |                       |                        |                          |
| (Training and employment):   |         |                       |                       |                       |                       |                       |                        |                          |
| (Appropriation, discretionary) .....   | 504 BA  | <b>1,129</b>          | <b>1,114</b>          | <b>1,188</b>          | <b>1,209</b>          | <b>1,234</b>          | <b>1,262</b>           | <b>1,294</b>             |
| (Outlays) .....  | O       | 1,117                 | 1,139                 | J 1,172<br>J -774     | 1,193<br>J -788       | 1,220<br>J -804       | 1,246<br>J -822        | 1,275<br>J -843          |
| Total (Training and employment) .....  | BA<br>O | <b>1,129</b><br>1,117 | <b>1,114</b><br>1,139 | <b>414</b><br>398     | <b>421</b><br>405     | <b>430</b><br>416     | <b>440</b><br>424      | <b>451</b><br>432        |
| (Unemployment compensation):   |         |                       |                       |                       |                       |                       |                        |                          |
| (Appropriation, discretionary) .....   | 603 BA  | <b>2,730</b>          | <b>2,745</b>          | <b>2,657</b>          | <b>2,707</b>          | <b>2,761</b>          | <b>2,822</b>           | <b>2,895</b>             |
| (Appropriation, mandatory) .....   | BA      | <b>50,841</b>         | <b>53,172</b>         | <b>39,830</b>         | <b>38,788</b>         | <b>39,711</b>         | <b>41,988</b><br>B 718 | <b>44,163</b><br>B 1,712 |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate      |               |               |               |                           |                               |
|--|----|----------------|---------------|---------------|---------------|---------------|---------------------------|-------------------------------|
|  |    |                | 2003          | 2004          | 2005          | 2006          | 2007                      | 2008                          |
| (Outlays) .....  | O  | 53,354         | 56,035        | 42,489        | 41,488        | 42,464        | 44,801<br># 718<br>J -857 | 47,046<br># 1,712<br>J -1,847 |
| Total (Unemployment compensation) .....                          | BA | <b>53,571</b>  | <b>55,917</b> | <b>42,487</b> | <b>41,495</b> | <b>42,472</b> | <b>44,671</b>             | <b>46,923</b>                 |
|  | O  | 53,354         | 56,035        | 42,489        | 41,488        | 42,464        | 44,662                    | 46,911                        |
| Total Unemployment trust fund .....                              | BA | <b>54,700</b>  | <b>57,031</b> | <b>42,901</b> | <b>41,916</b> | <b>42,902</b> | <b>45,111</b>             | <b>47,374</b>                 |
|  | O  | 54,471         | 57,174        | 42,887        | 41,893        | 42,880        | 45,086                    | 47,343                        |
| Total Federal funds Employment and Training Administration ..... | BA | <b>7,256</b>   | <b>10,923</b> | <b>10,185</b> | <b>7,845</b>  | <b>7,917</b>  | <b>8,032</b>              | <b>8,237</b>                  |
|  | O  | 7,740          | 10,308        | 12,086        | 7,719         | 7,750         | 7,886                     | 8,067                         |
| Total Trust funds Employment and Training Administration .....   | BA | <b>54,700</b>  | <b>57,031</b> | <b>42,901</b> | <b>41,916</b> | <b>42,902</b> | <b>45,111</b>             | <b>47,374</b>                 |
|  | O  | 54,471         | 57,174        | 42,887        | 41,893        | 42,880        | 45,086                    | 47,343                        |

**Employee benefits security administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 601 BA | 110        | 117        | 129        | 131        | 134        | 137        | 140        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 8          | 17         | 17         | 17         | 18         | 18         | 19         |
| Outlays .....   | O      | 116        | 133        | 143        | 148        | 151        | 155        | 159        |
| Salaries and expenses (gross) .....                                 | BA     | <b>118</b> | <b>134</b> | <b>146</b> | <b>148</b> | <b>152</b> | <b>155</b> | <b>159</b> |
|   | O      | 116        | 133        | 143        | 148        | 151        | 155        | 159        |
| Offsetting collections from Federal sources .....                   |        | -8         | -17        | -17        | -17        | -18        | -18        | -19        |
| Total Salaries and expenses (net) .....                             | BA     | <b>110</b> | <b>117</b> | <b>129</b> | <b>131</b> | <b>134</b> | <b>137</b> | <b>140</b> |
|   | O      | 108        | 116        | 126        | 131        | 133        | 137        | 140        |

**Pension Benefit Guaranty Corporation**

*Federal funds*

**Public Enterprise Funds:**

Pension benefit guaranty corporation fund:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Spending authority from offsetting collections, discretionary ..... | 601 BA | 12           | 13           | 17           | 17           | 18           | 18           | 19           |
| Spending authority from offsetting collections, mandatory .....     | BA     | 3,046        | 2,736        | 3,286        | 3,413        | 3,500        | 3,585        | 3,670        |
| Outlays .....   | O      | 2,093        | 2,542        | 3,204        | 3,354        | 3,535        | 3,738        | 3,928        |
| Pension benefit guaranty corporation fund (gross) .....             | BA     | <b>3,058</b> | <b>2,749</b> | <b>3,303</b> | <b>3,430</b> | <b>3,518</b> | <b>3,603</b> | <b>3,689</b> |
|   | O      | 2,093        | 2,542        | 3,204        | 3,354        | 3,535        | 3,738        | 3,928        |
| Offsetting collections from interest on Federal securities .....    |        | -676         | -922         | -925         | -933         | -934         | -930         | -920         |
| Offsetting collections from non-Federal sources .....               |        | -2,382       | -1,826       | -2,378       | -2,497       | -2,584       | -2,673       | -2,769       |
| Total Pension benefit guaranty corporation fund (net) .....         | BA     | .....        | <b>1</b>     | .....        | .....        | .....        | .....        | .....        |
|   | O      | -965         | -206         | -99          | -76          | 17           | 135          | 239          |

**Employment Standards Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 505 BA | 368        | 292        | 308        | 314        | 320        | 327        | 336        |
| Appropriation, mandatory .....                                      | BA     | 7          | 7          | .....      | .....      | .....      | .....      | .....      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 36         | 124        | 125        | 128        | 129        | 132        | 136        |
| Outlays .....   | O      | 409        | 434        | 432        | 440        | 448        | 458        | 470        |
| Salaries and expenses (gross) .....                                 | BA     | <b>411</b> | <b>423</b> | <b>433</b> | <b>442</b> | <b>449</b> | <b>459</b> | <b>472</b> |
|   | O      | 409        | 434        | 432        | 440        | 448        | 458        | 470        |
| Offsetting collections from Federal sources .....                   |        | -34        | -36        | -35        | -36        | -36        | -37        | -38        |
| Offsetting collections from non-Federal sources .....               |        | -2         | -2         | -2         | -2         | -2         | -2         | -2         |
| Total Salaries and expenses (net) .....                             | BA     | <b>375</b> | <b>385</b> | <b>396</b> | <b>404</b> | <b>411</b> | <b>420</b> | <b>432</b> |
|   | O      | 373        | 396        | 395        | 402        | 410        | 419        | 430        |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |                         |                       |                       |                       |                       |
|--|--------|----------------|----------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |        |                | 2003     | 2004                    | 2005                  | 2006                  | 2007                  | 2008                  |
| <b>Special benefits</b>  |        |                |          |                         |                       |                       |                       |                       |
| (General retirement and disability insurance (excluding social se):                      |        |                |          |                         |                       |                       |                       |                       |
| (Appropriation, mandatory) .....   | 601 BA | 3              | 3        | 3                       | 3                     | 3                     | 3                     | 3                     |
| (Outlays) .....  | O      | 3              | 3        | 3                       | 3                     | 3                     | 3                     | 3                     |
| (Federal employee retirement and disability):  |        |                |          |                         |                       |                       |                       |                       |
| (Appropriation, mandatory) .....   | 602 BA | 118            | 160      | 160<br><i>B-8</i>       | 240<br><i>B-7</i>     | 268<br><i>B-13</i>    | 267<br><i>B-15</i>    | 265<br><i>B-14</i>    |
| (Spending authority from offsetting collections, mandatory) .....                        | BA     | 2,207          | 2,205    | 2,316<br><i>B-3</i>     | 2,363<br><i>B-8</i>   | 2,478<br><i>B-15</i>  | 2,514<br><i>B-26</i>  | 2,674<br><i>B-32</i>  |
| (Outlays) .....  | O      | 2,378          | 2,376    | 2,532<br><i>B-13</i>    | 2,614<br><i>B-25</i>  | 2,696<br><i>B-31</i>  | 2,780<br><i>B-35</i>  | 2,866<br><i>B-40</i>  |
| Special benefits (gross) .....   | BA     | 2,328          | 2,368    | 2,468                   | 2,591                 | 2,721                 | 2,743                 | 2,896                 |
|  | O      | 2,381          | 2,379    | 2,522                   | 2,592                 | 2,668                 | 2,748                 | 2,829                 |
| Offsetting collections from Federal sources .....  |        | -1,389         | -1,521   | -1,550                  | -1,596                | -1,655<br><i>B 5</i>  | -1,664<br><i>B 15</i> | -1,767<br><i>B 18</i> |
| Offsetting collections from non-Federal sources .....                                    |        | -818           | -770     | -854<br><i>B 3</i>      | -857<br><i>B 8</i>    | -914<br><i>B 10</i>   | -943<br><i>B 11</i>   | -1,003<br><i>B 14</i> |
| Total (Federal employee retirement and disability) (net) .....                           | BA     | 118            | 74       | 64                      | 143                   | 164                   | 159                   | 155                   |
|  | O      | 171            | 85       | 118                     | 144                   | 111                   | 164                   | 88                    |
| Total Special benefits .....   | BA     | 121            | 77       | 67                      | 146                   | 167                   | 162                   | 158                   |
|  | O      | 174            | 88       | 121                     | 147                   | 114                   | 167                   | 91                    |
| <b>Energy employees occupational illness compensation fund:</b>                          |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, mandatory .....   | 053 BA | 26             | 651      | 385                     | 281                   | 220                   | 184                   | 163                   |
| Spending authority from offsetting collections, mandatory .....                          | BA     | 1              |          |                         |                       |                       |                       |                       |
| Outlays .....  | O      | 348            | 682      | 385                     | 281                   | 220                   | 184                   | 163                   |
| Energy employees occupational illness compensation fund (gross) .....                    | BA     | 27             | 651      | 385                     | 281                   | 220                   | 184                   | 163                   |
|  | O      | 348            | 682      | 385                     | 281                   | 220                   | 184                   | 163                   |
| Offsetting collections from interest on Federal securities .....                         |        | -1             |          |                         |                       |                       |                       |                       |
| Total Energy employees occupational illness compensation fund (net) .....                | BA     | 26             | 651      | 385                     | 281                   | 220                   | 184                   | 163                   |
|  | O      | 347            | 682      | 385                     | 281                   | 220                   | 184                   | 163                   |
| <b>Administrative expenses, Energy employees occupational illness compensation fund:</b> |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, mandatory .....   | 053 BA | 131            | 105      | 55                      | 50                    | 45                    | 30                    | 30                    |
| Outlays .....  | O      | 34             | 128      | 146                     | 54                    | 46                    | 33                    | 31                    |
| <b>Special benefits for disabled coal miners:</b>  |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, mandatory .....   | 601 BA | 333            | 324      | 300                     | 276                   | 252                   | 229                   | 208                   |
| Advance appropriation, mandatory .....   | BA     | 114            | 108      | 97                      | 88                    | 81                    | 74                    | 68                    |
| Outlays .....  | O      | 452            | 432      | 399                     | 366                   | 335                   | 305                   | 277                   |
| Total Special benefits for disabled coal miners .....                                    | BA     | 447            | 432      | 397                     | 364                   | 333                   | 303                   | 276                   |
|  | O      | 452            | 432      | 399                     | 366                   | 335                   | 305                   | 277                   |
| <b>Panama Canal Commission compensation fund:</b>  |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, mandatory .....   | 602 BA | 6              | 7        | 6                       | 6                     | 6                     | 6                     | 6                     |
| Outlays .....  | O      | 6              | 7        | 6                       | 6                     | 6                     | 6                     | 6                     |
| <i>Trust funds</i>   |        |                |          |                         |                       |                       |                       |                       |
| <b>Black lung disability trust fund:</b>   |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, mandatory .....   | 601 BA | 567            | 602      | 576<br><i>J 2,318</i>   | 605                   | 624                   | 636                   | 650                   |
| Authority to borrow, mandatory .....   | BA     | 465            | 441      | 467<br><i>J-467</i>     | 444<br><i>J-444</i>   | 433<br><i>J-433</i>   | 429<br><i>J-429</i>   | 423<br><i>J-423</i>   |
| Outlays .....  | O      | 1,032          | 1,043    | 1,043<br><i>J 1,851</i> | 1,049<br><i>J-444</i> | 1,057<br><i>J-433</i> | 1,065<br><i>J-429</i> | 1,073<br><i>J-423</i> |
| Total Black lung disability trust fund .....   | BA     | 1,032          | 1,043    | 2,894                   | 605                   | 624                   | 636                   | 650                   |
|  | O      | 1,032          | 1,043    | 2,894                   | 605                   | 624                   | 636                   | 650                   |
| <b>Special workers' compensation expenses:</b>   |        |                |          |                         |                       |                       |                       |                       |
| Appropriation, discretionary .....   | 601 BA | 2              | 2        | 2                       | 2                     | 2                     | 2                     | 2                     |
| Appropriation, mandatory .....   | BA     | 147            | 149      | 150                     | 148                   | 148                   | 149                   | 149                   |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate     |              |              |              |              |              |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |    |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....   | O  | 144            | 147          | 148          | 146          | 146          | 147          | 147          |
| Total Special workers' compensation expenses .....            | BA | <b>149</b>     | <b>151</b>   | <b>152</b>   | <b>150</b>   | <b>150</b>   | <b>151</b>   | <b>151</b>   |
|   | O  | 144            | 147          | 148          | 146          | 146          | 147          | 147          |
| Total Federal funds Employment Standards Administration ..... | BA | <b>1,106</b>   | <b>1,657</b> | <b>1,306</b> | <b>1,251</b> | <b>1,182</b> | <b>1,105</b> | <b>1,065</b> |
|   | O  | 1,386          | 1,733        | 1,452        | 1,256        | 1,131        | 1,114        | 998          |
| Total Trust funds Employment Standards Administration .....   | BA | <b>1,181</b>   | <b>1,194</b> | <b>3,046</b> | <b>755</b>   | <b>774</b>   | <b>787</b>   | <b>801</b>   |
|   | O  | 1,176          | 1,190        | 3,042        | 751          | 770          | 783          | 797          |

**Occupational Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 554 BA | 444        | 437        | 450        | 458        | 467        | 478        | 491        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1          | 2          | 4          | 4          | 4          | 4          | 4          |
| Outlays .....   | O      | 437        | 440        | 452        | 461        | 470        | 480        | 491        |
| Salaries and expenses (gross) .....                                 | BA     | <b>445</b> | <b>439</b> | <b>454</b> | <b>462</b> | <b>471</b> | <b>482</b> | <b>495</b> |
|   | O      | 437        | 440        | 452        | 461        | 470        | 480        | 491        |
| Portion of cash collections credited to expired accounts .....      | BA     | 1          |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -1         | -1         | -3         | -3         | -3         | -3         | -3         |
| Offsetting collections from non-Federal sources .....               |        | -1         | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Salaries and expenses (net) .....                             | BA     | <b>444</b> | <b>437</b> | <b>450</b> | <b>458</b> | <b>467</b> | <b>478</b> | <b>491</b> |
|   | O      | 435        | 438        | 448        | 457        | 466        | 476        | 487        |

**Mine Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 554 BA | 253        | 254        | 267        | 272        | 277        | 284        | 291        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1          | 2          | 2          | 2          | 2          | 2          | 2          |
| Outlays .....   | O      | 254        | 253        | 266        | 274        | 279        | 285        | 292        |
| Salaries and expenses (gross) .....                                 | BA     | <b>254</b> | <b>256</b> | <b>269</b> | <b>274</b> | <b>279</b> | <b>286</b> | <b>293</b> |
|   | O      | 254        | 253        | 266        | 274        | 279        | 285        | 292        |
| Portion of cash collections credited to expired accounts .....      | BA     | 2          |            |            |            |            |            |            |
| Offsetting collections from non-Federal sources .....               |        | -3         | -2         | -2         | -2         | -2         | -2         | -2         |
| Total Salaries and expenses (net) .....                             | BA     | <b>253</b> | <b>254</b> | <b>267</b> | <b>272</b> | <b>277</b> | <b>284</b> | <b>291</b> |
|   | O      | 251        | 251        | 264        | 272        | 277        | 283        | 290        |

**Bureau of Labor Statistics**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 505 BA | 405        | 426        | 437        | 445        | 454        | 464        | 476        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 82         | 88         | 85         | 86         | 88         | 91         | 93         |
| Outlays .....   | O      | 510        | 510        | 524        | 530        | 540        | 551        | 567        |
| Salaries and expenses (gross) .....                                 | BA     | <b>487</b> | <b>514</b> | <b>522</b> | <b>531</b> | <b>542</b> | <b>555</b> | <b>569</b> |
|   | O      | 510        | 510        | 524        | 530        | 540        | 551        | 567        |
| Offsetting collections from Federal sources .....                   |        | -81        | -87        | -84        | -86        | -87        | -89        | -92        |
| Offsetting collections from non-Federal sources .....               |        | -1         | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Salaries and expenses (net) .....                             | BA     | <b>405</b> | <b>426</b> | <b>437</b> | <b>444</b> | <b>454</b> | <b>465</b> | <b>476</b> |
|   | O      | 428        | 422        | 439        | 443        | 452        | 461        | 474        |



**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account   |     | 2002<br>actual | estimate |        |        |        |        |        |        |
|---|-----|----------------|----------|--------|--------|--------|--------|--------|--------|
|   |     |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |        |
| <b>Departmental Management</b>                                      |     |                |          |        |        |        |        |        |        |
| <i>Federal funds</i>  |     |                |          |        |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |     |                |          |        |        |        |        |        |        |
| Salaries and expenses:  |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 505 | BA             | 383      | 318    | 273    | 278    | 284    | 290    | 297    |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 42       | 37     | 38     | 39     | 39     | 40     | 41     |
| Outlays .....   |     | O              | 319      | 439    | 348    | 329    | 321    | 328    | 336    |
| Salaries and expenses (gross) .....                                 |     | BA             | 425      | 355    | 311    | 317    | 323    | 330    | 338    |
|   |     | O              | 319      | 439    | 348    | 329    | 321    | 328    | 336    |
| Offsetting collections from Federal sources .....                   |     |                | -42      | -37    | -38    | -39    | -39    | -40    | -41    |
| Total Salaries and expenses (net) .....                             |     | BA             | 383      | 318    | 273    | 278    | 284    | 290    | 297    |
|   |     | O              | 277      | 402    | 310    | 290    | 282    | 288    | 295    |
| Office of Disability Employment Policy:                             |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 505 | BA             | 38       | 47     | 47     | 48     | 49     | 50     | 51     |
| Outlays .....   |     | O              | 9        | 31     | 44     | 47     | 48     | 48     | 50     |
| Office of the Inspector General:                                    |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 505 | BA             | 52       | 57     | 61     | 62     | 63     | 65     | 66     |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 15       | 23     | 8      | 8      | 8      | 8      | 9      |
| Outlays .....   |     | O              | 72       | 79     | 69     | 70     | 72     | 73     | 75     |
| Office of the Inspector General (gross) .....                       |     | BA             | 67       | 80     | 69     | 70     | 71     | 73     | 75     |
|   |     | O              | 72       | 79     | 69     | 70     | 72     | 73     | 75     |
| Offsetting collections from Federal sources .....                   |     |                | -15      | -23    | -8     | -8     | -8     | -8     | -9     |
| Total Office of the Inspector General (net) .....                   |     | BA             | 52       | 57     | 61     | 62     | 63     | 65     | 66     |
|   |     | O              | 57       | 56     | 61     | 62     | 64     | 65     | 66     |
| Veterans employment and training:                                   |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 702 | BA             | 26       | 25     | 27     | 27     | 28     | 28     | 30     |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 187      | 186    | 193    | 197    | 200    | 205    | 210    |
| Outlays .....   |     | O              | 238      | 214    | 218    | 223    | 228    | 233    | 238    |
| Veterans employment and training (gross) .....                      |     | BA             | 213      | 211    | 220    | 224    | 228    | 233    | 240    |
|   |     | O              | 238      | 214    | 218    | 223    | 228    | 233    | 238    |
| Offsetting collections from Federal sources .....                   |     |                | -187     | -186   | -193   | -197   | -200   | -205   | -210   |
| Total Veterans employment and training (net) .....                  |     | BA             | 26       | 25     | 27     | 27     | 28     | 28     | 30     |
|   |     | O              | 51       | 28     | 25     | 26     | 28     | 28     | 28     |
| <b>Intragovernmental Funds:</b>                                     |     |                |          |        |        |        |        |        |        |
| Working capital fund:   |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 505 | BA             |          |        | 20     | 20     | 21     | 21     | 22     |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 139      | 142    | 153    | 156    | 159    | 163    | 167    |
| Reappropriation, mandatory .....                                    |     | BA             | 3        | 3      |        |        |        |        |        |
| Outlays .....   |     | O              | 149      | 145    | 156    | 170    | 177    | 182    | 188    |
| Working capital fund (gross) .....                                  |     | BA             | 142      | 145    | 173    | 176    | 180    | 184    | 189    |
|   |     | O              | 149      | 145    | 156    | 170    | 177    | 182    | 188    |
| Offsetting collections from Federal sources .....                   |     |                | -139     | -142   | -153   | -156   | -159   | -163   | -167   |
| Total Working capital fund (net) .....                              |     | BA             | 3        | 3      | 20     | 20     | 21     | 21     | 22     |
|   |     | O              | 10       | 3      | 3      | 14     | 18     | 19     | 21     |
| Total Federal funds Departmental Management .....                   |     | BA             | 502      | 450    | 428    | 435    | 445    | 454    | 466    |
|   |     | O              | 404      | 520    | 443    | 439    | 440    | 448    | 460    |
| <b>Summary</b>  |     |                |          |        |        |        |        |        |        |
| Federal funds:  |     |                |          |        |        |        |        |        |        |
| (As shown in detail above) .....                                    |     | BA             | 10,076   | 14,265 | 13,202 | 10,836 | 10,876 | 10,955 | 11,166 |
|   |     | O              | 9,787    | 13,582 | 15,159 | 10,641 | 10,666 | 10,940 | 11,155 |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account                                    |          | 2002<br>actual | estimate      |                 |               |               |               |               |    |
|--|----------|----------------|---------------|-----------------|---------------|---------------|---------------|---------------|----|
|  |          |                | 2003          | 2004            | 2005          | 2006          | 2007          | 2008          |    |
| Deductions for offsetting receipts:        |          |                |               |                 |               |               |               |               |    |
| Intrafund transactions .....               | 908 BA/O | -6             | -7            | -6              | -6            | -6            | -6            | -6            | -6 |
| Total Federal funds .....                  | BA       | <b>10,070</b>  | <b>14,258</b> | <b>13,196</b>   | <b>10,830</b> | <b>10,870</b> | <b>10,949</b> | <b>11,160</b> |    |
|  | O        | 9,781          | 13,575        | 15,153          | 10,635        | 10,660        | 10,934        | 11,149        |    |
| Trust funds:                               |          |                |               |                 |               |               |               |               |    |
| (As shown in detail above) .....           | BA       | <b>55,881</b>  | <b>58,225</b> | <b>45,947</b>   | <b>42,671</b> | <b>43,676</b> | <b>45,898</b> | <b>48,175</b> |    |
|  | O        | 55,647         | 58,364        | 45,929          | 42,644        | 43,650        | 45,869        | 48,140        |    |
| Deductions for offsetting receipts:        |          |                |               |                 |               |               |               |               |    |
| Proprietary receipts from the public ..... | 908 BA/O | -6             | -5            | -5              | -5            | -5            | -5            | -5            |    |
| Total Trust funds .....                    | BA       | <b>55,875</b>  | <b>58,220</b> | <b>45,942</b>   | <b>42,666</b> | <b>43,671</b> | <b>45,893</b> | <b>48,170</b> |    |
|  | O        | 55,641         | 58,359        | 45,924          | 42,639        | 43,645        | 45,864        | 48,135        |    |
| Interfund transactions .....               |          |                |               |                 |               |               |               |               |    |
|  | 601 BA/O |                |               | <i>J -2,318</i> |               |               |               |               |    |
|  | 603 BA/O | -718           | -1,188        | -641            | -512          | -507          | -518          | -537          |    |
| Total Department of Labor .....            | BA       | <b>65,227</b>  | <b>71,290</b> | <b>56,179</b>   | <b>52,984</b> | <b>54,034</b> | <b>56,324</b> | <b>58,793</b> |    |
|  | O        | 64,704         | 70,746        | 58,118          | 52,762        | 53,798        | 56,280        | 58,747        |    |

**DEPARTMENT OF STATE**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              |              |  |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |  |
| <b>Administration of Foreign Affairs</b>                            |        |                |              |              |              |              |              |              |  |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |  |
| <b>General and Special Funds:</b>                                   |        |                |              |              |              |              |              |              |  |
| Diplomatic and consular programs:                                   |        |                |              |              |              |              |              |              |  |
| Appropriation, discretionary .....                                  | 153 BA | <b>3,673</b>   | <b>3,937</b> | <b>4,164</b> | <b>4,241</b> | <b>4,327</b> | <b>4,423</b> | <b>4,537</b> |  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1,028</b>   | <b>1,286</b> | <b>1,482</b> | <b>1,510</b> | <b>1,540</b> | <b>1,574</b> | <b>1,614</b> |  |
| Outlays .....   | O      | 4,411          | 5,477        | 5,620        | 5,714        | 5,843        | 5,971        | 6,119        |  |
| Diplomatic and consular programs (gross) .....                      | BA     | <b>4,701</b>   | <b>5,223</b> | <b>5,646</b> | <b>5,751</b> | <b>5,867</b> | <b>5,997</b> | <b>6,151</b> |  |
|   | O      | 4,411          | 5,477        | 5,620        | 5,714        | 5,843        | 5,971        | 6,119        |  |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-199</b>    |              |              |              |              |              |              |  |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>32</b>      |              |              |              |              |              |              |  |
| Offsetting collections from Federal sources .....                   |        | -435           | -563         | -545         | -555         | -566         | -579         | -594         |  |
| Offsetting collections from non-Federal sources .....               |        | -426           | -723         | -937         | -955         | -974         | -995         | -1,021       |  |
| Total Diplomatic and consular programs (net) .....                  | BA     | <b>3,673</b>   | <b>3,937</b> | <b>4,164</b> | <b>4,241</b> | <b>4,327</b> | <b>4,423</b> | <b>4,536</b> |  |
|   | O      | 3,550          | 4,191        | 4,138        | 4,204        | 4,303        | 4,397        | 4,504        |  |
| International information programs:                                 |        |                |              |              |              |              |              |              |  |
| Outlays .....   | 154 O  | 1              | 5            | 5            | 1            |              |              |              |  |
| Arms control and disarmament activities:                            |        |                |              |              |              |              |              |              |  |
| Outlays .....   | 153 O  |                | 2            |              |              |              |              |              |  |
| Capital investment fund:  |        |                |              |              |              |              |              |              |  |
| Appropriation, discretionary .....                                  | 153 BA | <b>203</b>     | <b>177</b>   | <b>157</b>   | <b>160</b>   | <b>163</b>   | <b>167</b>   | <b>171</b>   |  |
| Outlays .....   | O      | 138            | 179          | 186          | 162          | 162          | 165          | 169          |  |
| Office of the Inspector General:                                    |        |                |              |              |              |              |              |              |  |
| Appropriation, discretionary .....                                  | 153 BA | <b>29</b>      | <b>29</b>    | <b>32</b>    | <b>33</b>    | <b>33</b>    | <b>34</b>    | <b>35</b>    |  |
| Outlays .....   | O      | 29             | 29           | 31           | 32           | 34           | 34           | 35           |  |
| Educational and cultural exchange programs:                         |        |                |              |              |              |              |              |              |  |
| Appropriation, discretionary .....                                  | 154 BA | <b>378</b>     | <b>245</b>   | <b>345</b>   | <b>351</b>   | <b>359</b>   | <b>367</b>   | <b>376</b>   |  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>2</b>       | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     |  |
| Outlays .....   | O      | 363            | 278          | 319          | 363          | 356          | 364          | 372          |  |
| Educational and cultural exchange programs (gross) .....            | BA     | <b>380</b>     | <b>247</b>   | <b>347</b>   | <b>353</b>   | <b>361</b>   | <b>369</b>   | <b>378</b>   |  |
|   | O      | 363            | 278          | 319          | 363          | 356          | 364          | 372          |  |
| Offsetting collections from Federal sources .....                   |        | -2             | -2           | -2           | -2           | -2           | -2           | -2           |  |
| Total Educational and cultural exchange programs (net) .....        | BA     | <b>378</b>     | <b>245</b>   | <b>345</b>   | <b>351</b>   | <b>359</b>   | <b>367</b>   | <b>376</b>   |  |
|   | O      | 361            | 276          | 317          | 361          | 354          | 362          | 370          |  |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <b>Embassy security, construction, and maintenance:</b>                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 1,474          | 1,305    | 1,514  | 1,542  | 1,574  | 1,609  | 1,649  |
| Spending authority from offsetting collections, discretionary .....                           | BA     | 127            | 205      | 175    | 178    | 182    | 186    | 191    |
| Outlays .....   | O      | 961            | 1,303    | 1,380  | 1,602  | 1,685  | 1,715  | 1,762  |
| Embassy security, construction, and maintenance (gross) .....                                 | BA     | 1,601          | 1,510    | 1,689  | 1,720  | 1,756  | 1,795  | 1,840  |
|   | O      | 961            | 1,303    | 1,380  | 1,602  | 1,685  | 1,715  | 1,762  |
| Change in uncollected customer payments from Federal sources .....                            | BA     | -22            |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....   |        | -76            | -115     | -115   | -117   | -120   | -122   | -125   |
| Offsetting collections from non-Federal sources .....   |        | -29            | -90      | -60    | -61    | -62    | -64    | -65    |
| Total Embassy security, construction, and maintenance (net) .....                             | BA     | 1,474          | 1,305    | 1,514  | 1,542  | 1,574  | 1,609  | 1,650  |
|   | O      | 856            | 1,098    | 1,205  | 1,424  | 1,503  | 1,529  | 1,572  |
| <b>Security and maintenance of United States missions (special foreign currency program):</b> |        |                |          |        |        |        |        |        |
| Outlays .....   | 153 O  |                |          | 1      |        |        |        |        |
| <b>Representation allowances:</b>   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 7              | 9        | 9      | 9      | 9      | 10     | 10     |
| Outlays .....   | O      | 7              | 9        | 9      | 9      | 9      | 9      | 10     |
| <b>Protection of foreign missions and officials:</b>  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 9              | 11       | 10     | 10     | 10     | 11     | 11     |
| Outlays .....   | O      | 1              | 10       | 17     | 16     | 10     | 10     | 10     |
| <b>Emergencies in the diplomatic and consular service:</b>                                    |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 7              | 15       | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      | 20             | 48       | 6      | 1      | 1      | 1      | 1      |
| <b>Payment to the American Institute in Taiwan:</b>   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 17             | 19       | 20     | 20     | 21     | 21     | 22     |
| Spending authority from offsetting collections, discretionary .....                           | BA     | 2              |          |        |        |        |        |        |
| Outlays .....   | O      | 19             | 19       | 20     | 20     | 21     | 21     | 22     |
| Payment to the American Institute in Taiwan (gross) .....                                     | BA     | 19             | 19       | 20     | 20     | 21     | 21     | 22     |
|   | O      | 19             | 19       | 20     | 20     | 21     | 21     | 22     |
| Change in uncollected customer payments from Federal sources .....                            | BA     | -1             |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....   |        | -1             |          |        |        |        |        |        |
| Total Payment to the American Institute in Taiwan (net) .....                                 | BA     | 17             | 19       | 20     | 20     | 21     | 21     | 22     |
|   | O      | 18             | 19       | 20     | 20     | 21     | 21     | 22     |
| <b>Payment to Foreign Service retirement and disability fund:</b>                             |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....  | 153 BA | 171            | 175      | 168    | 166    | 166    | 165    | 164    |
| Outlays .....   | O      | 171            | 175      | 168    | 166    | 166    | 165    | 164    |
| <b>Foreign service national defined contributions retirement fund:</b>                        |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....  | 602 BA |                | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      |                | 1        | 1      | 1      | 1      | 1      | 1      |
| <b>Intragovernmental Funds:</b>   |        |                |          |        |        |        |        |        |
| <b>Working capital fund:</b>  |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....                               | 153 BA | 1,145          | 1,204    | 1,302  | 1,302  | 1,302  | 1,302  | 1,302  |
| Outlays .....   | O      | 1,060          | 1,224    | 1,292  | 1,302  | 1,302  | 1,302  | 1,302  |
| Working capital fund (gross) .....  | BA     | 1,145          | 1,204    | 1,302  | 1,302  | 1,302  | 1,302  | 1,302  |
|   | O      | 1,060          | 1,224    | 1,292  | 1,302  | 1,302  | 1,302  | 1,302  |
| Change in uncollected customer payments from Federal sources .....                            | BA     | -98            | 98       |        |        |        |        |        |
| Offsetting collections from Federal sources .....   |        | -1,047         | -1,302   | -1,302 | -1,302 | -1,302 | -1,302 | -1,302 |
| Total Working capital fund (net) .....  | BA     |                |          |        |        |        |        |        |
|   | O      | 13             | -78      | -10    |        |        |        |        |
| <b>Credit Accounts:</b>   |        |                |          |        |        |        |        |        |
| <b>Repatriation loans program account:</b>  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 153 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Limitation on direct loan activity .....  |        | (1)            | (1)      | (1)    | (1)    | (1)    | (1)    | (1)    |
| <i>Trust funds</i>  |        |                |          |        |        |        |        |        |
| <b>Foreign Service retirement and disability fund:</b>  |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....  | 602 BA | 610            | 629      | 648    | 689    | 717    | 747    | 778    |
| Outlays .....   | O      | 610            | 629      | 648    | 689    | 717    | 747    | 778    |
| <b>Foreign Service national separation liability trust fund:</b>                              |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....  | 602 BA | 10             | 8        | 8      | 8      | 8      | 8      | 8      |
| Outlays .....   | O      | 8              | 8        | 8      | 8      | 8      | 8      | 8      |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |  |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|--|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |  |
| Miscellaneous trust funds:                                  |        |                |          |       |       |       |       |       |  |
| Appropriation, mandatory .....                              | 153 BA | 34             | 7        | 7     | 5     | 5     | 5     | 5     |  |
| Outlays .....   | O      | 38             | 9        | 8     | 7     | 6     | 6     | 6     |  |
| Total Federal funds Administration of Foreign Affairs ..... | BA     | 5,969          | 5,924    | 6,422 | 6,535 | 6,665 | 6,810 | 6,978 |  |
|   | O      | 5,166          | 5,965    | 6,095 | 6,398 | 6,565 | 6,695 | 6,859 |  |
| Total Trust funds Administration of Foreign Affairs .....   | BA     | 654            | 644      | 663   | 702   | 730   | 760   | 791   |  |
|   | O      | 656            | 646      | 664   | 704   | 731   | 761   | 792   |  |

**International Organizations and Conferences**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |  |
|---|--------|-------|-------|-------|-------|-------|-------|-------|--|
| Contributions to international organizations:                         |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....                                    | 153 BA | 899   | 891   | 1,010 | 1,029 | 1,050 | 1,073 | 1,100 |  |
| Outlays .....   | O      | 832   | 977   | 1,008 | 1,028 | 1,050 | 1,073 | 1,099 |  |
| Contributions for international peacekeeping activities:              |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....                                    | 153 BA | 825   | 726   | 550   | 560   | 572   | 584   | 599   |  |
| Outlays .....   | O      | 913   | 1,328 | 574   | 560   | 571   | 584   | 599   |  |
| Arrearage payments:   |        |       |       |       |       |       |       |       |  |
| Outlays .....   | 153 O  | 582   | 244   |       |       |       |       |       |  |
| International conferences and contingencies:                          |        |       |       |       |       |       |       |       |  |
| Outlays .....   | 153 O  |       | 1     | 3     |       |       |       |       |  |
| Total Federal funds International Organizations and Conferences ..... | BA     | 1,724 | 1,617 | 1,560 | 1,589 | 1,622 | 1,657 | 1,699 |  |
|   | O      | 2,327 | 2,550 | 1,585 | 1,588 | 1,621 | 1,657 | 1,698 |  |

**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 | 25 | 27 | 32 | 33 | 33 | 34 | 35 |  |
| Spending authority from offsetting collections, discretionary .....                              | BA     | 5  | 6  | 6  | 6  | 6  | 6  | 7  |  |
| Outlays .....  | O      | 27 | 33 | 37 | 39 | 39 | 40 | 42 |  |
| Salaries and expenses, IBWC (gross) .....  | BA     | 30 | 33 | 38 | 39 | 39 | 40 | 42 |  |
|  | O      | 27 | 33 | 37 | 39 | 39 | 40 | 42 |  |
| Offsetting collections from Federal sources .....  |        | -3 | -6 | -6 | -6 | -6 | -6 | -7 |  |
| Offsetting collections from non-Federal sources .....  |        | -2 |    |    |    |    |    |    |  |
| Total Salaries and expenses, IBWC (net) .....  | BA     | 25 | 27 | 32 | 33 | 33 | 34 | 35 |  |
|  | O      | 22 | 27 | 31 | 33 | 33 | 34 | 35 |  |
| Construction, IBWC:  |        |    |    |    |    |    |    |    |  |
| Appropriation, discretionary .....   | 301 BA | 5  | 10 | 9  | 9  | 9  | 10 | 10 |  |
| Spending authority from offsetting collections, discretionary .....                              | BA     | 5  | 10 | 10 | 10 | 10 | 11 | 11 |  |
| Outlays .....  | O      | 20 | 15 | 18 | 19 | 19 | 20 | 21 |  |
| Construction, IBWC (gross) .....   | BA     | 10 | 20 | 19 | 19 | 19 | 21 | 21 |  |
|  | O      | 20 | 15 | 18 | 19 | 19 | 20 | 21 |  |
| Offsetting collections from Federal sources .....  |        | -1 | -7 | -7 | -7 | -7 | -7 | -8 |  |
| Offsetting governmental collections (from non-Federal sources) .....                             |        | -4 | -3 | -3 | -3 | -3 | -3 | -3 |  |
| Total Construction, IBWC (net) .....   | BA     | 5  | 10 | 9  | 9  | 9  | 11 | 10 |  |
|  | O      | 15 | 5  | 8  | 9  | 9  | 10 | 10 |  |
| Total Federal funds International Boundary and Water Commission, United States and Mexico: ..... | BA     | 30 | 37 | 41 | 42 | 42 | 45 | 45 |  |
|  | O      | 37 | 32 | 39 | 42 | 42 | 44 | 45 |  |

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |  |
|---|--------|----|----|----|----|----|----|----|--|
| American sections, international commissions: |        |    |    |    |    |    |    |    |  |
| Appropriation, discretionary .....            | 301 BA | 10 | 11 | 11 | 11 | 11 | 12 | 12 |  |
| Outlays .....                                 | O      | 8  | 11 | 11 | 11 | 11 | 11 | 11 |  |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| International fisheries commissions:                                  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 302 BA | 20             | 20       | 20   | 20   | 21   | 21   | 22   |
| Outlays .....   | O      | 20             | 20       | 20   | 20   | 21   | 21   | 22   |
| Total Federal funds International Commissions .....                   | BA     | 60             | 68       | 72   | 73   | 74   | 78   | 79   |
|   | O      | 65             | 63       | 70   | 73   | 74   | 76   | 78   |
| <b>Other</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Migration and refugee assistance:                                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 151 BA | 705            | 705      | 760  | 774  | 790  | 807  | 828  |
| Spending authority from offsetting collections, discretionary .....   | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 740            | 754      | 757  | 805  | 785  | 802  | 823  |
| Migration and refugee assistance (gross) .....                        | BA     | 705            | 706      | 761  | 775  | 791  | 808  | 829  |
|   | O      | 740            | 754      | 757  | 805  | 785  | 802  | 823  |
| Change in uncollected customer payments from Federal sources .....    | BA     | 1              |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                     |        | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Migration and refugee assistance (net) .....                    | BA     | 705            | 705      | 760  | 774  | 790  | 807  | 828  |
|   | O      | 739            | 753      | 756  | 804  | 784  | 801  | 822  |
| United States emergency refugee and migration assistance fund:        |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 151 BA | 15             | 15       | 40   | 41   | 42   | 42   | 44   |
| Outlays .....   | O      | 90             | 45       | 25   | 36   | 38   | 41   | 42   |
| International narcotics control and law enforcement:                  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 151 BA | 376            | 197      | 285  | 290  | 297  | 302  | 310  |
| Spending authority from offsetting collections, discretionary .....   | BA     | 5              | 5        | 5    | 5    | 5    | 5    | 5    |
| Outlays .....   | O      | 389            | 447      | 368  | 350  | 282  | 297  | 305  |
| International narcotics control and law enforcement (gross) .....     | BA     | 381            | 202      | 290  | 295  | 302  | 307  | 315  |
|   | O      | 389            | 447      | 368  | 350  | 282  | 297  | 305  |
| Offsetting collections from Federal sources .....                     |        | -5             | -5       | -5   | -5   | -5   | -5   | -5   |
| Total International narcotics control and law enforcement (net) ..... | BA     | 376            | 197      | 285  | 290  | 297  | 302  | 310  |
|   | O      | 384            | 442      | 363  | 345  | 277  | 292  | 300  |
| Andean counterdrug initiative:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 151 BA | 645            | 731      | 731  | 745  | 760  | 777  | 796  |
| Spending authority from offsetting collections, discretionary .....   | BA     | 8              |          |      |      |      |      |      |
| Outlays .....   | O      | 196            | 687      | 810  | 756  | 746  | 760  | 777  |
| Andean counterdrug initiative (gross) .....                           | BA     | 653            | 731      | 731  | 745  | 760  | 777  | 796  |
|   | O      | 196            | 687      | 810  | 756  | 746  | 760  | 777  |
| Offsetting collections from Federal sources .....                     |        | -8             |          |      |      |      |      |      |
| Total Andean counterdrug initiative (net) .....                       | BA     | 645            | 731      | 731  | 745  | 760  | 777  | 796  |
|   | O      | 188            | 687      | 810  | 756  | 746  | 760  | 777  |
| Payment to the Asia Foundation:                                       |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 9              | 9        | 9    | 9    | 9    | 10   | 10   |
| Outlays .....   | O      | 10             | 9        | 9    | 9    | 9    | 9    | 9    |
| National Endowment for Democracy:                                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 38             | 36       | 36   | 37   | 37   | 38   | 39   |
| Outlays .....   | O      | 37             | 34       | 37   | 37   | 37   | 37   | 39   |
| East-West Center:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 14             | 14       | 14   | 14   | 15   | 15   | 15   |
| Outlays .....   | O      | 14             | 14       | 14   | 14   | 14   | 14   | 15   |
| International litigation fund:  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....  | 153 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              | 4        | 4    | 4    | 4    | 4    | 4    |
| International litigation fund (gross) .....                           | BA     | 3              | 4        | 4    | 4    | 4    | 4    | 4    |
|   | O      | 3              | 4        | 4    | 4    | 4    | 4    | 4    |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        | 2008   |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| Offsetting collections from Federal sources .....               |          | -2             | -3       | -3     | -3     | -3     | -3     | -3     |
| Total International litigation fund (net) .....                 | BA       | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|   | O        | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| International Center, Washington, D.C:                          |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory ..... | 153 BA   | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O        | 2              | 1        | 1      | 1      | 1      | 1      | 1      |
| International Center, Washington, D.C (gross) .....             | BA       | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|   | O        | 2              | 1        | 1      | 1      | 1      | 1      | 1      |
| Offsetting collections from Federal sources .....               |          | -1             | -1       | -1     | -1     | -1     | -1     | -1     |
| Total International Center, Washington, D.C. (net) .....        | BA       |                |          |        |        |        |        |        |
|   | O        | 1              |          |        |        |        |        |        |
| <i>Trust funds</i>  |          |                |          |        |        |        |        |        |
| Israeli Arab and Eisenhower exchange fellowship programs:       |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                              | 154 BA   | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O        | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Total Federal funds Other .....                                 | BA       | 1,803          | 1,708    | 1,876  | 1,911  | 1,951  | 1,992  | 2,043  |
|   | O        | 1,464          | 1,985    | 2,015  | 2,002  | 1,906  | 1,955  | 2,005  |
| Total Trust funds Other .....                                   | BA       | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|   | O        | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                | BA       | 9,556          | 9,317    | 9,930  | 10,108 | 10,312 | 10,537 | 10,799 |
|   | O        | 9,022          | 10,563   | 9,765  | 10,061 | 10,166 | 10,383 | 10,640 |
| Deductions for offsetting receipts:                             |          |                |          |        |        |        |        |        |
| Intrafund transactions .....                                    | 153 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
|   | 602 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
|   | 908 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Total Federal funds .....                                       | BA       | 9,556          | 9,314    | 9,927  | 10,105 | 10,309 | 10,534 | 10,796 |
|   | O        | 9,022          | 10,560   | 9,762  | 10,058 | 10,163 | 10,380 | 10,637 |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                | BA       | 655            | 645      | 664    | 703    | 731    | 761    | 792    |
|   | O        | 657            | 647      | 665    | 705    | 732    | 762    | 793    |
| Deductions for offsetting receipts:                             |          |                |          |        |        |        |        |        |
| Intrafund transactions .....                                    | 602 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Total Trust funds .....   | BA       | 655            | 644      | 663    | 702    | 730    | 760    | 791    |
|   | O        | 657            | 646      | 664    | 704    | 731    | 761    | 792    |
| Interfund transactions .....                                    | 153 BA/O | -216           | -220     | -212   | -208   | -208   | -208   | -207   |
|   | 602 BA/O | -10            | -9       | -9     | -9     | -10    | -10    | -10    |
| Total Department of State .....                                 | BA       | 9,985          | 9,729    | 10,369 | 10,590 | 10,821 | 11,076 | 11,370 |
|   | O        | 9,453          | 10,977   | 10,205 | 10,545 | 10,676 | 10,923 | 11,212 |

**DEPARTMENT OF TRANSPORTATION**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      | 2008 |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 |      |
| <b>Office of the Secretary</b>                                      |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 407 BA | 47             | 72       | 109  | 111  | 114  | 116  | 119  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 7              | 12       | 12   | 12   | 12   | 13   | 13   |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O      | 40             | 85         | 118        | 123        | 125        | 128        | 131        |
| Salaries and expenses (gross) .....  | BA     | <b>54</b>      | <b>84</b>  | <b>121</b> | <b>123</b> | <b>126</b> | <b>129</b> | <b>132</b> |
|  | O      | 40             | 85         | 118        | 123        | 125        | 128        | 131        |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>-4</b>      |            |            |            |            |            |            |
| Portion of cash collections credited to expired accounts .....             | BA     | <b>8</b>       |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                          |        | -8             | -12        | -12        | -12        | -12        | -13        | -13        |
| Offsetting collections from non-Federal sources .....                      |        | -3             |            |            |            |            |            |            |
| Total Salaries and expenses (net) .....                                    | BA     | <b>47</b>      | <b>72</b>  | <b>109</b> | <b>111</b> | <b>114</b> | <b>116</b> | <b>119</b> |
|  | O      | 29             | 73         | 106        | 111        | 113        | 115        | 118        |
| Office of Civil Rights:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 407 BA | <b>8</b>       | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>  | <b>10</b>  |
| Spending authority from offsetting collections, discretionary .....        | BA     |                | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   |
| Outlays .....  | O      | 8              | 11         | 11         | 11         | 11         | 12         | 12         |
| Office of Civil Rights (gross) .....                                       | BA     | <b>8</b>       | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>12</b>  | <b>12</b>  |
|  | O      | 8              | 11         | 11         | 11         | 11         | 12         | 12         |
| Offsetting collections from Federal sources .....                          |        |                | -2         | -2         | -2         | -2         | -2         | -2         |
| Total Office of Civil Rights (net) .....                                   | BA     | <b>8</b>       | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>  | <b>10</b>  |
|  | O      | 8              | 9          | 9          | 9          | 9          | 10         | 10         |
| Minority business outreach:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 407 BA | <b>3</b>       | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Outlays .....  | O      | 2              | 4          | 4          | 3          | 3          | 3          | 3          |
| New headquarters building:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 407 BA |                | <b>25</b>  | <b>45</b>  | <b>46</b>  |            |            |            |
| Outlays .....  | O      |                | 25         | 45         | 46         |            |            |            |
| Compensation for air carriers:   |        |                |            |            |            |            |            |            |
| Outlays .....  | 402 O  | 2,222          | 450        |            |            |            |            |            |
| Transportation planning, research, and development:                        |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 407 BA | <b>15</b>      | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>12</b>  | <b>12</b>  |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>3</b>       | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Outlays .....  | O      | 11             | 15         | 15         | 14         | 15         | 15         | 15         |
| Transportation planning, research, and development (gross) .....           | BA     | <b>18</b>      | <b>14</b>  | <b>14</b>  | <b>14</b>  | <b>14</b>  | <b>15</b>  | <b>15</b>  |
|  | O      | 11             | 15         | 15         | 14         | 15         | 15         | 15         |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>-3</b>      |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                          |        |                | -3         | -3         | -3         | -3         | -3         | -3         |
| Total Transportation planning, research, and development (net) .....       | BA     | <b>15</b>      | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>12</b>  | <b>12</b>  |
|  | O      | 11             | 12         | 12         | 11         | 12         | 12         | 12         |
| Essential air service and rural airport improvement fund:                  |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 402 BA |                | <b>30</b>  | <b>33</b>  | <b>30</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>50</b>      | <b>83</b>  |            |            |            |            |            |
| Outlays .....  | O      | 50             | 88         | 75         | 31         | 36         | 40         | 40         |
| Essential air service and rural airport improvement fund (gross) .....     | BA     | <b>50</b>      | <b>113</b> | <b>33</b>  | <b>30</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  |
|  | O      | 50             | 88         | 75         | 31         | 36         | 40         | 40         |
| Offsetting collections from Federal sources .....                          |        | -50            | -83        |            |            |            |            |            |
| Total Essential air service and rural airport improvement fund (net) ..... | BA     |                | <b>30</b>  | <b>33</b>  | <b>30</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  |
|  | O      |                | 5          | 75         | 31         | 36         | 40         | 40         |
| <b>Intragovernmental Funds:</b>  |        |                |            |            |            |            |            |            |
| Working Capital Fund:  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....        | 407 BA | <b>353</b>     | <b>484</b> | <b>477</b> | <b>486</b> | <b>496</b> | <b>507</b> | <b>520</b> |
| Outlays .....  | O      | 357            | 484        | 477        | 486        | 496        | 507        | 520        |
| Working Capital Fund (gross) .....   | BA     | <b>353</b>     | <b>484</b> | <b>477</b> | <b>486</b> | <b>496</b> | <b>507</b> | <b>520</b> |
|  | O      | 357            | 484        | 477        | 486        | 496        | 507        | 520        |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>31</b>      |            |            |            |            |            |            |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|---|---------|----------------|------------|------------|------------|------------|------------|------------|
|   |         |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| Offsetting collections from Federal sources .....     |         | -384           | -484       | -477       | -486       | -496       | -507       | -520       |
| Total Working Capital Fund (net) .....                | BA<br>O | -27            |            |            |            |            |            |            |
| <b>Credit Accounts:</b>                               |         |                |            |            |            |            |            |            |
| Minority business resource center program:            |         |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                    | 407 BA  | 1              | 1          | 1          | 1          | 1          | 1          | 1          |
| Appropriation, mandatory .....                        | BA      | 1              |            |            |            |            |            |            |
| Outlays .....   | O       | 1              | 1          | 1          | 1          | 1          | 1          | 1          |
| Limitation on loan guarantee commitments .....        |         | (18)           | (18)       | (18)       | (18)       | (19)       | (19)       | (20)       |
| Total Minority business resource center program ..... | BA<br>O | 2<br>1         | 1<br>1     | 1<br>1     | 1<br>1     | 1<br>1     | 1<br>1     | 1<br>1     |
| <i>Trust funds</i>                                    |         |                |            |            |            |            |            |            |
| Payments to air carriers (trust fund):                |         |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                    | 402 BA  | 63             |            |            |            |            |            |            |
| Outlays .....   | O       | 34             | 30         |            |            |            |            |            |
| Total Federal funds Office of the Secretary .....     | BA<br>O | 75<br>2,246    | 151<br>579 | 211<br>252 | 211<br>212 | 178<br>174 | 182<br>181 | 185<br>184 |
| Total Trust funds Office of the Secretary .....       | BA<br>O | 63<br>34       | 30         |            |            |            |            |            |

**Federal Aviation Administration**

*Federal funds*

**General and Special Funds:**

|   |         |                |                |                |                |                |                |                |
|---|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operations:   |         |                |                |                |                |                |                |                |
| Appropriation, discretionary .....                                  | 402 BA  | 1,104          | 3,278          | 1,591          | 1,621          | 1,654          | 1,690          | 1,733          |
| Spending authority from offsetting collections, discretionary ..... | BA      | 6,820          | 3,902          | 6,100          | 6,213          | 6,340          | 6,480          | 6,645          |
| Outlays .....   | O       | 8,026          | 7,030          | 7,609          | 7,797          | 7,955          | 8,128          | 8,331          |
| Operations (gross) .....  | BA<br>O | 7,924<br>8,026 | 7,180<br>7,030 | 7,691<br>7,609 | 7,834<br>7,797 | 7,994<br>7,955 | 8,170<br>8,128 | 8,378<br>8,331 |
| Change in uncollected customer payments from Federal sources .....  | BA      | -290           |                |                |                |                |                |                |
| Portion of cash collections credited to expired accounts .....      | BA      | 27             |                |                |                |                |                |                |
| Offsetting collections from Federal sources .....                   |         | -6,537         | -3,882         | -6,080         | -6,194         | -6,319         | -6,459         | -6,623         |
| Offsetting collections from non-Federal sources .....               |         | -20            | -20            | -20            | -20            | -21            | -21            | -22            |
| Total Operations (net) .....  | BA<br>O | 1,104<br>1,469 | 3,278<br>3,128 | 1,591<br>1,509 | 1,620<br>1,583 | 1,654<br>1,615 | 1,690<br>1,648 | 1,733<br>1,686 |
| Aviation user fees:   |         |                |                |                |                |                |                |                |
| Appropriation, mandatory .....                                      | 402 BA  | 28             |                |                |                |                |                |                |

**Public Enterprise Funds:**

|  |         |            |              |            |          |          |          |          |
|--|---------|------------|--------------|------------|----------|----------|----------|----------|
| Aviation insurance revolving fund:                               |         |            |              |            |          |          |          |          |
| Spending authority from offsetting collections, mandatory .....  | 402 BA  | 76         | 124          | 36         | 1        | 1        | 1        | 1        |
| Outlays .....  | O       | 56         | 8            | 1          |          |          |          |          |
| Aviation insurance revolving fund (gross) .....                  | BA<br>O | 76<br>56   | 124<br>8     | 36<br>1    | 1        | 1        | 1        | 1        |
| Offsetting collections from interest on Federal securities ..... |         | -1         | -1           | -1         | -1       | -1       | -1       | -1       |
| Offsetting collections from non-Federal sources .....            |         | -75        | -123         | -35        |          |          |          |          |
| Total Aviation insurance revolving fund (net) .....              | BA<br>O | -20<br>-20 | -116<br>-116 | -35<br>-35 | -1<br>-1 | -1<br>-1 | -1<br>-1 | -1<br>-1 |

**Intragovernmental Funds:**

|   |         |            |            |            |            |            |            |            |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Administrative services franchise fund:                             |         |            |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | 402 BA  | 318        | 266        | 266        | 270        | 277        | 282        | 289        |
| Outlays .....   | O       | 263        | 269        | 269        | 271        | 276        | 283        | 290        |
| Administrative services franchise fund (gross) .....                | BA<br>O | 318<br>263 | 266<br>269 | 266<br>269 | 270<br>271 | 277<br>276 | 282<br>283 | 289<br>290 |
| Change in uncollected customer payments from Federal sources .....  | BA      | -2         |            |            |            |            |            |            |



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |         |         |         |         | 2008    |
|--|--------|----------------|----------|---------|---------|---------|---------|---------|
|  |        |                | 2003     | 2004    | 2005    | 2006    | 2007    |         |
| Offsetting collections from Federal sources .....                                    |        | -316           | -266     | -266    | -271    | -276    | -283    | -290    |
| Total Administrative services franchise fund (net) .....                             | BA     |                |          |         | -1      | 1       | -1      | -1      |
|  | O      | -53            | 3        | 3       |         |         |         |         |
| <i>Trust funds</i>   |        |                |          |         |         |         |         |         |
| Grants-in-aid for airports (Airport and airway trust fund):                          |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....   | 402 BA | 175            |          |         |         |         |         |         |
| Contract authority, mandatory .....  | BA     | 2,998          | 3,400    | 3,400   | 3,400   | 3,400   | 3,400   | 3,400   |
| Outlays .....  | O      | 2,860          | 3,244    | 3,299   | 3,382   | 3,446   | 3,455   | 3,452   |
| Limitation on program level (obligations) .....                                      |        | (3,300)        | (3,400)  | (3,400) | (3,400) | (3,400) | (3,400) | (3,400) |
| Total Grants-in-aid for airports (Airport and airway trust fund) .....               | BA     | 3,173          | 3,400    | 3,400   | 3,400   | 3,400   | 3,400   | 3,400   |
|  | O      | 2,860          | 3,244    | 3,299   | 3,382   | 3,446   | 3,455   | 3,452   |
| Facilities and equipment (Airport and airway trust fund):                            |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....   | 402 BA | 3,006          | 2,981    | 2,916   | 2,971   | 3,030   | 3,097   | 3,177   |
| Spending authority from offsetting collections, discretionary .....                  | BA     | 172            | 120      | 120     | 122     | 125     | 127     | 131     |
| Outlays .....  | O      | 2,909          | 3,088    | 3,349   | 3,095   | 2,879   | 3,174   | 3,246   |
| Facilities and equipment (Airport and airway trust fund) (gross) .....               | BA     | 3,178          | 3,101    | 3,036   | 3,093   | 3,155   | 3,224   | 3,308   |
|  | O      | 2,909          | 3,088    | 3,349   | 3,095   | 2,879   | 3,174   | 3,246   |
| Offsetting collections from Federal sources .....                                    |        | -143           | -100     | -100    | -102    | -104    | -106    | -109    |
| Offsetting collections from non-Federal sources .....                                |        | -29            | -20      | -20     | -20     | -21     | -21     | -22     |
| Total Facilities and equipment (Airport and airway trust fund) (net) .....           | BA     | 3,006          | 2,981    | 2,916   | 2,971   | 3,030   | 3,097   | 3,177   |
|  | O      | 2,737          | 2,968    | 3,229   | 2,973   | 2,754   | 3,047   | 3,115   |
| Research, engineering and development (Airport and airway trust fund):               |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....   | 402 BA | 245            | 124      | 100     | 102     | 104     | 106     | 109     |
| Spending authority from offsetting collections, discretionary .....                  | BA     | 4              | 16       | 16      | 16      | 17      | 17      | 17      |
| Outlays .....  | O      | 204            | 217      | 173     | 152     | 120     | 122     | 124     |
| Research, engineering and development (Airport and airway trust fund) (gross) .....  | BA     | 249            | 140      | 116     | 118     | 121     | 123     | 126     |
|  | O      | 204            | 217      | 173     | 152     | 120     | 122     | 124     |
| Offsetting collections from Federal sources .....                                    |        | -4             | -16      | -16     | -16     | -17     | -17     | -17     |
| Total Research, engineering and development (Airport and airway trust fund) (net) .. | BA     | 245            | 124      | 100     | 102     | 104     | 106     | 109     |
|  | O      | 200            | 201      | 157     | 136     | 103     | 105     | 107     |
| Trust fund share of FAA operations:  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....   | 402 BA | 5,973          | 3,799    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
| Outlays .....  | O      | 5,902          | 3,943    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
| Trust fund share of FAA operations (gross) .....                                     | BA     | 5,973          | 3,799    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
|  | O      | 5,902          | 3,943    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
| Portion of cash collections credited to expired accounts .....                       | BA     | 2              |          |         |         |         |         |         |
| Offsetting collections from Federal sources .....                                    |        | -2             |          |         |         |         |         |         |
| Total Trust fund share of FAA operations (net) .....                                 | BA     | 5,973          | 3,799    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
|  | O      | 5,900          | 3,943    | 6,000   | 6,112   | 6,236   | 6,374   | 6,536   |
| Total Federal funds Federal Aviation Administration .....                            | BA     | 1,132          | 3,278    | 1,591   | 1,619   | 1,655   | 1,689   | 1,732   |
|  | O      | 1,396          | 3,015    | 1,477   | 1,582   | 1,614   | 1,647   | 1,685   |
| Total Trust funds Federal Aviation Administration .....                              | BA     | 12,397         | 10,304   | 12,416  | 12,585  | 12,770  | 12,977  | 13,222  |
|  | O      | 11,697         | 10,356   | 12,685  | 12,603  | 12,539  | 12,981  | 13,210  |

**Federal Highway Administration**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |    |     |    |    |
|---|--------|-----|-----|-----|----|-----|----|----|
| Miscellaneous appropriations:           |        |     |     |     |    |     |    |    |
| Appropriation, discretionary .....      | 401 BA | 148 |     |     |    |     |    |    |
| Outlays .....                           | O      | 28  | 218 | 128 | 98 | 142 | 35 | 22 |
| Appalachian development highway system: |        |     |     |     |    |     |    |    |
| Appropriation, discretionary .....      | 401 BA | 200 |     |     |    |     |    |    |
| Outlays .....                           | O      | 62  | 90  | 74  | 34 | 16  | 9  | 6  |
| State infrastructure banks:             |        |     |     |     |    |     |    |    |
| Appropriation, discretionary .....      | 401 BA | -6  |     |     |    |     |    |    |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |                  |                  |                  |                  |                  |
|--|--------|----------------|----------|------------------|------------------|------------------|------------------|------------------|
|  |        |                | 2003     | 2004             | 2005             | 2006             | 2007             | 2008             |
| Outlays  | O      | 3              | 6        | 6                | 4                | 1                |                  |                  |
| Ellsworth housing settlement:                                  |        |                |          |                  |                  |                  |                  |                  |
| Outlays  | 401 O  | 2              |          |                  |                  |                  |                  |                  |
| <i>Trust funds</i>   |        |                |          |                  |                  |                  |                  |                  |
| Federal-aid highways:  |        |                |          |                  |                  |                  |                  |                  |
| Appropriation, discretionary                                   | 401 BA | 242            |          |                  |                  |                  |                  |                  |
| Contract authority, discretionary                              | BA     | -374           |          |                  |                  |                  |                  |                  |
| Contract authority, mandatory                                  | BA     | 33,891         | 31,082   | 30,032           | 30,873           | 31,969           | 32,889           | 33,817           |
|  |        |                |          | <sup>B</sup> 100 | <sup>B</sup> 100 | <sup>B</sup> 100 | <sup>B</sup> 100 | <sup>B</sup> 100 |
| Spending authority from offsetting collections, discretionary  | BA     | 47             | 92       | 92               | 94               | 96               | 98               | 100              |
| Outlays  | O      | 30,222         | 28,286   | 28,935           | 30,208           | 31,065           | 32,196           | 33,069           |
|  |        |                |          | <sup>B</sup> 27  | <sup>B</sup> 68  | <sup>B</sup> 84  | <sup>B</sup> 94  | <sup>B</sup> 100 |
| Limitation on program level (obligations)                      |        | (31,799)       | (27,574) | (29,294)         | (30,265)         | (31,326)         | (32,257)         | (33,104)         |
| Limitation on direct loan obligations                          |        | (2,300)        | (2,400)  | (2,400)          | (2,400)          | (2,400)          | (2,400)          | (2,400)          |
| Limitation on program level (obligations)                      |        | (100)          | (200)    | (200)            | (200)            | (200)            | (200)            | (200)            |
| Federal-aid highways (gross)                                   | BA     | 33,806         | 31,174   | 30,224           | 31,067           | 32,165           | 33,087           | 34,017           |
|  | O      | 30,222         | 28,286   | 28,962           | 30,276           | 31,149           | 32,290           | 33,169           |
| Change in uncollected customer payments from Federal sources   | BA     | 14             |          |                  |                  |                  |                  |                  |
| Offsetting collections from non-Federal sources                |        | -2             | -10      | -10              | -10              | -10              | -11              | -11              |
| Offsetting governmental collections (from non-Federal sources) |        | -59            | -82      | -82              | -84              | -86              | -88              | -90              |
| Total Federal-aid highways (net)                               | BA     | 33,759         | 31,082   | 30,132           | 30,973           | 32,069           | 32,988           | 33,916           |
|  | O      | 30,161         | 28,194   | 28,870           | 30,182           | 31,053           | 32,191           | 33,068           |
| Appalachian development highway system (Highway trust fund):   |        |                |          |                  |                  |                  |                  |                  |
| Outlays  | 401 O  | 80             | 76       | 34               | 21               | 17               | 9                | 5                |
| Highway-related safety grants:                                 |        |                |          |                  |                  |                  |                  |                  |
| Outlays  | 401 O  |                | 1        |                  |                  |                  |                  |                  |
| Miscellaneous trust funds                                      |        |                |          |                  |                  |                  |                  |                  |
| (Ground transportation):                                       |        |                |          |                  |                  |                  |                  |                  |
| (Appropriation, mandatory)                                     | 401 BA | 143            | 38       | 300              | 38               | 38               | 38               | 38               |
| (Outlays)  | O      | 58             | 149      | 290              | 88               | 38               | 38               | 38               |
| Total Miscellaneous trust funds                                | BA     | 143            | 38       | 300              | 38               | 38               | 38               | 38               |
|  | O      | 58             | 149      | 290              | 88               | 38               | 38               | 38               |
| Miscellaneous highway trust funds:                             |        |                |          |                  |                  |                  |                  |                  |
| Appropriation, discretionary                                   | 401 BA | 100            |          |                  |                  |                  |                  |                  |
| Outlays  | O      | 224            | 301      | 286              | 215              | 91               | 42               | 32               |
| Right-of-way revolving fund liquidating account:               |        |                |          |                  |                  |                  |                  |                  |
| Appropriation, mandatory                                       | 401 BA | -10            | -10      | -10              | -10              | -7               | -7               | -7               |
| Outlays  | O      | -3             | -3       | -3               |                  |                  |                  |                  |
| Right-of-way revolving fund liquidating account (gross)        | BA     | -10            | -10      | -10              | -10              | -7               | -7               | -7               |
|  | O      | -3             | -3       | -3               |                  |                  |                  |                  |
| Offsetting collections from non-Federal sources                |        | -10            | -10      | -10              | -10              | -7               | -7               | -7               |
| Total Right-of-way revolving fund liquidating account (net)    | BA     | -20            | -20      | -20              | -20              | -14              | -14              | -14              |
|  | O      | -13            | -13      | -13              | -10              | -7               | -7               | -7               |
| Total Federal funds Federal Highway Administration             | BA     | 342            |          |                  |                  |                  |                  |                  |
|  | O      | 95             | 314      | 208              | 136              | 159              | 44               | 28               |
| Total Trust funds Federal Highway Administration               | BA     | 33,982         | 31,100   | 30,412           | 30,991           | 32,093           | 33,012           | 33,940           |
|  | O      | 30,510         | 28,708   | 29,467           | 30,496           | 31,192           | 32,273           | 33,136           |

**Federal Motor Carrier Safety Administration**

*Trust funds*

|   |        |       |       |    |  |  |  |  |
|---|--------|-------|-------|----|--|--|--|--|
| Motor carrier safety:   |        |       |       |    |  |  |  |  |
| Contract authority, discretionary                             | 401 BA | -7    |       |    |  |  |  |  |
| Contract authority, mandatory                                 | BA     | 109   | 125   |    |  |  |  |  |
| Spending authority from offsetting collections, discretionary | BA     | 12    | 10    |    |  |  |  |  |
| Outlays   | O      | 116   | 151   | 12 |  |  |  |  |
| Limitation on program level (obligations)                     |        | (110) | (117) |    |  |  |  |  |
| Motor carrier safety (gross)                                  | BA     | 114   | 135   |    |  |  |  |  |
|   | O      | 116   | 151   | 12 |  |  |  |  |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |         | 2002<br>actual | estimate   |            |            |            |            |            |
|--|---------|----------------|------------|------------|------------|------------|------------|------------|
|  |         |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Offsetting governmental collections (from non-Federal sources) |         | -12            | -10        |            |            |            |            |            |
| Total Motor carrier safety (net)                               | BA<br>O | 102<br>104     | 125<br>141 | 12         |            |            |            |            |
| National motor carrier safety program:                         |         |                |            |            |            |            |            |            |
| Contract authority, mandatory                                  | 401 BA  | 206            | 190        |            |            |            |            |            |
| Outlays  | O       | 164            | 233        | 137        |            |            |            |            |
| Limitation on program level (obligations)                      |         | (206)          | (190)      |            |            |            |            |            |
| Motor Carrier Safety Grants:                                   |         |                |            |            |            |            |            |            |
| Contract authority, mandatory                                  | 401 BA  |                |            | 223        | 228        | 233        | 239        | 244        |
| Outlays  | O       |                |            | 62         | 225        | 229        | 233        | 239        |
| Limitation on program level (obligations)                      |         |                |            | (223)      | (227)      | (232)      | (237)      | (243)      |
| Motor Carrier Safety Operations and Programs:                  |         |                |            |            |            |            |            |            |
| Contract authority, mandatory                                  | 401 BA  |                |            | 224        | 229        | 234        | 240        | 246        |
| Spending authority from offsetting collections, discretionary  | BA      |                |            | 10         | 10         | 10         | 11         | 11         |
| Outlays  | O       |                |            | 212        | 237        | 242        | 249        | 255        |
| Limitation on program level (obligations)                      |         |                |            | (224)      | (228)      | (232)      | (238)      | (244)      |
| Motor Carrier Safety Operations and Programs (gross)           | BA<br>O |                |            | 234<br>212 | 239<br>237 | 244<br>242 | 251<br>249 | 257<br>255 |
| Offsetting governmental collections (from non-Federal sources) |         |                |            | -10        | -10        | -10        | -11        | -11        |
| Total Motor Carrier Safety Operations and Programs (net)       | BA<br>O |                |            | 224<br>202 | 229<br>227 | 234<br>232 | 240<br>238 | 246<br>244 |
| Border enforcement program:                                    |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                   | 401 BA  | 45             | 60         |            |            |            |            |            |
| Outlays  | O       | 7              | 91         | 6          |            |            |            |            |
| Total Trust funds Federal Motor Carrier Safety Administration  | BA<br>O | 353<br>275     | 375<br>465 | 447<br>419 | 457<br>452 | 467<br>461 | 479<br>471 | 490<br>483 |

**National Highway Traffic Safety Administration**

Federal funds

General and Special Funds:

Operations and research:

|   |         |            |            |            |            |            |            |            |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 401 BA  | 127        | 126        | 126        | 128        | 131        | 134        | 137        |
| Spending authority from offsetting collections, discretionary | BA      | 19         | 25         | 25         | 25         | 26         | 27         | 27         |
| Outlays   | O       | 119        | 186        | 168        | 159        | 156        | 159        | 163        |
| Operations and research (gross)                               | BA<br>O | 146<br>119 | 151<br>186 | 151<br>168 | 153<br>159 | 157<br>156 | 161<br>159 | 164<br>163 |
| Offsetting collections from Federal sources                   |         | -19        | -25        | -25        | -25        | -26        | -27        | -27        |
| Total Operations and research (net)                           | BA<br>O | 127<br>100 | 126<br>161 | 126<br>143 | 128<br>134 | 131<br>130 | 134<br>132 | 137<br>136 |

Trust funds

Operations and research (Highway trust fund):

|   |         |          |          |            |            |            |            |            |
|---|---------|----------|----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 401 BA  | 2        | 2        | 4          | 4          | 4          | 4          | 4          |
| Contract authority, discretionary                             | BA      | -2       |          |            |            |            |            |            |
| Contract authority, mandatory                                 | BA      | 72       | 72       | 88         | 88         | 88         | 88         | 88         |
| Spending authority from offsetting collections, discretionary | BA      | 11       | 11       | 16         | 16         | 17         | 17         | 17         |
| Outlays   | O       | 96       | 94       | 104        | 107        | 111        | 113        | 117        |
| Limitation on program level (obligations)                     |         | (72)     | (72)     | (88)       | (90)       | (91)       | (93)       | (96)       |
| Operations and research (Highway trust fund) (gross)          | BA<br>O | 83<br>96 | 85<br>94 | 108<br>104 | 108<br>107 | 109<br>111 | 109<br>113 | 109<br>117 |
| Offsetting collections from Federal sources                   |         | -11      | -11      | -16        | -16        | -17        | -17        | -17        |
| Total Operations and research (Highway trust fund) (net)      | BA<br>O | 72<br>85 | 74<br>83 | 92<br>88   | 92<br>91   | 92<br>94   | 92<br>96   | 92<br>100  |

Highway traffic safety grants:

|                               |        |     |     |     |     |     |     |     |
|-------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Contract authority, mandatory | 401 BA | 223 | 225 | 447 | 447 | 447 | 447 | 447 |
| Outlays                       | O      | 229 | 229 | 322 | 402 | 432 | 466 | 477 |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|----|----------------|----------|-------|-------|-------|-------|-------|
|  |    |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| Limitation on program level (obligations) .....                          |    | (223)          | (225)    | (447) | (455) | (465) | (475) | (487) |
| Total Federal funds National Highway Traffic Safety Administration ..... | BA | 127            | 126      | 126   | 128   | 131   | 134   | 137   |
|  | O  | 100            | 161      | 143   | 134   | 130   | 132   | 136   |
| Total Trust funds National Highway Traffic Safety Administration .....   | BA | 295            | 299      | 539   | 539   | 539   | 539   | 539   |
|  | O  | 314            | 312      | 410   | 493   | 526   | 562   | 577   |

**Federal Railroad Administration**

*Federal funds*

**General and Special Funds:**

|   |     |    |       |       |       |       |       |       |       |
|---|-----|----|-------|-------|-------|-------|-------|-------|-------|
| Safety and operations:  |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 117   | 118   | 131   | 133   | 136   | 139   | 143   |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 10    | 1     | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   |     | O  | 124   | 134   | 134   | 133   | 136   | 139   | 142   |
| Safety and operations (gross) .....                                 |     | BA | 127   | 119   | 132   | 134   | 137   | 140   | 144   |
|   |     | O  | 124   | 134   | 134   | 133   | 136   | 139   | 142   |
| Offsetting collections from Federal sources .....                   |     |    | -10   | -1    | -1    | -1    | -1    | -1    | -1    |
| Total Safety and operations (net) .....                             |     | BA | 117   | 118   | 131   | 133   | 136   | 139   | 143   |
|   |     | O  | 114   | 133   | 133   | 132   | 135   | 138   | 141   |
| Railroad research and development:                                  |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 29    | 28    | 35    | 36    | 36    | 37    | 38    |
| Spending authority from offsetting collections, discretionary ..... |     | BA | ..... | 1     | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   |     | O  | 26    | 43    | 37    | 35    | 36    | 37    | 39    |
| Railroad research and development (gross) .....                     |     | BA | 29    | 29    | 36    | 37    | 37    | 38    | 39    |
|   |     | O  | 26    | 43    | 37    | 35    | 36    | 37    | 39    |
| Offsetting collections from Federal sources .....                   |     |    | ..... | -1    | -1    | -1    | -1    | -1    | -1    |
| Total Railroad research and development (net) .....                 |     | BA | 29    | 28    | 35    | 36    | 36    | 37    | 38    |
|   |     | O  | 26    | 42    | 36    | 34    | 35    | 36    | 38    |
| Rhode Island rail development:                                      |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | 7     | 6     | 14    | ..... | ..... | ..... | ..... |
| Pennsylvania station redevelopment project:                         |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 20    | 20    | ..... | ..... | ..... | ..... | ..... |
| Outlays .....   |     | O  | ..... | 5     | 24    | 18    | 7     | 6     | ..... |
| Alaska railroad rehabilitation:                                     |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 20    | ..... | ..... | ..... | ..... | ..... | ..... |
| Outlays .....   |     | O  | 41    | 8     | 13    | ..... | ..... | ..... | ..... |
| West Virginia rail development:                                     |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | 4     | 2     | 6     | 3     | ..... | ..... | ..... |
| Capital grants to National Railroad Passenger Corporation:          |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 826   | 521   | 900   | 917   | 935   | 956   | 980   |
| Outlays .....   |     | O  | 1,067 | 595   | 900   | 917   | 935   | 956   | 980   |
| AMTRAK reform council:  |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 407 | O  | 1     | ..... | ..... | ..... | ..... | ..... | ..... |
| Next generation high-speed rail:                                    |     |    |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 401 | BA | 32    | 23    | 23    | 23    | 24    | 24    | 25    |
| Outlays .....   |     | O  | 37    | 20    | 12    | 18    | 32    | 39    | 24    |
| Northeast corridor improvement program:                             |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | ..... | 4     | 9     | 5     | ..... | ..... | ..... |
| Emergency railroad rehabilitation and repair:                       |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | ..... | ..... | 1     | ..... | ..... | ..... | ..... |
| Local rail freight assistance:                                      |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | 1     | ..... | ..... | ..... | ..... | ..... | ..... |
| Conrail commuter transition assistance:                             |     |    |       |       |       |       |       |       |       |
| Outlays .....   | 401 | O  | 1     | ..... | ..... | ..... | ..... | ..... | ..... |
| <b>Public Enterprise Funds:</b>                                     |     |    |       |       |       |       |       |       |       |
| Railroad rehabilitation and improvement liquidating account:        |     |    |       |       |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....     | 401 | BA | 6     | 6     | 6     | 6     | 6     | 6     | 6     |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |     | 2002<br>actual | estimate |       |       |       |       |       |
|---|-----|----------------|----------|-------|-------|-------|-------|-------|
|   |     |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....   | O   | 5              | 2        | 2     | 1     | 1     | 1     | 1     |
| Railroad rehabilitation and improvement liquidating account (gross) .....     | BA  | 6              | 6        | 6     | 6     | 6     | 6     | 6     |
|   | O   | 5              | 2        | 2     | 1     | 1     | 1     | 1     |
| Offsetting collections from non-Federal sources .....                         |     | -6             | -6       | -6    | -6    | -6    | -6    | -6    |
| Total Railroad rehabilitation and improvement liquidating account (net) ..... | BA  |                |          |       |       |       |       |       |
|   | O   | -1             | -4       | -4    | -5    | -5    | -5    | -5    |
| <b>Credit Accounts:</b>   |     |                |          |       |       |       |       |       |
| Amtrak corridor improvement loans liquidating account:                        |     |                |          |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....                         | 401 | -1             | -3       |       |       |       |       |       |
| Amtrak corridor improvement loans liquidating account (net) .....             | BA  | -1             | -3       |       |       |       |       |       |
|   | O   | -1             | -3       |       |       |       |       |       |
| Total Federal funds Federal Railroad Administration .....                     | BA  | 1,043          | 707      | 1,089 | 1,109 | 1,131 | 1,156 | 1,186 |
|   | O   | 1,297          | 808      | 1,144 | 1,122 | 1,139 | 1,170 | 1,178 |

**Federal Transit Administration**

*Federal funds*

**General and Special Funds:**

Administrative expenses:

|   |        |     |     |    |    |    |    |    |
|---|--------|-----|-----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 401 BA | 13  | 15  | 76 | 77 | 79 | 81 | 83 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 55  | 59  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 60  | 85  | 76 | 79 | 80 | 82 | 84 |
| Administrative expenses (gross) .....                               | BA     | 68  | 74  | 77 | 78 | 80 | 82 | 84 |
|   | O      | 60  | 85  | 76 | 79 | 80 | 82 | 84 |
| Offsetting collections from Federal sources .....                   |        | -55 | -59 | -1 | -1 | -1 | -1 | -1 |
| Total Administrative expenses (net) .....                           | BA     | 13  | 15  | 76 | 77 | 79 | 81 | 83 |
|   | O      | 5   | 26  | 75 | 78 | 79 | 81 | 83 |

Major capital investments grants:

|   |        |  |  |       |       |       |       |       |
|---|--------|--|--|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 401 BA |  |  | 1,214 | 1,237 | 1,262 | 1,290 | 1,322 |
| Spending authority from offsetting collections, discretionary ..... | BA     |  |  | 321   | 327   | 334   | 341   | 350   |
| Outlays .....   | O      |  |  | 185   | 602   | 920   | 1,170 | 1,379 |
| Major capital investments grants (gross) .....                      | BA     |  |  | 1,535 | 1,564 | 1,596 | 1,631 | 1,672 |
|   | O      |  |  | 185   | 602   | 920   | 1,170 | 1,379 |
| Offsetting collections from Federal sources .....                   |        |  |  | -321  | -327  | -334  | -341  | -350  |
| Total Major capital investments grants (net) .....                  | BA     |  |  | 1,214 | 1,237 | 1,262 | 1,290 | 1,322 |
|   | O      |  |  | -136  | 275   | 586   | 829   | 1,029 |

Formula grants:

|   |        |        |        |       |       |       |     |     |
|---|--------|--------|--------|-------|-------|-------|-----|-----|
| Appropriation, discretionary .....                                  | 401 BA | 692    | 768    |       |       |       |     |     |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3,989  | 3,071  |       |       |       |     |     |
| Outlays .....   | O      | 4,383  | 3,870  | 3,291 | 2,172 | 1,258 | 549 | 433 |
| Formula grants (gross) .....  | BA     | 4,681  | 3,839  |       |       |       |     |     |
|   | O      | 4,383  | 3,870  | 3,291 | 2,172 | 1,258 | 549 | 433 |
| Offsetting collections from Federal sources .....                   |        | -3,989 | -3,071 |       |       |       |     |     |
| Total Formula grants (net) .....                                    | BA     | 692    | 768    |       |       |       |     |     |
|   | O      | 394    | 799    | 3,291 | 2,172 | 1,258 | 549 | 433 |

University transportation research:

|   |        |   |   |   |   |   |  |  |
|---|--------|---|---|---|---|---|--|--|
| Appropriation, discretionary .....                                  | 401 BA | 1 | 1 |   |   |   |  |  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 5 | 5 |   |   |   |  |  |
| Outlays .....   | O      | 8 | 6 | 5 | 2 | 1 |  |  |
| University transportation research (gross) .....                    | BA     | 6 | 6 |   |   |   |  |  |
|   | O      | 8 | 6 | 5 | 2 | 1 |  |  |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |         |         |         |         |         |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| Offsetting collections from Federal sources .....                   |        | -5             | -5       |         |         |         |         |         |
| Total University transportation research (net) .....                | BA     | 1              | 1        |         |         |         |         |         |
|   | O      | 3              | 1        | 5       | 2       | 1       |         |         |
| Transit planning and research:                                      |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 401 BA | 23             | 24       |         |         |         |         |         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 173            | 118      |         |         |         |         |         |
| Outlays .....   | O      | 191            | 166      | 148     | 118     | 16      | 5       |         |
| Transit planning and research (gross) .....                         | BA     | 196            | 142      |         |         |         |         |         |
|   | O      | 191            | 166      | 148     | 118     | 16      | 5       |         |
| Change in uncollected customer payments from Federal sources .....  | BA     | -15            |          |         |         |         |         |         |
| Offsetting collections from Federal sources .....                   |        | -158           | -118     |         |         |         |         |         |
| Total Transit planning and research (net) .....                     | BA     | 23             | 24       |         |         |         |         |         |
|   | O      | 33             | 48       | 148     | 118     | 16      | 5       |         |
| Job access and reverse commute grants:                              |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 401 BA | 25             | 30       |         |         |         |         |         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 100            | 120      |         |         |         |         |         |
| Outlays .....   | O      | 65             | 96       | 108     | 95      | 61      | 37      | 8       |
| Job access and reverse commute grants (gross) .....                 | BA     | 125            | 150      |         |         |         |         |         |
|   | O      | 65             | 96       | 108     | 95      | 61      | 37      | 8       |
| Offsetting collections from Federal sources .....                   |        | -100           | -120     |         |         |         |         |         |
| Total Job access and reverse commute grants (net) .....             | BA     | 25             | 30       |         |         |         |         |         |
|   | O      | -35            | -24      | 108     | 95      | 61      | 37      | 8       |
| Capital investment grants:  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 401 BA | 2,518          | 607      |         |         |         |         |         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2,273          | 2,429    |         |         |         |         |         |
| Outlays .....   | O      | 2,401          | 2,508    | 2,719   | 1,864   | 1,134   | 643     | 579     |
| Capital investment grants (gross) .....                             | BA     | 4,791          | 3,036    |         |         |         |         |         |
|   | O      | 2,401          | 2,508    | 2,719   | 1,864   | 1,134   | 643     | 579     |
| Offsetting collections from Federal sources .....                   |        | -2,273         | -2,429   |         |         |         |         |         |
| Total Capital investment grants (net) .....                         | BA     | 2,518          | 607      |         |         |         |         |         |
|   | O      | 128            | 79       | 2,719   | 1,864   | 1,134   | 643     | 579     |
| Research, training, and human resources:                            |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 1              | 1        |         |         |         |         |         |
| Interstate transfer grants-transit:                                 |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 8              | -1       |         | 1       |         |         |         |
| Washington Metropolitan Area Transit Authority:                     |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 89             | 14       | 10      | 6       | 2       |         |         |
| <i>Trust funds</i>  |        |                |          |         |         |         |         |         |
| Discretionary grants (Highway trust fund, mass transit account):    |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 495            | 455      | 220     | 80      | 40      |         |         |
| Trust fund share of expenses:                                       |        |                |          |         |         |         |         |         |
| Contract authority, mandatory .....                                 | 401 BA | 6,573          | 5,781    | 321     | 327     | 334     | 342     | 350     |
| Outlays .....   | O      | 6,573          | 5,781    | 321     | 327     | 334     | 341     | 350     |
| Limitation on program level (obligations) .....                     |        | (6,573)        | (5,781)  | (321)   | (327)   | (334)   | (341)   | (350)   |
| Formula Grants and Research:  |        |                |          |         |         |         |         |         |
| Contract authority, mandatory .....                                 | 401 BA |                |          | 5,615   | 5,728   | 5,846   | 5,977   | 6,125   |
| Spending authority from offsetting collections, discretionary ..... | BA     |                |          | 20      | 20      | 21      | 21      | 22      |
| Outlays .....   | O      |                |          | 598     | 2,186   | 3,522   | 4,510   | 5,181   |
| Limitation on program level (obligations) .....                     |        |                |          | (5,615) | (5,721) | (5,836) | (5,964) | (6,116) |
| Formula Grants and Research (gross) .....                           | BA     |                |          | 5,635   | 5,748   | 5,867   | 5,998   | 6,147   |
|   | O      |                |          | 598     | 2,186   | 3,522   | 4,510   | 5,181   |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate     |              |              |              |              |              |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |    |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Offsetting collections from Federal sources .....        |    |                |              | -20          | -20          | -21          | -21          | -22          |
| Total Formula Grants and Research (net) .....            | BA |                |              | <b>5,615</b> | <b>5,728</b> | <b>5,846</b> | <b>5,977</b> | <b>6,125</b> |
|  | O  |                |              | 578          | 2,166        | 3,501        | 4,489        | 5,159        |
| Total Federal funds Federal Transit Administration ..... | BA | <b>3,272</b>   | <b>1,445</b> | <b>1,290</b> | <b>1,314</b> | <b>1,341</b> | <b>1,371</b> | <b>1,405</b> |
|  | O  | 626            | 943          | 6,220        | 4,611        | 3,137        | 2,144        | 2,132        |
| Total Trust funds Federal Transit Administration .....   | BA | <b>6,573</b>   | <b>5,781</b> | <b>5,936</b> | <b>6,055</b> | <b>6,180</b> | <b>6,319</b> | <b>6,475</b> |
|  | O  | 7,068          | 6,236        | 1,119        | 2,573        | 3,875        | 4,830        | 5,509        |

**Saint Lawrence Seaway Development Corporation**

*Federal funds*

**Public Enterprise Funds:**

Saint Lawrence Seaway Development Corporation:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Spending authority from offsetting collections, mandatory ..... | 403 BA | <b>14</b> | <b>15</b> | <b>15</b> | <b>15</b> | <b>16</b> | <b>16</b> | <b>16</b> |
| Outlays .....   | O      | 14        | 15        | 15        | 15        | 16        | 16        | 16        |
| Saint Lawrence Seaway Development Corporation (gross) .....     | BA     | <b>14</b> | <b>15</b> | <b>15</b> | <b>15</b> | <b>16</b> | <b>16</b> | <b>16</b> |
|   | O      | 14        | 15        | 15        | 15        | 16        | 16        | 16        |
| Offsetting collections from Federal sources .....               |        | -13       | -14       | -14       | -14       | -15       | -15       | -15       |
| Offsetting collections from non-Federal sources .....           |        | -1        | -1        | -1        | -1        | -1        | -1        | -1        |
| Total Saint Lawrence Seaway Development Corporation (net) ..... | BA     |           |           |           |           |           |           |           |
|   | O      |           |           |           |           |           |           |           |

*Trust funds*

Operations and maintenance:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 403 BA | <b>13</b> | <b>14</b> | <b>14</b> | <b>14</b> | <b>15</b> | <b>15</b> | <b>15</b> |
| Outlays .....                      | O      | 13        | 14        | 14        | 14        | 15        | 15        | 15        |

**Research and Special Programs Administration**

*Federal funds*

**General and Special Funds:**

Research and special programs:

|   |        |            |           |            |            |            |            |            |
|---|--------|------------|-----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 407 BA | <b>40</b>  | <b>44</b> | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>54</b>  | <b>55</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>96</b>  | <b>1</b>  | <b>55</b>  | <b>56</b>  | <b>57</b>  | <b>58</b>  | <b>60</b>  |
| Outlays .....   | O      | 81         | 112       | 103        | 108        | 110        | 111        | 115        |
| Research and special programs (gross) .....                         | BA     | <b>136</b> | <b>45</b> | <b>106</b> | <b>108</b> | <b>110</b> | <b>112</b> | <b>115</b> |
|   | O      | 81         | 112       | 103        | 108        | 110        | 111        | 115        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>5</b>   |           |            |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>6</b>   |           |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -107       | -1        | -55        | -56        | -57        | -58        | -60        |
| Total Research and special programs (net) .....                     | BA     | <b>40</b>  | <b>44</b> | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>54</b>  | <b>55</b>  |
|   | O      | -26        | 111       | 48         | 52         | 53         | 53         | 55         |

Pipeline safety:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 407 BA | <b>50</b> | <b>56</b> | <b>48</b> | <b>49</b> | <b>50</b> | <b>51</b> | <b>53</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>5</b>  | <b>11</b> | <b>19</b> | <b>19</b> | <b>20</b> | <b>20</b> | <b>21</b> |
| Outlays .....   | O      | 43        | 71        | 79        | 67        | 69        | 70        | 73        |
| Pipeline safety (gross) .....                                       | BA     | <b>55</b> | <b>67</b> | <b>67</b> | <b>68</b> | <b>70</b> | <b>71</b> | <b>74</b> |
|   | O      | 43        | 71        | 79        | 67        | 69        | 70        | 73        |
| Offsetting collections from Federal sources .....                   |        | -5        | -11       | -19       | -19       | -20       | -20       | -21       |
| Total Pipeline safety (net) .....                                   | BA     | <b>50</b> | <b>56</b> | <b>48</b> | <b>49</b> | <b>50</b> | <b>51</b> | <b>53</b> |
|   | O      | 38        | 60        | 60        | 48        | 49        | 50        | 52        |

Emergency preparedness grants:

|                                |        |           |           |           |           |           |           |           |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory ..... | 407 BA | <b>14</b> | <b>14</b> | <b>14</b> | <b>14</b> | <b>14</b> | <b>14</b> | <b>14</b> |
| Outlays .....                  | O      | 13        | 15        | 15        | 14        | 14        | 14        | 14        |

**Intragovernmental Funds:**

Working capital fund, Volpe National Transportation Systems Center:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, discretionary ..... | 407 BA | <b>258</b> | <b>238</b> | <b>240</b> | <b>244</b> | <b>249</b> | <b>255</b> | <b>261</b> |
|---|--------|------------|------------|------------|------------|------------|------------|------------|

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O      | 243            | 238        | 240        | 244        | 249        | 255        | 261        |
| Working capital fund, Volpe National Transportation Systems Center (gross) .....     | BA     | <b>258</b>     | <b>238</b> | <b>240</b> | <b>244</b> | <b>249</b> | <b>255</b> | <b>261</b> |
|  | O      | 243            | 238        | 240        | 244        | 249        | 255        | 261        |
| Change in uncollected customer payments from Federal sources .....                   | BA     | <b>-12</b>     |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                                    |        | -244           | -237       | -239       | -243       | -248       | -254       | -260       |
| Offsetting collections from non-Federal sources .....                                |        | -2             | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Working capital fund, Volpe National Transportation Systems Center (net) ..... | BA     |                |            |            |            |            |            |            |
|  | O      | -3             |            |            |            |            |            |            |
| <i>Trust funds</i>   |        |                |            |            |            |            |            |            |
| Trust fund share of pipeline safety:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 407 BA | <b>8</b>       | <b>7</b>   | <b>19</b>  | <b>19</b>  | <b>20</b>  | <b>20</b>  | <b>21</b>  |
| Outlays .....  | O      | 5              | 7          | 13         | 17         | 19         | 20         | 20         |
| Total Federal funds Research and Special Programs Administration .....               | BA     | <b>104</b>     | <b>114</b> | <b>113</b> | <b>115</b> | <b>117</b> | <b>119</b> | <b>122</b> |
|  | O      | 22             | 186        | 123        | 114        | 116        | 117        | 121        |
| Total Trust funds Research and Special Programs Administration .....                 | BA     | <b>8</b>       | <b>7</b>   | <b>19</b>  | <b>19</b>  | <b>20</b>  | <b>20</b>  | <b>21</b>  |
|  | O      | 5              | 7          | 13         | 17         | 19         | 20         | 20         |

**Office of Inspector General**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 407 BA | <b>41</b> | <b>45</b> | <b>55</b> | <b>56</b> | <b>57</b> | <b>58</b> | <b>60</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>9</b>  | <b>9</b>  | <b>8</b>  | <b>8</b>  | <b>8</b>  | <b>8</b>  | <b>9</b>  |
| Outlays .....   | O      | 46        | 60        | 63        | 64        | 65        | 67        | 69        |
| Salaries and expenses (gross) .....                                 | BA     | <b>50</b> | <b>54</b> | <b>63</b> | <b>64</b> | <b>65</b> | <b>66</b> | <b>69</b> |
|   | O      | 46        | 60        | 63        | 64        | 65        | 67        | 69        |
| Offsetting collections from Federal sources .....                   |        | -9        | -9        | -8        | -8        | -8        | -8        | -9        |
| Total Salaries and expenses (net) .....                             | BA     | <b>41</b> | <b>45</b> | <b>55</b> | <b>56</b> | <b>57</b> | <b>58</b> | <b>60</b> |
|   | O      | 37        | 51        | 55        | 56        | 57        | 59        | 60        |

**Surface Transportation Board**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 401 BA | <b>17</b> | <b>18</b> | <b>19</b> | <b>19</b> | <b>20</b> | <b>20</b> | <b>21</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
| Outlays .....   | O      | 16        | 23        | 20        | 20        | 21        | 21        | 22        |
| Salaries and expenses (gross) .....                                 | BA     | <b>18</b> | <b>19</b> | <b>20</b> | <b>20</b> | <b>21</b> | <b>21</b> | <b>22</b> |
|   | O      | 16        | 23        | 20        | 20        | 21        | 21        | 22        |
| Offsetting collections from non-Federal sources .....               |        | -1        | -1        | -1        | -1        | -1        | -1        | -1        |
| Total Salaries and expenses (net) .....                             | BA     | <b>17</b> | <b>18</b> | <b>19</b> | <b>19</b> | <b>20</b> | <b>20</b> | <b>21</b> |
|   | O      | 15        | 22        | 19        | 19        | 20        | 20        | 21        |

**Bureau of Transportation Statistics**

*Trust funds*

Airline data and analysis:

|                                    |        |  |          |          |          |          |          |          |
|------------------------------------|--------|--|----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary ..... | 402 BA |  | <b>4</b> | <b>4</b> | <b>4</b> | <b>4</b> | <b>4</b> | <b>4</b> |
| Outlays .....                      | O      |  | 4        | 4        | 4        | 4        | 4        | 4        |

**Maritime Administration**

*Federal funds*

**General and Special Funds:**

Operations and training:

|                                    |        |           |           |            |            |            |            |            |
|------------------------------------|--------|-----------|-----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 403 BA | <b>89</b> | <b>93</b> | <b>104</b> | <b>106</b> | <b>108</b> | <b>110</b> | <b>113</b> |
|------------------------------------|--------|-----------|-----------|------------|------------|------------|------------|------------|



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 137            | 50       | 50   | 51   | 52   | 53   | 54   |
| Outlays .....   | O      | 120            | 145      | 154  | 156  | 160  | 163  | 166  |
| Operations and training (gross) .....                               | BA     | 226            | 143      | 154  | 157  | 160  | 163  | 167  |
| Outlays .....   | O      | 120            | 145      | 154  | 156  | 160  | 163  | 166  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -104           |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -33            | -50      | -50  | -51  | -52  | -53  | -54  |
| Total Operations and training (net) .....                           | BA     | 89             | 93       | 104  | 106  | 108  | 110  | 113  |
|   | O      | 87             | 95       | 104  | 105  | 108  | 110  | 112  |
| Ship disposal:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 403 BA |                | 11       | 11   | 11   | 11   | 12   | 12   |
| Outlays .....   | O      |                | 6        | 12   | 12   | 12   | 12   | 12   |
| Maritime security program:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 054 BA | 99             | 99       | 99   | 101  | 103  | 105  | 108  |
| Outlays .....   | O      | 96             | 100      | 99   | 101  | 103  | 105  | 107  |
| Ship construction:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 403 BA | -4             |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2              |          |      |      |      |      |      |
| Ship construction (gross) .....                                     | BA     | -2             |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -2             |          |      |      |      |      |      |
| Total Ship construction (net) .....                                 | BA     | -4             |          |      |      |      |      |      |
|   | O      | -2             |          |      |      |      |      |      |
| Operating-differential subsidies:                                   |        |                |          |      |      |      |      |      |
| Outlays .....   | 403 O  | 5              | 31       | 2    |      |      |      |      |
| Ocean freight differential:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                      | 403 BA | 109            | -164     | 45   | 47   | 48   | 49   | 49   |
| Authority to borrow, mandatory .....                                | BA     | 48             | 45       | 38   | 47   | 48   | 49   | 49   |
| Outlays .....   | O      | 58             | 45       | 38   | 47   | 48   | 49   | 49   |
| Total Ocean freight differential .....                              | BA     | 157            | -119     | 83   | 94   | 96   | 98   | 98   |
|   | O      | 58             | 45       | 38   | 47   | 48   | 49   | 49   |
| Ready reserve force:  |        |                |          |      |      |      |      |      |
| Outlays .....   | 054 O  | 5              | 4        |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Vessel operations revolving fund:                                   |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 403 BA | 178            | 325      | 325  | 331  | 338  | 345  | 354  |
| Outlays .....   | O      | 264            | 289      | 332  | 336  | 341  | 349  | 358  |
| Vessel operations revolving fund (gross) .....                      | BA     | 178            | 325      | 325  | 331  | 338  | 345  | 354  |
|   | O      | 264            | 289      | 332  | 336  | 341  | 349  | 358  |
| Offsetting collections from Federal sources .....                   |        | -178           | -325     | -325 | -331 | -338 | -345 | -354 |
| Total Vessel operations revolving fund (net) .....                  | BA     |                |          |      |      |      |      |      |
|   | O      | 86             | -36      | 7    | 5    | 3    | 4    | 4    |
| War risk insurance revolving fund:                                  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 403 BA | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| War risk insurance revolving fund (gross) .....                     | BA     | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
|   | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Offsetting collections from interest on Federal securities .....    |        | -2             | -2       | -2   | -2   | -2   | -2   | -2   |
| Total War risk insurance revolving fund (net) .....                 | BA     |                |          |      |      |      |      |      |
|   | O      | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| <b>Credit Accounts:</b>   |        |                |          |      |      |      |      |      |
| Federal ship financing fund liquidating account:                    |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....     | 403 BA |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Federal ship financing fund liquidating account (gross) .....       | BA     |                | 1        | 1    | 1    | 1    | 1    | 1    |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        |        |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Offsetting collections from non-Federal sources .....           |          |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Federal ship financing fund liquidating account (net) .....     | BA       |                | -1       | -1     | -1     | -1     | -1     | -1     |
|   | O        |                | -1       | -1     | -1     | -1     | -1     | -1     |
| <b>Maritime guaranteed loan (title XI) program account:</b>     |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                              | 403 BA   | 32             | 4        | 4      | 4      | 4      | 4      | 4      |
| Appropriation, mandatory .....                                  | BA       | 208            | 71       |        |        |        |        |        |
| Outlays .....   | O        | 250            | 124      | 4      | 4      | 4      | 4      | 4      |
| Limitation on loan guarantee commitments .....                  |          | (563)          |          |        |        |        |        |        |
| Total Maritime guaranteed loan (title XI) program account ..... | BA       | 240            | 75       | 4      | 4      | 4      | 4      | 4      |
|   | O        | 250            | 124      | 4      | 4      | 4      | 4      | 4      |
| Total Federal funds Maritime Administration .....               | BA       | 581            | 159      | 301    | 316    | 322    | 329    | 335    |
|   | O        | 584            | 367      | 264    | 272    | 276    | 282    | 286    |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                | BA       | 6,734          | 6,043    | 4,795  | 4,887  | 4,952  | 5,058  | 5,183  |
|   | O        | 6,418          | 6,446    | 9,905  | 8,258  | 6,822  | 5,796  | 5,831  |
| Deductions for offsetting receipts:                             |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public .....                      | 401 BA/O |                | -72      |        |        |        |        |        |
|   | 403 BA/O |                | -7       | -59    |        |        |        |        |
|   | 407 BA/O |                | -25      | -12    | -6     | -6     | -14    | -14    |
| Offsetting governmental receipts .....                          | 401 BA/O |                | -59      |        |        |        |        |        |
|   | 407 BA/O |                | -53      | -58    | -50    | -51    | -52    | -54    |
| Total Federal funds .....                                       | BA       | 6,649          | 5,783    | 4,739  | 4,830  | 4,894  | 4,991  | 5,115  |
|   | O        | 6,333          | 6,186    | 9,849  | 8,201  | 6,764  | 5,729  | 5,763  |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                | BA       | 53,684         | 47,884   | 49,787 | 50,664 | 52,088 | 53,365 | 54,706 |
|   | O        | 49,916         | 46,132   | 44,131 | 46,652 | 48,631 | 51,156 | 52,954 |
| Deductions for offsetting receipts:                             |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public .....                      | 151 BA/O |                | -1       | -5     | -5     | -5     | -5     | -5     |
|   | 401 BA/O |                | -132     | -28    | -48    | -28    | -28    | -28    |
|   | 908 BA/O |                | -1       |        |        |        |        |        |
| Total Trust funds .....   | BA       | 53,550         | 47,851   | 49,734 | 50,631 | 52,055 | 53,332 | 54,673 |
|   | O        | 49,782         | 46,099   | 44,078 | 46,619 | 48,598 | 51,123 | 52,921 |
| Interfund transactions .....                                    | 401 BA/O |                | -11      | -5     | -247   | -5     | -5     | -5     |
| Total Department of Transportation .....                        | BA       | 60,188         | 53,629   | 54,226 | 55,456 | 56,944 | 58,318 | 59,783 |
|   | O        | 56,104         | 52,280   | 53,680 | 54,815 | 55,357 | 56,847 | 58,679 |

**DEPARTMENT OF THE TREASURY**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Departmental Offices</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 803 BA | 149            | 161      | 167  | 170  | 173  | 178  | 182  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 13             | 20       | 20   | 20   | 21   | 21   | 22   |
| Outlays .....   | O      | 200            | 208      | 187  | 189  | 194  | 197  | 204  |
| Salaries and expenses (gross) .....                                 | BA     | 162            | 181      | 187  | 190  | 194  | 199  | 204  |
|   | O      | 200            | 208      | 187  | 189  | 194  | 197  | 204  |
| Change in uncollected customer payments from Federal sources .....  | BA     | 1              |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -14            | -20      | -20  | -20  | -21  | -21  | -22  |
| Total Salaries and expenses (net) .....                             | BA     | 149            | 161      | 167  | 170  | 173  | 178  | 182  |
|   | O      | 186            | 188      | 167  | 169  | 173  | 176  | 182  |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |              |              |              |              |              |
|--|--------|----------------|----------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2003     | 2004         | 2005         | 2006         | 2007         | 2008         |
| <b>Department-wide systems and capital investments programs:</b> |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 803 BA | 37             | 37       | 37           | 38           | 38           | 39           | 40           |
| Outlays  | O      | 23             | 43       | 42           | 33           | 38           | 38           | 39           |
| <b>Office of Inspector General:</b>                              |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 803 BA | 11             | 11       |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary    | BA     | 1              | 1        |              |              |              |              |              |
| Outlays  | O      | 12             | 11       | 2            |              |              |              |              |
| Office of Inspector General (gross)                              | BA     | 12             | 12       |              |              |              |              |              |
|  | O      | 12             | 11       | 2            |              |              |              |              |
| Offsetting collections from Federal sources                      |        | -1             | -1       |              |              |              |              |              |
| Total Office of Inspector General (net)                          | BA     | 11             | 11       |              |              |              |              |              |
|  | O      | 11             | 10       | 2            |              |              |              |              |
| <b>Inspector General for Treasury:</b>                           |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 803 BA | 126            | 124      | 135          | 137          | 140          | 143          | 147          |
| Spending authority from offsetting collections, discretionary    | BA     | 4              | 2        | 3            | 3            | 3            | 3            | 3            |
| Outlays  | O      | 133            | 126      | 138          | 141          | 144          | 147          | 150          |
| Inspector General for Treasury (gross)                           | BA     | 130            | 126      | 138          | 140          | 143          | 146          | 150          |
|  | O      | 133            | 126      | 138          | 141          | 144          | 147          | 150          |
| Offsetting collections from Federal sources                      |        | -4             | -2       | -3           | -3           | -3           | -3           | -3           |
| Total Inspector General for Treasury (net)                       | BA     | 126            | 124      | 135          | 137          | 140          | 143          | 147          |
|  | O      | 129            | 124      | 135          | 138          | 141          | 144          | 147          |
| <b>Treasury building and annex repair and restoration:</b>       |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 803 BA | 29             | 33       | 25           | 25           | 26           | 27           | 27           |
| Outlays  | O      | 42             | 41       | 34           | 28           | 26           | 26           | 26           |
| <b>Expanded access to financial services:</b>                    |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 808 BA |                | 2        |              |              |              |              |              |
| Outlays  | O      |                | 9        | 3            |              |              |              |              |
| <b>Terrorism insurance program:</b>                              |        |                |          |              |              |              |              |              |
| Appropriation, mandatory   | 376 BA |                | 8        | 9            | 9            | 3            |              |              |
| Outlays  | O      |                | 7        | 8            | 8            | 3            |              |              |
| <b>Violent crime reduction program:</b>                          |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 751 BA | -1             |          |              |              |              |              |              |
| Outlays  | O      | 50             | 62       | 17           |              |              |              |              |
| <b>Treasury forfeiture fund:</b>                                 |        |                |          |              |              |              |              |              |
| Appropriation, mandatory   | 751 BA | 178            | 221      | 221          | 221          | 221          | 221          | 221          |
|  |        |                |          | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> |
| Outlays  | O      | 242            | 215      | 221          | 221          | 221          | 221          | 221          |
|  |        |                |          | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> | <i>B-221</i> |
| Total Treasury forfeiture fund                                   | BA     | 178            | 221      |              |              |              |              |              |
|  | O      | 242            | 215      |              |              |              |              |              |
| <b>Presidential election campaign fund:</b>                      |        |                |          |              |              |              |              |              |
| Appropriation, mandatory   | 808 BA | 67             | 67       | 67           | 67           | 67           | 67           | 67           |
| Outlays  | O      |                | 29       | 218          | 3            |              | 33           | 220          |
| <b>Sallie Mae assessments:</b>                                   |        |                |          |              |              |              |              |              |
| Appropriation, discretionary                                     | 808 BA |                | 1        | 1            | 1            | 1            | 1            | 1            |
| Outlays  | O      |                | 1        | 2            | 2            | 2            | 2            | 2            |
| <b>Public Enterprise Funds:</b>                                  |        |                |          |              |              |              |              |              |
| <b>Exchange stabilization fund:</b>                              |        |                |          |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory        | 155 BA | 520            | 521      | 547          | 575          | 603          | 633          | 665          |
| Exchange stabilization fund (gross)                              | BA     | 520            | 521      | 547          | 575          | 603          | 633          | 665          |
| Offsetting collections from interest on Federal securities       |        | -184           | -184     | -193         | -203         | -213         | -223         | -235         |
| Offsetting collections from non-Federal sources                  |        | -336           | -337     | -354         | -372         | -390         | -410         | -430         |
| Total Exchange stabilization fund (net)                          | BA     |                |          |              |              |              |              |              |
|  | O      | -520           | -521     | -547         | -575         | -603         | -633         | -665         |
| <b>Intragovernmental Funds:</b>                                  |        |                |          |              |              |              |              |              |
| <b>Working capital fund:</b>                                     |        |                |          |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory        | 803 BA | 278            | 289      | 294          | 290          | 296          | 300          | 305          |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |            |            |            |            |            |
|---|--------|----------------|--------------|------------|------------|------------|------------|------------|
|   |        |                | 2003         | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....   | O      | 278            | 289          | 294        | 290        | 296        | 300        | 305        |
| Working capital fund (gross) .....  | BA     | <b>278</b>     | <b>289</b>   | <b>294</b> | <b>290</b> | <b>296</b> | <b>300</b> | <b>305</b> |
|   | O      | 278            | 289          | 294        | 290        | 296        | 300        | 305        |
| Change in uncollected customer payments from Federal sources .....                  | BA     | <b>30</b>      |              |            |            |            |            |            |
| Offsetting collections from Federal sources .....                                   |        | -308           | -289         | -294       | -290       | -296       | -300       | -305       |
| Total Working capital fund (net) .....  | BA     |                |              |            |            |            |            |            |
|   | O      | -30            |              |            |            |            |            |            |
| Treasury franchise fund:  |        |                |              |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                 | 803 BA | <b>354</b>     | <b>347</b>   | <b>384</b> | <b>391</b> | <b>399</b> | <b>408</b> | <b>418</b> |
| Outlays .....   | O      | 312            | 342          | 379        | 390        | 398        | 407        | 417        |
| Treasury franchise fund (gross) .....   | BA     | <b>354</b>     | <b>347</b>   | <b>384</b> | <b>391</b> | <b>399</b> | <b>408</b> | <b>418</b> |
|   | O      | 312            | 342          | 379        | 390        | 398        | 407        | 417        |
| Change in uncollected customer payments from Federal sources .....                  | BA     | <b>-31</b>     | <b>6</b>     | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   |
| Offsetting collections from Federal sources .....                                   |        | -322           | -353         | -390       | -397       | -405       | -414       | -425       |
| Offsetting collections from non-Federal sources .....                               |        | -1             |              |            |            |            |            |            |
| Total Treasury franchise fund (net) .....   | BA     |                |              |            |            |            |            | <b>-1</b>  |
|   | O      | -11            | -11          | -11        | -7         | -7         | -7         | -8         |
| <b>Credit Accounts:</b>   |        |                |              |            |            |            |            |            |
| Air transportation stabilization program account:                                   |        |                |              |            |            |            |            |            |
| Appropriation, discretionary .....  | 402 BA |                | <b>6</b>     | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Appropriation, mandatory .....  | BA     | <b>172</b>     | <b>500</b>   |            |            |            |            |            |
| Outlays .....   | O      | 175            | 509          | 5          | 3          | 3          | 3          | 3          |
| Limitation on loan guarantee commitments .....                                      |        | (10,000)       |              |            |            |            |            |            |
| Total Air transportation stabilization program account .....                        | BA     | <b>172</b>     | <b>506</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
|   | O      | 175            | 509          | 5          | 3          | 3          | 3          | 3          |
| Community development financial institutions fund program account:                  |        |                |              |            |            |            |            |            |
| Appropriation, discretionary .....  | 451 BA | <b>80</b>      | <b>68</b>    | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>54</b>  | <b>56</b>  |
| Appropriation, mandatory .....  | BA     |                | <b>1</b>     |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                 | BA     | <b>1</b>       |              |            |            |            |            |            |
| Outlays .....   | O      | 138            | 109          | 59         | 61         | 55         | 53         | 54         |
| Limitation on direct loan activity .....  |        | (11)           | (11)         | (11)       | (11)       | (11)       | (12)       | (12)       |
| Community development financial institutions fund program account (gross) .....     | BA     | <b>81</b>      | <b>69</b>    | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>54</b>  | <b>56</b>  |
|   | O      | 138            | 109          | 59         | 61         | 55         | 53         | 54         |
| Offsetting collections from non-Federal sources .....                               |        | -1             |              |            |            |            |            |            |
| Total Community development financial institutions fund program account (net) ..... | BA     | <b>80</b>      | <b>69</b>    | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>54</b>  | <b>56</b>  |
|   | O      | 137            | 109          | 59         | 61         | 55         | 53         | 54         |
| Total Federal funds Departmental Offices .....                                      | BA     | <b>848</b>     | <b>1,240</b> | <b>495</b> | <b>502</b> | <b>504</b> | <b>512</b> | <b>522</b> |
|   | O      | 434            | 815          | 134        | -137       | -169       | -165       |            |

**Financial Crimes Enforcement Network**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 751 BA | <b>48</b> | <b>51</b> | <b>58</b> | <b>59</b> | <b>60</b> | <b>62</b> | <b>63</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>4</b>  | <b>4</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
| Outlays .....   | O      | 46        | 54        | 57        | 60        | 61        | 62        | 64        |
| Salaries and expenses (gross) .....                                 | BA     | <b>52</b> | <b>55</b> | <b>59</b> | <b>60</b> | <b>61</b> | <b>63</b> | <b>64</b> |
|   | O      | 46        | 54        | 57        | 60        | 61        | 62        | 64        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-2</b> |           |           |           |           |           |           |
| Offsetting collections from Federal sources .....                   |        | -2        | -4        | -1        | -1        | -1        | -1        | -1        |
| Total Salaries and expenses (net) .....                             | BA     | <b>48</b> | <b>51</b> | <b>58</b> | <b>59</b> | <b>60</b> | <b>62</b> | <b>63</b> |
|   | O      | 44        | 50        | 56        | 59        | 60        | 61        | 63        |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>Interagency Law Enforcement</b>                                  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Interagency crime and drug enforcement:                             |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 751 BA | 108            | 108      |       |       |       |       |       |
| Outlays .....   | O      | 168            | 112      |       |       |       |       |       |
| <b>Financial Management Service</b>                                 |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Salaries and expenses:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 803 BA | 199            | 221      | 229   | 233   | 238   | 244   | 250   |
| Appropriation, mandatory .....                                      | BA     | 35             | 28       | 30    | 28    | 28    | 28    | 28    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 133            | 110      | 119   | 121   | 124   | 126   | 130   |
| Outlays .....   | O      | 359            | 358      | 376   | 382   | 388   | 396   | 406   |
| Salaries and expenses (gross) .....                                 | BA     | 367            | 359      | 378   | 382   | 390   | 398   | 408   |
|   | O      | 359            | 358      | 376   | 382   | 388   | 396   | 406   |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2             |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                   |        | -131           | -110     | -119  | -121  | -124  | -126  | -130  |
| Total Salaries and expenses (net) .....                             | BA     | 234            | 249      | 259   | 261   | 266   | 272   | 278   |
|   | O      | 228            | 248      | 257   | 261   | 264   | 270   | 276   |
| Payment to the Resolution Funding Corporation:                      |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 675            | 1,191    | 1,707 | 2,117 | 2,188 | 2,231 | 2,231 |
| Outlays .....   | O      | 675            | 1,191    | 1,707 | 2,117 | 2,188 | 2,231 | 2,231 |
| Payment to terrestrial wildlife habitat restoration trust fund:     |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 306 BA | 5              | 5        | 5     | 5     | 5     | 5     | 5     |
| Outlays .....   | O      | 5              | 5        | 5     | 5     | 5     | 5     | 5     |
| Federal Reserve Bank reimbursement fund:                            |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 803 BA | 84             | 135      | 150   | 160   | 163   | 166   | 169   |
| Outlays .....   | O      | 93             | 135      | 139   | 154   | 158   | 162   | 167   |
| Financial agent services:   |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 803 BA |                |          | 386   | 396   | 400   | 408   | 416   |
| Outlays .....   | O      |                |          | 386   | 396   | 400   | 408   | 416   |
| Interest on uninvested funds:                                       |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 6              | 8        | 6     | 6     | 6     | 6     | 6     |
| Outlays .....   | O      | 8              | 8        | 5     | 5     | 5     | 5     | 5     |
| Federal interest liabilities to States:                             |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 6              | 4        | 6     | 6     | 6     | 5     | 5     |
| Outlays .....   | O      | 6              | 4        | 6     | 6     | 6     | 5     | 5     |
| Interest paid to credit financing accounts:                         |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 4,276          | 3,787    | 3,812 | 3,852 | 3,903 | 3,983 | 4,076 |
| Outlays .....   | O      | 4,276          | 3,787    | 3,812 | 3,852 | 3,903 | 3,983 | 4,076 |
| Claims, judgments, and relief acts:                                 |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 808 BA | 1,850          | 921      | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
| Spending authority from offsetting collections, mandatory .....     | BA     | 5              |          |       |       |       |       |       |
| Outlays .....   | O      | 1,827          | 1,075    | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
| Claims, judgments, and relief acts (gross) .....                    | BA     | 1,855          | 921      | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
|   | O      | 1,827          | 1,075    | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
| Offsetting collections from non-Federal sources .....               |        | -5             |          |       |       |       |       |       |
| Total Claims, judgments, and relief acts (net) .....                | BA     | 1,850          | 921      | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
|   | O      | 1,822          | 1,075    | 935   | 1,038 | 1,038 | 1,038 | 1,038 |
| Payment of anti-terrorism judgments:                                |        |                |          |       |       |       |       |       |
| Outlays .....   | 808 O  | 146            | 23       |       |       |       |       |       |
| Restitution of forgone interest:                                    |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 183            |          |       |       |       |       |       |
| Outlays .....   | O      | 183            |          |       |       |       |       |       |
| Biomass energy development:   |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | 271 BA | 4              | 4        | 5     | 5     | 5     | 5     | 5     |
| Biomass energy development (gross) .....                            | BA     | 4              | 4        | 5     | 5     | 5     | 5     | 5     |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| Offsetting governmental collections (from non-Federal sources) ..... |        | -4             | -4       | -5    | -5    | -5    | -5    | -5    |
| Continued dumping and subsidy offset:                                |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                       | 376 BA | 312            | 321      | 331   | 341   | 351   | 362   | 373   |
| Outlays .....  | O      | 231            | 321      | 331   | 341   | 351   | 362   | 373   |
| <b>Public Enterprise Funds:</b>                                      |        |                |          |       |       |       |       |       |
| Check forgery insurance fund:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                       | 803 BA |                | 3        | 3     | 3     | 3     | 3     | 3     |
| Spending authority from offsetting collections, mandatory .....      | BA     | 23             | 20       | 17    | 9     | 9     | 9     | 9     |
| Outlays .....  | O      | 24             | 23       | 20    | 12    | 12    | 12    | 12    |
| Check forgery insurance fund (gross) .....                           | BA     | 23             | 23       | 20    | 12    | 12    | 12    | 12    |
|  | O      | 24             | 23       | 20    | 12    | 12    | 12    | 12    |
| Offsetting collections from Federal sources .....                    |        | -23            | -20      | -17   | -9    | -9    | -9    | -9    |
| Total Check forgery insurance fund (net) .....                       | BA     |                | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O      | 1              | 3        | 3     | 3     | 3     | 3     | 3     |
| Total Federal funds Financial Management Service .....               | BA     | 7,631          | 6,624    | 7,600 | 8,185 | 8,329 | 8,479 | 8,600 |
|  | O      | 7,670          | 6,796    | 7,581 | 8,173 | 8,316 | 8,467 | 8,590 |

**Federal Financing Bank**

*Federal funds*

**Intragovernmental Funds:**

Federal Financing Bank:

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Authority to borrow, mandatory .....                            | 803 BA | 139    | 50     | 58     | 67     | 69     | 71     | 73     |
|   |        |        | J2     | J5     | J9     | J11    | J11    | J10    |
| Spending authority from offsetting collections, mandatory ..... | BA     | 3,241  | 2,623  | 2,427  | 2,251  | 2,071  | 1,933  | 1,872  |
|   |        |        | J-25   | J-78   | J-132  | J-161  | J-159  | J-143  |
| Outlays .....   | O      | 3,380  | 2,673  | 2,485  | 2,318  | 2,140  | 2,004  | 1,945  |
|   |        |        | J-23   | J-73   | J-123  | J-150  | J-148  | J-133  |
| Federal Financing Bank (gross) .....                            | BA     | 3,380  | 2,650  | 2,412  | 2,195  | 1,990  | 1,856  | 1,812  |
|   | O      | 3,380  | 2,650  | 2,412  | 2,195  | 1,990  | 1,856  | 1,812  |
| Offsetting collections from Federal sources .....               |        | -3,329 | -2,623 | -2,427 | -2,251 | -2,071 | -1,933 | -1,872 |
|   |        |        | J25    | J78    | J132   | J161   | J159   | J143   |
| Total Federal Financing Bank (net) .....                        | BA     | 51     | 52     | 63     | 76     | 80     | 82     | 83     |
|   | O      | 51     | 52     | 63     | 76     | 80     | 82     | 83     |

**Alcohol and Tobacco Tax and Trade Bureau**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |      |      |      |     |     |
|---|--------|-----|-----|------|------|------|-----|-----|
| Appropriation, discretionary .....                                  | 803 BA | 73  | 80  | 80   | 81   | 83   | 85  | 87  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1   | 1   | 1    | 1    | 1    | 1   | 1   |
| Outlays .....   | O      | 68  | 79  | 81   | 82   | 84   | 85  | 87  |
| Salaries and expenses (gross) .....                                 | BA     | 74  | 81  | 81   | 82   | 84   | 86  | 88  |
|   | O      | 68  | 79  | 81   | 82   | 84   | 85  | 87  |
| Offsetting collections from Federal sources .....                   |        | -1  | -1  | -1   | -1   | -1   | -1  | -1  |
| Total Salaries and expenses (net) .....                             | BA     | 73  | 80  | 80   | 81   | 83   | 85  | 87  |
|   | O      | 67  | 78  | 80   | 81   | 83   | 84  | 86  |
| Internal revenue collections for Puerto Rico:                       |        |     |     |      |      |      |     |     |
| Appropriation, mandatory .....                                      | 806 BA | 341 | 355 | 307  | 297  | 305  | 313 | 321 |
|   |        |     |     | B 57 | B 78 | B 19 |     |     |
| Outlays .....   | O      | 341 | 355 | 307  | 297  | 305  | 313 | 321 |
|   |        |     |     | B 57 | B 78 | B 19 |     |     |
| Total Internal revenue collections for Puerto Rico .....            | BA     | 341 | 355 | 364  | 375  | 324  | 313 | 321 |
|   | O      | 341 | 355 | 364  | 375  | 324  | 313 | 321 |
| Total Federal funds Alcohol and Tobacco Tax and Trade Bureau .....  | BA     | 414 | 435 | 444  | 456  | 407  | 398 | 408 |
|   | O      | 408 | 433 | 444  | 456  | 407  | 397 | 407 |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |        |        |        |
|---|--------|----------------|----------|-------|-------|--------|--------|--------|
|   |        |                | 2003     | 2004  | 2005  | 2006   | 2007   | 2008   |
| <b>Bureau of Engraving and Printing</b>                             |        |                |          |       |       |        |        |        |
| <i>Federal funds</i>  |        |                |          |       |       |        |        |        |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |       |       |        |        |        |
| Bureau of Engraving and Printing fund:                              |        |                |          |       |       |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | 803 BA | 443            | 513      | 533   | 543   | 554    | 566    | 581    |
| Outlays .....   | O      | 544            | 533      | 533   | 543   | 554    | 566    | 581    |
| Bureau of Engraving and Printing fund (gross) .....                 | BA     | 443            | 513      | 533   | 543   | 554    | 566    | 581    |
|   | O      | 544            | 533      | 533   | 543   | 554    | 566    | 581    |
| Offsetting collections from Federal sources .....                   |        | -59            | -48      | -45   | -46   | -47    | -48    | -49    |
| Offsetting collections from non-Federal sources .....               |        | -384           | -465     | -488  | -497  | -507   | -518   | -532   |
| Total Bureau of Engraving and Printing fund (net) .....             | BA     |                |          |       |       |        |        |        |
|   | O      | 101            | 20       |       |       |        |        |        |
| <b>United States Mint</b>   |        |                |          |       |       |        |        |        |
| <i>Federal funds</i>  |        |                |          |       |       |        |        |        |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |       |       |        |        |        |
| United States Mint public enterprise fund:                          |        |                |          |       |       |        |        |        |
| Appropriation, discretionary .....                                  | 803 BA | 13             |          |       |       |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 814            | 946      | 971   | 989   | 1,009  | 1,032  | 1,058  |
| Outlays .....   | O      | 741            | 946      | 971   | 989   | 1,009  | 1,032  | 1,058  |
| United States Mint public enterprise fund (gross) .....             | BA     | 827            | 946      | 971   | 989   | 1,009  | 1,032  | 1,058  |
|   | O      | 741            | 946      | 971   | 989   | 1,009  | 1,032  | 1,058  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -10            |          |       |       |        |        |        |
| Offsetting collections from non-Federal sources .....               |        | -804           | -946     | -971  | -989  | -1,009 | -1,032 | -1,058 |
| Total United States Mint public enterprise fund (net) .....         | BA     | 13             |          |       |       |        |        |        |
|   | O      | -63            |          |       |       |        |        |        |
| <b>Bureau of the Public Debt</b>                                    |        |                |          |       |       |        |        |        |
| <i>Federal funds</i>  |        |                |          |       |       |        |        |        |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |        |        |        |
| Administering the public debt:                                      |        |                |          |       |       |        |        |        |
| Appropriation, discretionary .....                                  | 803 BA | 188            | 191      | 174   | 177   | 181    | 185    | 190    |
| Appropriation, mandatory .....                                      | BA     | 131            | 133      | 131   | 138   | 138    | 138    | 138    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 9              | 10       | 10    | 10    | 10     | 11     | 11     |
| Outlays .....   | O      | 322            | 330      | 317   | 326   | 329    | 335    | 339    |
| Administering the public debt (gross) .....                         | BA     | 328            | 334      | 315   | 325   | 329    | 334    | 339    |
|   | O      | 322            | 330      | 317   | 326   | 329    | 335    | 339    |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |          |       |       |        |        |        |
| Offsetting collections from Federal sources .....                   |        | -5             | -6       | -6    | -6    | -6     | -6     | -7     |
| Offsetting collections from non-Federal sources .....               |        | -3             | -4       | -4    | -4    | -4     | -4     | -4     |
| Total Administering the public debt (net) .....                     | BA     | 319            | 324      | 305   | 315   | 319    | 324    | 328    |
|   | O      | 314            | 320      | 307   | 316   | 319    | 325    | 328    |
| Payment of Government losses in shipment:                           |        |                |          |       |       |        |        |        |
| Appropriation, mandatory .....                                      | 803 BA | 1              | 1        |       |       |        |        |        |
| Outlays .....   | O      |                | 1        |       |       |        |        |        |
| Total Federal funds Bureau of the Public Debt .....                 | BA     | 320            | 325      | 305   | 315   | 319    | 324    | 328    |
|   | O      | 314            | 321      | 307   | 316   | 319    | 325    | 328    |
| <b>Internal Revenue Service</b>                                     |        |                |          |       |       |        |        |        |
| <i>Federal funds</i>  |        |                |          |       |       |        |        |        |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |        |        |        |
| Processing, assistance, and management:                             |        |                |          |       |       |        |        |        |
| Appropriation, discretionary .....                                  | 803 BA | 3,811          | 3,958    | 4,075 | 4,151 | 4,236  | 4,329  | 4,439  |
| Appropriation, mandatory .....                                      | BA     | 18             | 40       | 29    | 29    | 29     | 29     | 29     |
| Reappropriation, discretionary .....                                | BA     | 14             | 2        |       |       |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 31             | 31       | 31    | 32    | 32     | 33     | 34     |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate      |               |               |               |               | 2008          |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |        |                | 2003          | 2004          | 2005          | 2006          | 2007          |               |
| Outlays .....   | O      | 4,001          | 4,046         | 4,122         | 4,205         | 4,289         | 4,381         | 4,490         |
| Processing, assistance, and management (gross) .....                  | BA     | <b>3,874</b>   | <b>4,031</b>  | <b>4,135</b>  | <b>4,212</b>  | <b>4,297</b>  | <b>4,391</b>  | <b>4,502</b>  |
|   | O      | 4,001          | 4,046         | 4,122         | 4,205         | 4,289         | 4,381         | 4,490         |
| Offsetting collections from Federal sources .....                     |        | -31            | -31           | -31           | -32           | -32           | -33           | -34           |
| Total Processing, assistance, and management (net) .....              | BA     | <b>3,843</b>   | <b>4,000</b>  | <b>4,104</b>  | <b>4,180</b>  | <b>4,265</b>  | <b>4,358</b>  | <b>4,468</b>  |
|   | O      | 3,970          | 4,015         | 4,091         | 4,173         | 4,257         | 4,348         | 4,456         |
| Tax law enforcement   |        |                |               |               |               |               |               |               |
| (Federal law enforcement activities):                                 |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....                                  | 751 BA | <b>429</b>     | <b>467</b>    | <b>476</b>    | <b>485</b>    | <b>495</b>    | <b>506</b>    | <b>519</b>    |
| (Outlays) .....   | O      | 391            | 431           | 476           | 484           | 494           | 504           | 517           |
| (Central fiscal operations):  |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....                                  | 803 BA | <b>3,109</b>   | <b>3,262</b>  | <b>3,501</b>  | <b>3,566</b>  | <b>3,639</b>  | <b>3,719</b>  | <b>3,814</b>  |
| (Appropriation, mandatory) .....                                      | BA     | <b>19</b>      | <b>1</b>      | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     |
| (Reappropriation, discretionary) .....                                | BA     | <b>6</b>       |               |               |               |               |               |               |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>99</b>      | <b>99</b>     | <b>99</b>     | <b>101</b>    | <b>103</b>    | <b>105</b>    | <b>108</b>    |
| (Outlays) .....   | O      | 3,413          | 3,260         | 3,591         | 3,672         | 3,746         | 3,828         | 3,925         |
| Tax law enforcement (gross) .....                                     | BA     | <b>3,662</b>   | <b>3,829</b>  | <b>4,086</b>  | <b>4,162</b>  | <b>4,247</b>  | <b>4,340</b>  | <b>4,451</b>  |
|   | O      | 3,804          | 3,691         | 4,067         | 4,156         | 4,240         | 4,332         | 4,442         |
| Offsetting collections from Federal sources .....                     |        | -99            | -99           | -99           | -101          | -103          | -105          | -108          |
| Total (Central fiscal operations) (net) .....                         | BA     | <b>3,134</b>   | <b>3,263</b>  | <b>3,511</b>  | <b>3,576</b>  | <b>3,649</b>  | <b>3,729</b>  | <b>3,824</b>  |
|   | O      | 3,314          | 3,161         | 3,492         | 3,571         | 3,643         | 3,723         | 3,817         |
| Total Tax law enforcement .....                                       | BA     | <b>3,563</b>   | <b>3,730</b>  | <b>3,987</b>  | <b>4,061</b>  | <b>4,144</b>  | <b>4,235</b>  | <b>4,343</b>  |
|   | O      | 3,705          | 3,592         | 3,968         | 4,055         | 4,137         | 4,227         | 4,334         |
| Earned income tax credit compliance initiative:                       |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 803 BA | <b>145</b>     | <b>146</b>    | <b>251</b>    | <b>256</b>    | <b>261</b>    | <b>267</b>    | <b>273</b>    |
| Reappropriation, discretionary .....                                  | BA     | <b>1</b>       |               |               |               |               |               |               |
| Outlays .....   | O      | 151            | 147           | 230           | 255           | 260           | 265           | 272           |
| Total Earned income tax credit compliance initiative .....            | BA     | <b>146</b>     | <b>146</b>    | <b>251</b>    | <b>256</b>    | <b>261</b>    | <b>267</b>    | <b>273</b>    |
|   | O      | 151            | 147           | 230           | 255           | 260           | 265           | 272           |
| Collection Contractor Support:  |        |                |               |               |               |               |               |               |
| Appropriation, mandatory .....  | 803 BA |                |               | <i>B</i> 2    | <i>B</i> 96   | <i>B</i> 146  | <i>B</i> 146  | <i>B</i> 146  |
| Outlays .....   | O      |                |               | <i>B</i> 2    | <i>B</i> 96   | <i>B</i> 146  | <i>B</i> 146  | <i>B</i> 146  |
| Health insurance tax credit administration:                           |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 803 BA |                | 70            | 35            | 36            | 36            | 37            | 38            |
| Outlays .....   | O      |                | 53            | 50            | 36            | 37            | 37            | 38            |
| Information systems:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 803 BA | <b>1,564</b>   | <b>1,632</b>  | <b>1,670</b>  | <b>1,701</b>  | <b>1,735</b>  | <b>1,774</b>  | <b>1,819</b>  |
| Appropriation, mandatory .....  | BA     | <b>33</b>      | <b>29</b>     | <b>31</b>     | <b>31</b>     | <b>31</b>     | <b>31</b>     | <b>31</b>     |
| Spending authority from offsetting collections, discretionary .....   | BA     | <b>8</b>       | <b>8</b>      | <b>8</b>      | <b>8</b>      | <b>8</b>      | <b>8</b>      | <b>9</b>      |
| Outlays .....   | O      | 1,750          | 1,717         | 1,759         | 1,734         | 1,769         | 1,806         | 1,850         |
| Information systems (gross) .....                                     | BA     | <b>1,605</b>   | <b>1,669</b>  | <b>1,709</b>  | <b>1,740</b>  | <b>1,774</b>  | <b>1,813</b>  | <b>1,859</b>  |
|   | O      | 1,750          | 1,717         | 1,759         | 1,734         | 1,769         | 1,806         | 1,850         |
| Offsetting collections from Federal sources .....                     |        | -8             | -8            | -8            | -8            | -8            | -8            | -9            |
| Total Information systems (net) .....                                 | BA     | <b>1,597</b>   | <b>1,661</b>  | <b>1,701</b>  | <b>1,732</b>  | <b>1,766</b>  | <b>1,805</b>  | <b>1,850</b>  |
|   | O      | 1,742          | 1,709         | 1,751         | 1,726         | 1,761         | 1,798         | 1,841         |
| Business systems modernization:                                       |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                    | 803 BA | <b>392</b>     | <b>380</b>    | <b>429</b>    | <b>437</b>    | <b>446</b>    | <b>456</b>    | <b>467</b>    |
| Reappropriation, discretionary .....                                  | BA     | <b>14</b>      |               |               |               |               |               |               |
| Outlays .....   | O      | 321            | 428           | 444           | 431           | 442           | 451           | 462           |
| Total Business systems modernization .....                            | BA     | <b>406</b>     | <b>380</b>    | <b>429</b>    | <b>437</b>    | <b>446</b>    | <b>456</b>    | <b>467</b>    |
|   | O      | 321            | 428           | 444           | 431           | 442           | 451           | 462           |
| Payment where earned income credit exceeds liability for tax:         |        |                |               |               |               |               |               |               |
| Appropriation, mandatory .....  | 609 BA | <b>27,826</b>  | <b>30,606</b> | <b>31,375</b> | <b>32,092</b> | <b>33,450</b> | <b>34,484</b> | <b>35,383</b> |



**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual   | estimate         |                    |                    |                    |                    | 2008               |
|---|---------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |         |                  | 2003             | 2004               | 2005               | 2006               | 2007               |                    |
| Outlays   | O       | 27,826           | 30,606           | 31,375             | 32,092             | 33,450             | 34,484             | 35,383             |
| Total Payment where earned income credit exceeds liability for tax            | BA<br>O | 27,826<br>27,826 | 30,606<br>30,606 | 31,375<br>31,375   | 32,092<br>32,092   | 33,450<br>33,450   | 34,484<br>34,484   | 35,383<br>35,383   |
| Payment where alternative to failing school credit exceeds liability for tax: |         |                  |                  |                    |                    |                    |                    |                    |
| Appropriation, mandatory  | 501 BA  |                  |                  | <sup>B</sup> 213   | <sup>B</sup> 543   | <sup>B</sup> 714   | <sup>B</sup> 796   | <sup>B</sup> 886   |
| Outlays   | O       |                  |                  | <sup>B</sup> 213   | <sup>B</sup> 543   | <sup>B</sup> 714   | <sup>B</sup> 796   | <sup>B</sup> 886   |
| Payment where child credit exceeds liability for tax:                         |         |                  |                  |                    |                    |                    |                    |                    |
| Appropriation, mandatory  | 609 BA  | 5,060            | 5,870            | 5,863              | 5,699              | 7,627              | 7,626              | 7,497              |
| Outlays   | O       | 5,060            | 5,870            | 5,863              | 5,699              | 7,627              | 7,626              | 7,497              |
|   |         |                  | <sup>B</sup> 300 | <sup>B</sup> 1,074 | <sup>B</sup> 4,783 | <sup>B</sup> 4,272 | <sup>B</sup> 4,195 | <sup>B</sup> 4,142 |
|   |         |                  | <sup>B</sup> 300 | <sup>B</sup> 1,074 | <sup>B</sup> 4,783 | <sup>B</sup> 4,272 | <sup>B</sup> 4,195 | <sup>B</sup> 4,142 |
| Total Payment where child credit exceeds liability for tax                    | BA<br>O | 5,060<br>5,060   | 6,170<br>6,170   | 6,937<br>6,937     | 10,482<br>10,482   | 11,899<br>11,899   | 11,821<br>11,821   | 11,639<br>11,639   |
| Payment where health care credit exceeds liability for tax:                   |         |                  |                  |                    |                    |                    |                    |                    |
| Appropriation, mandatory  | 551 BA  |                  | 4                | 212                | 420                | 518                | 584                | 644                |
| Outlays   | O       |                  | 4                | 212                | 420                | 518                | 584                | 644                |
|   |         |                  |                  |                    | <sup>B</sup> 3,546 | <sup>B</sup> 8,166 | <sup>B</sup> 9,251 | <sup>B</sup> 9,827 |
|   |         |                  |                  |                    | <sup>B</sup> 3,546 | <sup>B</sup> 8,166 | <sup>B</sup> 9,251 | <sup>B</sup> 9,827 |
| Total Payment where health care credit exceeds liability for tax              | BA<br>O |                  | 4<br>4           | 212<br>212         | 3,966<br>3,966     | 8,684<br>8,684     | 9,835<br>9,835     | 10,471<br>10,471   |
| Refunding internal revenue collections, interest:                             |         |                  |                  |                    |                    |                    |                    |                    |
| Appropriation, mandatory  | 908 BA  | 4,208            | 3,219            | 2,689              | 2,681              | 2,805              | 2,961              | 3,171              |
| Outlays   | O       | 4,208            | 3,219            | 2,689              | 2,681              | 2,805              | 2,961              | 3,171              |
| Informant payments:   |         |                  |                  |                    |                    |                    |                    |                    |
| Appropriation, mandatory  | 803 BA  | 9                | 3                | 3                  | 3                  | 3                  | 3                  | 3                  |
| Outlays   | O       | 9                | 3                | 3                  | 3                  | 3                  | 3                  | 3                  |
| <b>Public Enterprise Funds:</b>   |         |                  |                  |                    |                    |                    |                    |                    |
| Federal tax lien revolving fund:  |         |                  |                  |                    |                    |                    |                    |                    |
| Spending authority from offsetting collections, mandatory                     | 803 BA  | 5                | 6                | 6                  | 6                  | 6                  | 6                  | 6                  |
| Outlays   | O       | 6                | 4                | 6                  | 6                  | 6                  | 6                  | 6                  |
| Federal tax lien revolving fund (gross)                                       | BA<br>O | 5<br>6           | 6<br>4           | 6<br>6             | 6<br>6             | 6<br>6             | 6<br>6             | 6<br>6             |
| Offsetting collections from non-Federal sources                               |         | -5               | -6               | -6                 | -6                 | -6                 | -6                 | -6                 |
| Total Federal tax lien revolving fund (net)                                   | BA<br>O | 1<br>1           | -2<br>-2         |                    |                    |                    |                    |                    |
| Total Federal funds Internal Revenue Service                                  | BA<br>O | 46,658<br>46,993 | 49,989<br>49,944 | 51,938<br>51,965   | 60,565<br>60,539   | 68,619<br>68,595   | 71,204<br>71,172   | 73,138<br>73,102   |

**Comptroller of the Currency**

*Trust funds*

|  |         |            |            |            |            |            |            |            |
|--|---------|------------|------------|------------|------------|------------|------------|------------|
| Assessment funds:  |         |            |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory  | 373 BA  | 449        | 456        | 476        | 494        | 512        | 530        | 537        |
| Outlays  | O       | 413        | 435        | 454        | 470        | 484        | 500        | 519        |
| Assessment funds (gross)                                   | BA<br>O | 449<br>413 | 456<br>435 | 476<br>454 | 494<br>470 | 512<br>484 | 530<br>500 | 537<br>519 |
| Offsetting collections from interest on Federal securities |         | -17        | -16        | -17        | -18        | -19        | -20        | -20        |
| Offsetting collections from non-Federal sources            |         | -432       | -440       | -459       | -476       | -493       | -510       | -517       |
| Total Assessment funds (net)                               | BA<br>O | -36<br>-36 | -21<br>-21 | -22<br>-22 | -24<br>-24 | -28<br>-28 | -30<br>-30 | -18<br>-18 |

**Office of Thrift Supervision**

*Federal funds*

**Public Enterprise Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Office of Thrift Supervision:                             |        |     |     |     |     |     |     |     |
| Spending authority from offsetting collections, mandatory | 373 BA | 163 | 168 | 168 | 168 | 168 | 168 | 168 |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Outlays .....  | O  | 153            | 168        | 168        | 168        | 168        | 168        | 168        |
| Office of Thrift Supervision (gross) .....                       | BA | <b>163</b>     | <b>168</b> | <b>168</b> | <b>168</b> | <b>168</b> | <b>168</b> | <b>168</b> |
|  | O  | 153            | 168        | 168        | 168        | 168        | 168        | 168        |
| Offsetting collections from Federal sources .....                |    | -3             | -3         | -3         | -3         | -3         | -3         | -3         |
| Offsetting collections from interest on Federal securities ..... |    | -2             | -5         | -5         | -5         | -5         | -5         | -5         |
| Offsetting collections from non-Federal sources .....            |    | -158           | -160       | -160       | -160       | -160       | -160       | -160       |
| Total Office of Thrift Supervision (net) .....                   | BA |                |            |            |            |            |            |            |
|  | O  | -10            |            |            |            |            |            |            |

**Interest on the Public Debt**

*Federal funds*

**General and Special Funds:**

|  |        |                |                |                |                |                |                |                |
|--|--------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Interest on Treasury debt securities (gross):            |        |                |                |                |                |                |                |                |
| Appropriation, mandatory .....                           | 901 BA | <b>332,537</b> | <b>328,292</b> | <b>352,765</b> | <b>393,661</b> | <b>428,248</b> | <b>459,760</b> | <b>492,224</b> |
|  |        |                | ∇24            | ∇430           | ∇729           | ∇620           | ∇591           | ∇583           |
| Outlays .....  | O      | 332,537        | 328,292        | 352,765        | 393,661        | 428,248        | 459,760        | 492,224        |
|  |        |                | ∇24            | ∇430           | ∇729           | ∇620           | ∇591           | ∇583           |
| Total Interest on Treasury debt securities (gross) ..... | BA     | <b>332,537</b> | <b>328,316</b> | <b>352,335</b> | <b>392,932</b> | <b>427,628</b> | <b>459,169</b> | <b>491,641</b> |
|  | O      | 332,537        | 328,316        | 352,335        | 392,932        | 427,628        | 459,169        | 491,641        |

**Summary**

|  |          |                |                |                |                |                |                |                |
|--|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Federal funds:                             |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       | <b>388,628</b> | <b>387,140</b> | <b>413,238</b> | <b>463,090</b> | <b>505,946</b> | <b>540,230</b> | <b>574,783</b> |
|  | O        | 388,647        | 386,859        | 412,885        | 462,414        | 505,236        | 539,508        | 574,214        |
| Deductions for offsetting receipts:        |          |                |                |                |                |                |                |                |
| Intrafund transactions .....               | 803 BA/O | -9             | -7             | -7             | -7             | -7             | -7             | -7             |
|  | 808 BA/O | -196           |                |                |                |                |                |                |
|  | 809 BA/O | -27            | -102           | -100           | -100           | -100           | -100           | -100           |
|  | 908 BA/O | -3,290         | -3,298         | -3,552         | -3,797         | -3,502         | -3,423         | -3,192         |
|  |          |                | ∇23            | ∇80            | ∇131           | ∇158           | ∇156           | ∇141           |
| Proprietary receipts from the public ..... | 151 BA/O | -3             | -4             | -4             | -4             | -4             | -4             | -4             |
|  | 155 BA/O | -71            | -85            | -88            | -94            | -108           | -25            | -28            |
|  | 451 BA/O |                | -1             |                |                |                |                |                |
|  | 803 BA/O | -104           | -96            | -98            | -98            | -98            | -98            | -98            |
|  | 809 BA/O | -865           | -1,092         | -1,092         | -1,092         | -1,092         | -1,092         | -1,092         |
|  | 908 BA/O | -12,344        | -12,226        | -13,050        | -14,246        | -14,822        | -15,494        | -16,163        |
| Total Federal funds .....                  | BA       | <b>371,719</b> | <b>370,252</b> | <b>395,327</b> | <b>443,783</b> | <b>486,371</b> | <b>520,143</b> | <b>554,240</b> |
|  | O        | 371,738        | 369,971        | 394,974        | 443,107        | 485,661        | 519,421        | 553,671        |
| Trust funds:                               |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       |                |                |                |                |                |                |                |
|  | O        | -36            | -21            | -22            | -24            | -28            | -30            | -18            |
| Interfund transactions .....               | 306 BA/O | -5             | -5             | -5             | -5             | -5             | -5             | -5             |
|  | 601 BA/O | -818           | -815           | -800           | -856           | -895           | -925           | -955           |
|  |          |                |                | ∇1,851         | ∇444           | ∇433           | ∇429           | ∇423           |
|  | 803 BA/O | -321           | -327           | -328           | -329           | -330           | -330           | -330           |
| Total Department of the Treasury .....     | BA       | <b>370,575</b> | <b>369,105</b> | <b>392,343</b> | <b>443,037</b> | <b>485,574</b> | <b>519,312</b> | <b>553,373</b> |
|  | O        | 370,558        | 368,803        | 391,968        | 442,337        | 484,836        | 518,560        | 552,786        |

**DEPARTMENT OF VETERANS AFFAIRS**  
(In millions of dollars)

| Account |  | 2002<br>actual | estimate |      |      |      |      |
|---------|--|----------------|----------|------|------|------|------|
|         |  |                | 2003     | 2004 | 2005 | 2006 | 2007 |

**Medical Programs**

*Federal funds*

**General and Special Funds:**

|                                    |        |               |               |               |               |               |               |               |
|------------------------------------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Medical care:                      |        |               |               |               |               |               |               |               |
| Appropriation, discretionary ..... | 703 BA | <b>22,485</b> | <b>24,431</b> | <b>27,547</b> | <b>28,062</b> | <b>28,631</b> | <b>29,263</b> | <b>30,007</b> |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |        |        |        |        | 2008   |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| Appropriation, mandatory .....                                       | BA     | 162            |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary .....  | BA     | 146            | 150      | 151    | 154    | 157    | 160    | 164    |
| Spending authority from offsetting collections, mandatory .....      | BA     | 36             |          |        |        |        |        |        |
| Outlays .....  | O      | 22,828         | 24,348   | 27,498 | 28,079 | 28,631 | 29,297 | 30,036 |
| Medical care (gross) .....   | BA     | 22,829         | 24,581   | 27,698 | 28,216 | 28,788 | 29,423 | 30,171 |
|  | O      | 22,828         | 24,348   | 27,498 | 28,079 | 28,631 | 29,297 | 30,036 |
| Change in uncollected customer payments from Federal sources .....   | BA     | -12            |          |        |        |        |        |        |
| Portion of cash collections credited to expired accounts .....       | BA     | 14             |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....                    |        | -53            | -55      | -59    | -60    | -61    | -63    | -64    |
| Offsetting collections from non-Federal sources .....                |        | -123           | -87      | -92    | -94    | -96    | -98    | -100   |
| Offsetting governmental collections (from non-Federal sources) ..... |        | -8             | -8       |        |        |        |        |        |
| Total Medical care (net) .....                                       | BA     | 22,647         | 24,431   | 27,547 | 28,062 | 28,631 | 29,262 | 30,007 |
|  | O      | 22,644         | 24,198   | 27,347 | 27,925 | 28,474 | 29,136 | 29,872 |
| Medical and prosthetic research:                                     |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                   | 703 BA | 756            | 794      | 822    | 837    | 854    | 873    | 895    |
| Spending authority from offsetting collections, discretionary .....  | BA     | 22             | 44       | 33     | 34     | 34     | 35     | 36     |
| Outlays .....  | O      | 770            | 834      | 851    | 973    | 884    | 903    | 925    |
| Medical and prosthetic research (gross) .....                        | BA     | 778            | 838      | 855    | 871    | 888    | 908    | 931    |
|  | O      | 770            | 834      | 851    | 973    | 884    | 903    | 925    |
| Offsetting collections from Federal sources .....                    |        | -22            | -44      | -33    | -34    | -34    | -35    | -36    |
| Total Medical and prosthetic research (net) .....                    | BA     | 756            | 794      | 822    | 837    | 854    | 873    | 895    |
|  | O      | 748            | 790      | 818    | 939    | 850    | 868    | 889    |
| <b>Public Enterprise Funds:</b>                                      |        |                |          |        |        |        |        |        |
| Canteen service revolving fund:                                      |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....      | 705 BA | 227            | 231      | 239    | 242    | 245    | 248    | 251    |
| Outlays .....  | O      | 232            | 231      | 239    | 242    | 245    | 248    | 251    |
| Canteen service revolving fund (gross) .....                         | BA     | 227            | 231      | 239    | 242    | 245    | 248    | 251    |
|  | O      | 232            | 231      | 239    | 242    | 245    | 248    | 251    |
| Offsetting collections from Federal sources .....                    |        |                | -1       | -1     |        |        |        |        |
| Offsetting collections from interest on Federal securities .....     |        |                | -2       | -2     |        |        |        |        |
| Offsetting collections from non-Federal sources .....                |        |                | -225     | -228   | -236   | -242   | -245   | -248   |
| Total Canteen service revolving fund (net) .....                     | BA     |                |          |        |        |        |        |        |
|  | O      | 5              |          |        |        |        |        |        |
| Medical center research organizations:                               |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....      | 703 BA | 171            | 175      | 178    | 182    | 186    | 190    | 194    |
| Outlays .....  | O      | 171            | 175      | 178    | 182    | 186    | 190    | 194    |
| Medical center research organizations (gross) .....                  | BA     | 171            | 175      | 178    | 182    | 186    | 190    | 194    |
|  | O      | 171            | 175      | 178    | 182    | 186    | 190    | 194    |
| Offsetting collections from non-Federal sources .....                |        | -171           | -175     | -178   | -182   | -186   | -190   | -194   |
| Total Medical center research organizations (net) .....              | BA     |                |          |        |        |        |        |        |
|  | O      |                |          |        |        |        |        |        |
| <i>Trust funds</i>   |        |                |          |        |        |        |        |        |
| General post fund, national homes:                                   |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                       | 705 BA | 35             | 36       | 37     | 38     | 39     | 40     | 41     |
| Outlays .....  | O      | 31             | 32       | 34     | 35     | 35     | 36     | 37     |
| Total Federal funds Medical Programs .....                           | BA     | 23,403         | 25,225   | 28,369 | 28,899 | 29,485 | 30,135 | 30,902 |
|  | O      | 23,397         | 24,988   | 28,165 | 28,864 | 29,324 | 30,004 | 30,761 |
| Total Trust funds Medical Programs .....                             | BA     | 35             | 36       | 37     | 38     | 39     | 40     | 41     |
|  | O      | 31             | 32       | 34     | 35     | 35     | 36     | 37     |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |                         |                         |                         |                         |                         |
|---|--------|----------------|----------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |        |                | 2003     | 2004                    | 2005                    | 2006                    | 2007                    | 2008                    |
| <b>Benefits Programs</b>  |        |                |          |                         |                         |                         |                         |                         |
| <i>Federal funds</i>  |        |                |          |                         |                         |                         |                         |                         |
| <b>General and Special Funds:</b>                                   |        |                |          |                         |                         |                         |                         |                         |
| Compensation:   |        |                |          |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....                                  | 701 BA | 603            | 610      | 621                     | 632                     | 645                     | 660                     | 676                     |
| Appropriation, mandatory .....                                      | BA     | 22,772         | 25,530   | 26,335<br><i>B -124</i> | 28,800<br><i>B -298</i> | 30,365<br><i>B -388</i> | 31,865<br><i>B -456</i> | 33,366<br><i>B -497</i> |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3              | 3        | 3                       | 3                       | 3                       | 3                       | 3                       |
| Spending authority from offsetting collections, mandatory .....     | BA     | 15             | 9        | 9                       | 8                       | 7                       | 6                       | 6                       |
| Outlays .....   | O      | 22,999         | 25,626   | 27,534<br><i>B -124</i> | 31,589<br><i>B -298</i> | 31,012<br><i>B -388</i> | 29,986<br><i>B -456</i> | 33,923<br><i>B -497</i> |
| Compensation (gross) .....  | BA     | 23,393         | 26,152   | 26,844                  | 29,145                  | 30,632                  | 32,078                  | 33,554                  |
|   | O      | 22,999         | 25,626   | 27,410                  | 31,291                  | 30,624                  | 29,530                  | 33,426                  |
| Offsetting collections from Federal sources .....                   |        | -18            | -12      | -12                     | -11                     | -10                     | -9                      | -9                      |
| Total Compensation (net) .....                                      | BA     | 23,375         | 26,140   | 26,832                  | 29,134                  | 30,622                  | 32,069                  | 33,545                  |
|   | O      | 22,981         | 25,614   | 27,398                  | 31,280                  | 30,614                  | 29,521                  | 33,417                  |
| Education:  |        |                |          |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....                                  | 702 BA | 75             | 97       | 99                      | 101                     | 103                     | 105                     | 107                     |
| Appropriation, mandatory .....                                      | BA     | 1,584          | 1,672    | 1,905<br><i>B 1</i>     | 2,248<br><i>B 1</i>     | 2,332<br><i>B 1</i>     | 2,402<br><i>B 1</i>     | 2,480<br><i>B 1</i>     |
| Spending authority from offsetting collections, discretionary ..... | BA     | .....          | 1        | 1                       | 1                       | 1                       | 1                       | 1                       |
| Spending authority from offsetting collections, mandatory .....     | BA     | 235            | 267      | 357                     | 377                     | 403                     | 422                     | 440                     |
| Outlays .....   | O      | 1,745          | 2,318    | 2,600<br><i>B 1</i>     | 2,751<br><i>B 1</i>     | 2,827<br><i>B 1</i>     | 2,903<br><i>B 1</i>     | 3,026<br><i>B 1</i>     |
| Education (gross) .....   | BA     | 1,894          | 2,037    | 2,363                   | 2,728                   | 2,840                   | 2,931                   | 3,029                   |
|   | O      | 1,745          | 2,318    | 2,601                   | 2,752                   | 2,828                   | 2,904                   | 3,027                   |
| Offsetting collections from Federal sources .....                   |        | -235           | -268     | -358                    | -378                    | -404                    | -423                    | -441                    |
| Total Education (net) .....   | BA     | 1,659          | 1,769    | 2,005                   | 2,350                   | 2,436                   | 2,508                   | 2,588                   |
|   | O      | 1,510          | 2,050    | 2,243                   | 2,374                   | 2,424                   | 2,481                   | 2,586                   |
| Vocational rehabilitation and employment:                           |        |                |          |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....                                  | 702 BA | 120            | 132      | 135                     | 137                     | 140                     | 143                     | 147                     |
| Appropriation, mandatory .....                                      | BA     | 487            | 525      | 561                     | 588                     | 616                     | 646                     | 678                     |
| Outlays .....   | O      | 597            | 657      | 695                     | 720                     | 749                     | 775                     | 810                     |
| Total Vocational rehabilitation and employment .....                | BA     | 607            | 657      | 696                     | 725                     | 756                     | 789                     | 825                     |
|   | O      | 597            | 657      | 695                     | 720                     | 749                     | 775                     | 810                     |
| Insurance:  |        |                |          |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....                                  | 701 BA | 4              | 4        | 4                       | 4                       | 4                       | 4                       | 4                       |
| Appropriation, mandatory .....                                      | BA     | 26             | 28       | 29                      | 36                      | 37                      | 38                      | 39                      |
| Spending authority from offsetting collections, mandatory .....     | BA     | 38             | 38       | 38                      | 39                      | 40                      | 40                      | 41                      |
| Outlays .....   | O      | 68             | 71       | 72                      | 79                      | 81                      | 82                      | 85                      |
| Insurance (gross) .....   | BA     | 68             | 70       | 71                      | 79                      | 81                      | 82                      | 84                      |
|   | O      | 68             | 71       | 72                      | 79                      | 81                      | 82                      | 85                      |
| Offsetting collections from Federal sources .....                   |        | -36            | -36      | -36                     | -37                     | -38                     | -38                     | -39                     |
| Offsetting collections from non-Federal sources .....               |        | -2             | -2       | -2                      | -2                      | -2                      | -2                      | -2                      |
| Total Insurance (net) .....   | BA     | 30             | 32       | 33                      | 40                      | 41                      | 42                      | 43                      |
|   | O      | 30             | 33       | 34                      | 40                      | 41                      | 42                      | 44                      |
| Pensions:   |        |                |          |                         |                         |                         |                         |                         |
| Appropriation, discretionary .....                                  | 701 BA | 156            | 155      | 152                     | 155                     | 158                     | 161                     | 165                     |
| Appropriation, mandatory .....                                      | BA     | 3,177          | 3,300    | 3,391<br><i>B 1</i>     | 3,479<br><i>B 1</i>     | 3,575<br><i>B 1</i>     | 3,683<br><i>B 1</i>     | 3,797<br><i>B 1</i>     |
| Outlays .....   | O      | 3,312          | 3,450    | 3,534<br><i>B 1</i>     | 3,904<br><i>B 1</i>     | 3,732<br><i>B 1</i>     | 3,550<br><i>B 1</i>     | 3,953<br><i>B 1</i>     |
| Total Pensions .....  | BA     | 3,333          | 3,455    | 3,544                   | 3,635                   | 3,734                   | 3,845                   | 3,963                   |
|   | O      | 3,312          | 3,450    | 3,535                   | 3,905                   | 3,733                   | 3,551                   | 3,954                   |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |             |              |              |              |             |
|---|--------|----------------|----------|-------------|--------------|--------------|--------------|-------------|
|   |        |                | 2003     | 2004        | 2005         | 2006         | 2007         | 2008        |
| <b>Burial benefits</b>  |        |                |          |             |              |              |              |             |
| (Income security for veterans):                                 |        |                |          |             |              |              |              |             |
| (Appropriation, mandatory) .....                                | 701 BA | 134            | 157      | 157         | 154          | 156          | 158          | 161         |
|   |        |                |          | <i>B 5</i>  | <i>B 4</i>   | <i>B 3</i>   | <i>B 2</i>   | <i>B 1</i>  |
| (Outlays) .....   | O      | 134            | 157      | 157         | 154          | 156          | 158          | 161         |
|   |        |                |          | <i>B 5</i>  | <i>B 4</i>   | <i>B 3</i>   | <i>B 2</i>   | <i>B 1</i>  |
| Total (Income security for veterans) .....                      | BA     | 134            | 157      | 162         | 158          | 159          | 160          | 162         |
|   | O      | 134            | 157      | 162         | 158          | 159          | 160          | 162         |
| (Other veterans benefits and services):                         |        |                |          |             |              |              |              |             |
| (Appropriation, discretionary) .....                            | 705 BA | 252            | 253      | 265         | 270          | 275          | 280          | 289         |
| (Outlays) .....   | O      | 214            | 231      | 257         | 238          | 263          | 275          | 282         |
| Total Burial benefits .....                                     | BA     | 386            | 410      | 427         | 428          | 434          | 440          | 451         |
|   | O      | 348            | 388      | 419         | 396          | 422          | 435          | 444         |
| <b>Public Enterprise Funds:</b>                                 |        |                |          |             |              |              |              |             |
| Service-disabled veterans insurance fund:                       |        |                |          |             |              |              |              |             |
| Spending authority from offsetting collections, mandatory ..... | 701 BA | 63             | 65       | 66          | 68           | 68           | 69           | 70          |
| Outlays .....   | O      | 62             | 65       | 66          | 68           | 68           | 65           | 70          |
| Service-disabled veterans insurance fund (gross) .....          | BA     | 63             | 65       | 66          | 68           | 68           | 69           | 70          |
|   | O      | 62             | 65       | 66          | 68           | 68           | 65           | 70          |
| Offsetting collections from Federal sources .....               |        | -19            | -21      | -21         | -28          | -29          | -30          | -30         |
| Offsetting collections from non-Federal sources .....           |        | -39            | -39      | -39         | -39          | -39          | -39          | -39         |
| Total Service-disabled veterans insurance fund (net) .....      | BA     | 5              | 5        | 6           | 1            |              |              | 1           |
|   | O      | 4              | 5        | 6           | 1            |              | -4           | 1           |
| Veterans reopened insurance fund:                               |        |                |          |             |              |              |              |             |
| Spending authority from offsetting collections, mandatory ..... | 701 BA | 68             | 67       | 66          | 64           | 63           | 61           | 59          |
| Outlays .....   | O      | 66             | 67       | 66          | 64           | 62           | 61           | 59          |
| Veterans reopened insurance fund (gross) .....                  | BA     | 68             | 67       | 66          | 64           | 63           | 61           | 59          |
|   | O      | 66             | 67       | 66          | 64           | 62           | 61           | 59          |
| Offsetting collections from Federal sources .....               |        | -35            | -32      | -30         | -27          | -25          | -23          | -21         |
| Offsetting collections from non-Federal sources .....           |        | -18            | -17      | -15         | -14          | -13          | -12          | -11         |
| Total Veterans reopened insurance fund (net) .....              | BA     | 15             | 18       | 21          | 23           | 25           | 26           | 27          |
|   | O      | 13             | 18       | 21          | 23           | 24           | 26           | 27          |
| Servicemembers' group life insurance fund:                      |        |                |          |             |              |              |              |             |
| Spending authority from offsetting collections, mandatory ..... | 701 BA | 639            | 634      | 532         | 531          | 530          | 528          | 527         |
| Outlays .....   | O      | 639            | 634      | 532         | 531          | 530          | 528          | 527         |
| Servicemembers' group life insurance fund (gross) .....         | BA     | 639            | 634      | 532         | 531          | 530          | 528          | 527         |
|   | O      | 639            | 634      | 532         | 531          | 530          | 528          | 527         |
| Offsetting collections from non-Federal sources .....           |        | -639           | -634     | -532        | -531         | -530         | -528         | -527        |
| Total Servicemembers' group life insurance fund (net) .....     | BA     |                |          |             |              |              |              |             |
|   | O      |                |          |             |              |              |              |             |
| <b>Credit Accounts:</b>   |        |                |          |             |              |              |              |             |
| Housing program account:  |        |                |          |             |              |              |              |             |
| Appropriation, discretionary .....                              | 704 BA | 168            | 171      | 159         | 162          | 165          | 168          | 173         |
|   |        |                |          | <i>J 48</i> | <i>J 49</i>  | <i>J 50</i>  | <i>J 51</i>  | <i>J 52</i> |
| Appropriation, mandatory .....                                  | BA     | 779            | 1,082    | 331         | 324          | 328          | 333          | 338         |
| Outlays .....   | O      | 966            | 1,227    | 502         | 495          | 503          | 512          | 516         |
|   |        |                |          | <i>B -5</i> | <i>B -10</i> | <i>B -10</i> | <i>B -10</i> | <i>B -5</i> |
|   |        |                |          | <i>J 10</i> | <i>J 20</i>  | <i>J 29</i>  | <i>J 39</i>  | <i>J 50</i> |
| Total Housing program account .....                             | BA     | 947            | 1,253    | 538         | 535          | 543          | 552          | 563         |
|   | O      | 966            | 1,227    | 507         | 505          | 522          | 541          | 561         |
| Housing liquidating account:                                    |        |                |          |             |              |              |              |             |
| Spending authority from offsetting collections, mandatory ..... | 704 BA | 194            | 174      | 134         | 123          | 108          | 95           | 85          |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |                    | 2002<br>actual | estimate      |               |               |               |               |               |
|--|--------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                    |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Outlays .....  | O                  | 97             | 107           | 91            | 85            | 78            | 71            | 65            |
| Housing liquidating account (gross) .....                          | BA                 | <b>194</b>     | <b>174</b>    | <b>134</b>    | <b>123</b>    | <b>108</b>    | <b>95</b>     | <b>85</b>     |
|  | O                  | 97             | 107           | 91            | 85            | 78            | 71            | 65            |
| Change in uncollected customer payments from Federal sources ..... | BA                 | <b>30</b>      |               |               |               |               |               |               |
| Offsetting collections from Federal sources .....                  |                    | -55            | -40           | -11           | -12           | -13           | -12           | -12           |
| Offsetting collections from non-Federal sources .....              |                    | -169           | -134          | -123          | -111          | -95           | -83           | -73           |
| Total Housing liquidating account (net) .....                      | BA                 |                |               |               |               |               |               |               |
|  | O                  | -127           | -67           | -43           | -38           | -30           | -24           | -20           |
| Vocational rehabilitation and education loans program account:     |                    |                |               |               |               |               |               |               |
| Limitation on direct loan activity .....                           | 702                | (3)            | (3)           | (4)           | (4)           | (4)           | (4)           | (4)           |
|  | <i>Trust funds</i> |                |               |               |               |               |               |               |
| Post-Vietnam era veterans education account:                       |                    |                |               |               |               |               |               |               |
| Appropriation, mandatory .....                                     | 702 BA             | <b>2</b>       | <b>3</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>1</b>      | <b>1</b>      |
| Outlays .....  | O                  | 8              | 12            | 11            | 10            | 10            | 8             | 7             |
| National service life insurance fund:                              |                    |                |               |               |               |               |               |               |
| Appropriation, mandatory .....                                     | 701 BA             | <b>1,008</b>   | <b>950</b>    | <b>892</b>    | <b>827</b>    | <b>768</b>    | <b>712</b>    | <b>663</b>    |
|  |                    |                |               |               |               | <i>B 5</i>    | <i>B 4</i>    | <i>B 3</i>    |
| Spending authority from offsetting collections, mandatory .....    | BA                 | <b>686</b>     | <b>736</b>    | <b>766</b>    | <b>794</b>    | <b>824</b>    | <b>848</b>    | <b>863</b>    |
| Outlays .....  | O                  | 1,651          | 1,644         | 1,620         | 1,586         | 1,560         | 1,531         | 1,500         |
|  |                    |                |               |               |               | <i>B 5</i>    | <i>B 4</i>    | <i>B 3</i>    |
| National service life insurance fund (gross) .....                 | BA                 | <b>1,694</b>   | <b>1,686</b>  | <b>1,658</b>  | <b>1,621</b>  | <b>1,597</b>  | <b>1,564</b>  | <b>1,529</b>  |
|  | O                  | 1,651          | 1,644         | 1,620         | 1,586         | 1,565         | 1,535         | 1,503         |
| Offsetting collections from non-Federal sources .....              |                    | -475           | -450          | -423          | -391          | -361          | -334          | -309          |
| Total National service life insurance fund (net) .....             | BA                 | <b>1,219</b>   | <b>1,236</b>  | <b>1,235</b>  | <b>1,230</b>  | <b>1,236</b>  | <b>1,230</b>  | <b>1,220</b>  |
|  | O                  | 1,176          | 1,194         | 1,197         | 1,195         | 1,204         | 1,201         | 1,194         |
| United States Government life insurance fund:                      |                    |                |               |               |               |               |               |               |
| Appropriation, mandatory .....                                     | 701 BA             | <b>5</b>       | <b>4</b>      | <b>3</b>      | <b>3</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      |
| Spending authority from offsetting collections, mandatory .....    | BA                 | <b>6</b>       | <b>6</b>      | <b>6</b>      | <b>5</b>      | <b>5</b>      | <b>4</b>      | <b>4</b>      |
| Outlays .....  | O                  | 11             | 11            | 11            | 10            | 8             | 8             | 7             |
| United States Government life insurance fund (gross) .....         | BA                 | <b>11</b>      | <b>10</b>     | <b>9</b>      | <b>8</b>      | <b>7</b>      | <b>6</b>      | <b>6</b>      |
|  | O                  | 11             | 11            | 11            | 10            | 8             | 8             | 7             |
| Offsetting collections from non-Federal sources .....              |                    | -1             | -1            | -1            |               |               |               |               |
| Total United States Government life insurance fund (net) .....     | BA                 | <b>10</b>      | <b>9</b>      | <b>8</b>      | <b>8</b>      | <b>7</b>      | <b>6</b>      | <b>6</b>      |
|  | O                  | 10             | 10            | 10            | 10            | 8             | 8             | 7             |
| Veterans special life insurance fund:                              |                    |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....    | 701 BA             | <b>208</b>     | <b>217</b>    | <b>219</b>    | <b>218</b>    | <b>225</b>    | <b>232</b>    | <b>238</b>    |
|  |                    |                |               |               |               | <i>B 1</i>    | <i>B 1</i>    | <i>B 1</i>    |
| Outlays .....  | O                  | 184            | 194           | 198           | 204           | 213           | 222           | 231           |
|  |                    |                |               |               |               | <i>B 1</i>    | <i>B 1</i>    | <i>B 1</i>    |
| Veterans special life insurance fund (gross) .....                 | BA                 | <b>208</b>     | <b>217</b>    | <b>219</b>    | <b>218</b>    | <b>226</b>    | <b>233</b>    | <b>239</b>    |
|  | O                  | 184            | 194           | 198           | 204           | 214           | 223           | 232           |
| Offsetting collections from interest on Federal securities .....   |                    | -143           | -141          | -139          | -137          | -135          | -132          | -129          |
| Offsetting collections from non-Federal sources .....              |                    | -93            | -90           | -87           | -85           | -83           | -80           | -78           |
| Total Veterans special life insurance fund (net) .....             | BA                 | <b>-28</b>     | <b>-14</b>    | <b>-7</b>     | <b>-4</b>     | <b>8</b>      | <b>21</b>     | <b>32</b>     |
|  | O                  | -52            | -37           | -28           | -18           | -4            | 11            | 25            |
| Total Federal funds Benefits Programs .....                        | BA                 | <b>30,357</b>  | <b>33,739</b> | <b>34,102</b> | <b>36,871</b> | <b>38,591</b> | <b>40,271</b> | <b>42,006</b> |
|  | O                  | 29,634         | 33,375        | 34,815        | 39,206        | 38,499        | 37,344        | 41,824        |
| Total Trust funds Benefits Programs .....                          | BA                 | <b>1,203</b>   | <b>1,234</b>  | <b>1,238</b>  | <b>1,236</b>  | <b>1,253</b>  | <b>1,258</b>  | <b>1,259</b>  |
|  | O                  | 1,142          | 1,179         | 1,190         | 1,197         | 1,218         | 1,228         | 1,233         |

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

General administration:

|                                    |        |            |            |            |            |            |            |            |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 705 BA | <b>252</b> | <b>271</b> | <b>284</b> | <b>289</b> | <b>295</b> | <b>301</b> | <b>308</b> |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        |        |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Spending authority from offsetting collections, discretionary ..... | BA       | 184            | 158      | 140    | 143    | 146    | 149    | 153    |
| Outlays .....   | O        | 419            | 432      | 423    | 431    | 441    | 449    | 461    |
| General administration (gross) .....                                | BA       | 436            | 429      | 424    | 432    | 441    | 450    | 461    |
|   | O        | 419            | 432      | 423    | 431    | 441    | 449    | 461    |
| Offsetting collections from Federal sources .....                   |          | -184           | -158     | -140   | -143   | -146   | -149   | -153   |
| Total General administration (net) .....                            | BA       | 252            | 271      | 284    | 289    | 295    | 301    | 308    |
|   | O        | 235            | 274      | 283    | 288    | 295    | 300    | 308    |
| <b>Office of Inspector General:</b>                                 |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 705 BA   | 54             | 56       | 62     | 63     | 64     | 66     | 67     |
| Spending authority from offsetting collections, discretionary ..... | BA       | 3              | 3        | 3      | 3      | 3      | 3      | 3      |
| Outlays .....   | O        | 56             | 58       | 64     | 66     | 67     | 69     | 70     |
| Office of Inspector General (gross) .....                           | BA       | 57             | 59       | 65     | 66     | 67     | 69     | 70     |
|   | O        | 56             | 58       | 64     | 66     | 67     | 69     | 70     |
| Offsetting collections from Federal sources .....                   |          | -3             | -3       | -3     | -3     | -3     | -3     | -3     |
| Total Office of Inspector General (net) .....                       | BA       | 54             | 56       | 62     | 63     | 64     | 66     | 67     |
|   | O        | 53             | 55       | 61     | 63     | 64     | 66     | 67     |
| <b>Intragovernmental Funds:</b>                                     |          |                |          |        |        |        |        |        |
| Supply fund:  |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....     | 705 BA   | 1,208          | 1,270    | 1,318  | 1,039  | 1,089  | 1,135  | 1,039  |
| Outlays .....   | O        | 1,020          | 1,270    | 1,318  | 1,039  | 1,089  | 1,135  | 1,039  |
| Supply fund (gross) .....   | BA       | 1,208          | 1,270    | 1,318  | 1,039  | 1,089  | 1,135  | 1,039  |
|   | O        | 1,020          | 1,270    | 1,318  | 1,039  | 1,089  | 1,135  | 1,039  |
| Change in uncollected customer payments from Federal sources .....  | BA       | 5              |          |        |        |        |        |        |
| Offsetting collections from Federal sources .....                   |          | -1,213         | -1,270   | -1,318 | -1,039 | -1,089 | -1,135 | -1,039 |
| Total Supply fund (net) .....                                       | BA       |                |          |        |        |        |        |        |
|   | O        | -193           |          |        |        |        |        |        |
| Franchise fund:   |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....     | 705 BA   | 145            | 152      | 163    | 173    | 178    | 183    | 188    |
| Outlays .....   | O        | 128            | 146      | 163    | 173    | 178    | 183    | 188    |
| Franchise fund (gross) .....  | BA       | 145            | 152      | 163    | 173    | 178    | 183    | 188    |
|   | O        | 128            | 146      | 163    | 173    | 178    | 183    | 188    |
| Change in uncollected customer payments from Federal sources .....  | BA       | 4              | -2       | -13    |        |        |        |        |
| Offsetting collections from Federal sources .....                   |          | -149           | -150     | -150   | -173   | -178   | -183   | -188   |
| Total Franchise fund (net) .....                                    | BA       |                |          |        |        |        |        |        |
|   | O        | -21            | -4       | 13     |        |        |        |        |
| Total Federal funds Departmental Administration .....               | BA       | 306            | 327      | 346    | 352    | 359    | 367    | 375    |
|   | O        | 74             | 325      | 357    | 351    | 359    | 366    | 375    |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 54,066         | 59,291   | 62,817 | 66,122 | 68,435 | 70,773 | 73,283 |
|   | O        | 53,105         | 58,688   | 63,337 | 68,421 | 68,182 | 67,714 | 72,960 |
| Deductions for offsetting receipts:                                 |          |                |          |        |        |        |        |        |
| Intrafund transactions .....  | 703 BA/O |                | -1       | -1     | -1     | -1     | -1     | -1     |
| Proprietary receipts from the public .....                          | 702 BA/O | -233           | -267     | -357   | -377   | -403   | -422   | -440   |
|   | 703 BA/O | -1,175         | -1,615   | -2,140 | -2,240 | -2,424 | -2,643 | -2,882 |
|   | 704 BA/O | -1,798         | -883     |        |        |        |        |        |
| Total Federal funds .....   | BA       | 50,860         | 56,525   | 60,319 | 63,504 | 65,607 | 67,707 | 69,960 |
|   | O        | 49,899         | 55,922   | 60,839 | 65,803 | 65,354 | 64,648 | 69,637 |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 1,238          | 1,270    | 1,275  | 1,274  | 1,292  | 1,298  | 1,300  |
|   | O        | 1,173          | 1,211    | 1,224  | 1,232  | 1,253  | 1,264  | 1,270  |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account                              |          | 2002<br>actual | estimate |        |        |        |        |        |
|--------------------------------------|----------|----------------|----------|--------|--------|--------|--------|--------|
|                                      |          |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| Deductions for offsetting receipts:  |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public | 701 BA/O | -185           | -183     | -171   | -155   | -140   | -127   | -114   |
|                                      | 702 BA/O | -1             | -1       | -1     | -1     | -1     | -1     | -1     |
| Total Trust funds                    | BA       | 1,052          | 1,086    | 1,103  | 1,118  | 1,151  | 1,171  | 1,186  |
|                                      | O        | 987            | 1,027    | 1,052  | 1,076  | 1,112  | 1,137  | 1,156  |
| Interfund transactions               |          |                |          |        |        |        |        |        |
|                                      | 701 BA/O | -1             | -1       | -1     | -1     | -2     | -2     | -2     |
|                                      | 702 BA/O | -1             | -2       | -1     | -1     | -1     | -1     | -1     |
| Total Department of Veterans Affairs | BA       | 51,910         | 57,608   | 61,420 | 64,620 | 66,755 | 68,875 | 71,143 |
|                                      | O        | 50,884         | 56,946   | 61,889 | 66,877 | 66,463 | 65,782 | 70,790 |

**CORPS OF ENGINEERS-CIVIL WORKS**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                               |        |                |          |       |       |       |       |       |
| General investigations:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                    | 301 BA | 154            | 103      | 100   | 102   | 104   | 106   | 109   |
| Spending authority from offsetting collections, discretionary   | BA     | 37             | 9        | 9     | 9     | 9     | 10    | 10    |
| Outlays   | O      | 202            | 133      | 110   | 111   | 113   | 116   | 117   |
| General investigations (gross)                                  | BA     | 191            | 112      | 109   | 111   | 113   | 116   | 119   |
|   | O      | 202            | 133      | 110   | 111   | 113   | 116   | 117   |
| Change in uncollected customer payments from Federal sources    | BA     | 3              |          |       |       |       |       |       |
| Offsetting collections from Federal sources                     |        | -40            | -9       | -9    | -9    | -9    | -10   | -10   |
| Total General investigations (net)                              | BA     | 154            | 103      | 100   | 102   | 104   | 106   | 109   |
|   | O      | 162            | 124      | 101   | 102   | 104   | 106   | 107   |
| Construction:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                    | 301 BA | 1,591          | 1,309    | 1,028 | 1,047 | 1,068 | 1,092 | 1,120 |
| Spending authority from offsetting collections, discretionary   | BA     | 888            | 600      | 665   | 677   | 691   | 706   | 724   |
| Outlays   | O      | 2,426          | 1,966    | 1,780 | 1,711 | 1,746 | 1,782 | 1,827 |
| Construction (gross)  | BA     | 2,479          | 1,909    | 1,693 | 1,724 | 1,759 | 1,798 | 1,844 |
|   | O      | 2,426          | 1,966    | 1,780 | 1,711 | 1,746 | 1,782 | 1,827 |
| Change in uncollected customer payments from Federal sources    | BA     | -145           |          |       |       |       |       |       |
| Offsetting collections from Federal sources                     |        | -190           | -600     | -665  | -677  | -691  | -706  | -724  |
| Offsetting collections from non-Federal sources                 |        | -553           |          |       |       |       |       |       |
| Total Construction (net)  | BA     | 1,591          | 1,309    | 1,028 | 1,047 | 1,068 | 1,092 | 1,120 |
|   | O      | 1,683          | 1,366    | 1,115 | 1,034 | 1,055 | 1,076 | 1,103 |
| Operation and maintenance<br>(Water resources):                 |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary)                                  | 301 BA | 1,419          | 1,174    | 1,193 | 1,215 | 1,240 | 1,267 | 1,299 |
|   |        |                | ∕-149    | ∕-145 | ∕-148 | ∕-151 | ∕-154 | ∕-158 |
| (Appropriation, mandatory)                                      | BA     | 130            |          |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) | BA     | 255            | 234      | 238   | 242   | 247   | 253   | 259   |
|   |        |                | ∕149     | ∕145  | ∕148  | ∕151  | ∕154  | ∕158  |
| (Outlays)   | O      | 1,749          | 1,452    | 1,429 | 1,454 | 1,485 | 1,516 | 1,554 |
|   |        |                |          | ∕1    | ∕1    |       |       |       |
| Operation and maintenance (gross)                               | BA     | 1,804          | 1,408    | 1,431 | 1,457 | 1,487 | 1,520 | 1,558 |
|   | O      | 1,749          | 1,452    | 1,430 | 1,455 | 1,485 | 1,516 | 1,554 |
| (Change in uncollected customer payments from Federal sources)  | BA     | -5             |          |       |       |       |       |       |
| Offsetting collections from Federal sources                     |        | -174           | -234     | -238  | -242  | -247  | -253  | -259  |



**CORPS OF ENGINEERS-CIVIL WORKS—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from non-Federal sources .....               |        | -76            |              |              |              |              |              |              |
|   |        |                | / -149       | / -145       | / -148       | / -151       | / -154       | / -158       |
| Total (Water resources) (net) .....                                 | BA     | <b>1,549</b>   | <b>1,025</b> | <b>1,048</b> | <b>1,067</b> | <b>1,089</b> | <b>1,113</b> | <b>1,141</b> |
|   | O      | 1,499          | 1,069        | 1,047        | 1,065        | 1,087        | 1,109        | 1,137        |
| Total Operation and maintenance .....                               | BA     | <b>1,549</b>   | <b>1,025</b> | <b>1,048</b> | <b>1,067</b> | <b>1,089</b> | <b>1,113</b> | <b>1,141</b> |
|   | O      | 1,499          | 1,069        | 1,047        | 1,065        | 1,087        | 1,109        | 1,137        |
| Regulatory program:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 301 BA | 127            | 144          | 144          | 147          | 150          | 153          | 157          |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2              | 1            | 1            | 1            | 1            | 1            | 1            |
| Outlays .....   | O      | 133            | 154          | 152          | 147          | 150          | 153          | 158          |
| Regulatory program (gross) .....                                    | BA     | 129            | 145          | 145          | 148          | 151          | 154          | 158          |
|   | O      | 133            | 154          | 152          | 147          | 150          | 153          | 158          |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             |              |              |              |              |              |              |
| Offsetting collections from non-Federal sources .....               |        | -1             | -1           | -1           | -1           | -1           | -1           | -1           |
| Total Regulatory program (net) .....                                | BA     | 127            | 144          | 144          | 147          | 150          | 153          | 157          |
|   | O      | 132            | 153          | 151          | 146          | 149          | 152          | 157          |
| Flood control and coastal emergencies:                              |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 301 BA | -25            | 20           | 70           | 71           | 73           | 74           | 76           |
| Spending authority from offsetting collections, discretionary ..... | BA     | -6             | 10           | 10           | 10           | 10           | 11           | 11           |
| Outlays .....   | O      | 78             | 30           | 55           | 81           | 82           | 83           | 85           |
| Flood control and coastal emergencies (gross) .....                 | BA     | -31            | 30           | 80           | 81           | 83           | 85           | 87           |
|   | O      | 78             | 30           | 55           | 81           | 82           | 83           | 85           |
| Change in uncollected customer payments from Federal sources .....  | BA     | 50             |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -44            | -10          | -10          | -62          | -63          | -71          | -80          |
| Total Flood control and coastal emergencies (net) .....             | BA     | -25            | 20           | 70           | 19           | 20           | 14           | 7            |
|   | O      | 34             | 20           | 45           | 19           | 19           | 12           | 5            |
| Formerly utilized sites remedial action program:                    |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 053 BA | 140            | 140          | 140          | 143          | 146          | 149          | 153          |
| Spending authority from offsetting collections, discretionary ..... | BA     | 11             |              |              |              |              |              |              |
| Outlays .....   | O      | 154            | 123          | 140          | 142          | 144          | 147          | 151          |
| Formerly utilized sites remedial action program (gross) .....       | BA     | 151            | 140          | 140          | 143          | 146          | 149          | 153          |
|   | O      | 154            | 123          | 140          | 142          | 144          | 147          | 151          |
| Change in uncollected customer payments from Federal sources .....  | BA     | 2              |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -13            |              |              |              |              |              |              |
| Total Formerly utilized sites remedial action program (net) .....   | BA     | 140            | 140          | 140          | 143          | 146          | 149          | 153          |
|   | O      | 141            | 123          | 140          | 142          | 144          | 147          | 151          |
| General expenses:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 301 BA | 153            | 155          | 171          | 174          | 178          | 182          | 186          |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6              |              |              |              |              |              |              |
| Outlays .....   | O      | 164            | 159          | 168          | 173          | 177          | 181          | 185          |
| General expenses (gross) .....                                      | BA     | 159            | 155          | 171          | 174          | 178          | 182          | 186          |
|   | O      | 164            | 159          | 168          | 173          | 177          | 181          | 185          |
| Offsetting collections from Federal sources .....                   |        | -6             |              |              |              |              |              |              |
| Total General expenses (net) .....                                  | BA     | 153            | 155          | 171          | 174          | 178          | 182          | 186          |
|   | O      | 158            | 159          | 168          | 173          | 177          | 181          | 185          |
| Flood control, Mississippi River and tributaries:                   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 301 BA | 346            | 281          | 280          | 285          | 291          | 297          | 305          |
| Spending authority from offsetting collections, discretionary ..... | BA     | 31             | 25           | 25           | 25           | 26           | 27           | 27           |
| Outlays .....   | O      | 395            | 274          | 305          | 309          | 314          | 322          | 330          |
| Flood control, Mississippi River and tributaries (gross) .....      | BA     | 377            | 306          | 305          | 310          | 317          | 324          | 332          |
|   | O      | 395            | 274          | 305          | 309          | 314          | 322          | 330          |
| Change in uncollected customer payments from Federal sources .....  | BA     | 8              |              |              |              |              |              |              |

**CORPS OF ENGINEERS-CIVIL WORKS—Continued**  
(In millions of dollars)

| Account  |          | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|--|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |          |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from Federal sources .....                            |          | -39            | -25          | -25          | -25          | -26          | -27          | -27          |
| Total Flood control, Mississippi River and tributaries (net) .....           | BA       | <b>346</b>     | <b>281</b>   | <b>280</b>   | <b>285</b>   | <b>291</b>   | <b>297</b>   | <b>305</b>   |
|  | O        | 356            | 249          | 280          | 284          | 288          | 295          | 303          |
| Payment to South Dakota terrestrial wildlife habitat restoration trust fund: |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 306 BA   | <b>10</b>      | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>10</b>    |
| Outlays .....  | O        | 10             | 10           | 10           | 10           | 10           | 10           | 10           |
| Washington aqueduct:   |          |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....              | 301 BA   | <b>1</b>       |              |              |              |              |              |              |
| Outlays .....  | O        | 15             | 1            | 3            |              |              |              |              |
| Washington aqueduct (gross) .....  | BA       | <b>1</b>       |              |              |              |              |              |              |
|  | O        | 15             | 1            | 3            |              |              |              |              |
| Offsetting collections from non-Federal sources .....                        |          | -17            | -10          | -3           | -4           | -4           | -4           | -4           |
| Total Washington aqueduct (net) .....  | BA       | <b>-16</b>     | <b>-10</b>   | <b>-3</b>    | <b>-4</b>    | <b>-4</b>    | <b>-4</b>    | <b>-4</b>    |
|  | O        | -2             | -9           |              | -4           | -4           | -4           | -4           |
| Permanent appropriations   |          |                |              |              |              |              |              |              |
| (Water resources):   |          |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....   | 301 BA   | <b>14</b>      | <b>8</b>     | <b>8</b>     | <b>9</b>     | <b>9</b>     | <b>9</b>     | <b>9</b>     |
| (Outlays) .....  | O        | 15             | 8            | 8            | 9            | 9            | 9            | 9            |
| (General purpose fiscal assistance):   |          |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....   | 806 BA   |                | <b>8</b>     | <b>8</b>     | <b>9</b>     | <b>9</b>     | <b>9</b>     | <b>9</b>     |
| (Outlays) .....  | O        |                | 8            | 8            | 9            | 9            | 9            | 9            |
| Total Permanent appropriations .....   | BA       | <b>14</b>      | <b>16</b>    | <b>16</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    |
|  | O        | 15             | 16           | 16           | 18           | 18           | 18           | 18           |
| <b>Intragovernmental Funds:</b>  |          |                |              |              |              |              |              |              |
| Revolving fund:  |          |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....              | 301 BA   | <b>3,661</b>   | <b>3,547</b> | <b>3,547</b> | <b>3,754</b> | <b>3,962</b> | <b>4,076</b> | <b>4,194</b> |
| Outlays .....  | O        | 3,631          | 3,547        | 3,547        | 3,754        | 3,962        | 4,076        | 4,194        |
| Revolving fund (gross) .....   | BA       | <b>3,661</b>   | <b>3,547</b> | <b>3,547</b> | <b>3,754</b> | <b>3,962</b> | <b>4,076</b> | <b>4,194</b> |
|  | O        | 3,631          | 3,547        | 3,547        | 3,754        | 3,962        | 4,076        | 4,194        |
| Change in uncollected customer payments from Federal sources .....           | BA       | <b>23</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                            |          | -3,684         | -3,547       | -3,547       | -3,754       | -3,962       | -4,076       | -4,194       |
| Total Revolving fund (net) .....   | BA       |                |              |              |              |              |              |              |
|  | O        | -53            |              |              |              |              |              |              |
| <i>Trust funds</i>   |          |                |              |              |              |              |              |              |
| Inland waterways trust fund:   |          |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 301 BA   | <b>104</b>     | <b>84</b>    | <b>256</b>   | <b>261</b>   | <b>266</b>   | <b>272</b>   | <b>279</b>   |
| Outlays .....  | O        | 108            | 83           | 231          | 260          | 265          | 271          | 278          |
| Rivers and harbors contributed funds:  |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 301 BA   | <b>394</b>     | <b>270</b>   | <b>278</b>   | <b>287</b>   | <b>295</b>   | <b>304</b>   | <b>313</b>   |
| Outlays .....  | O        | 330            | 294          | 275          | 283          | 292          | 300          | 310          |
| Harbor maintenance trust fund:   |          |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 301 BA   | <b>640</b>     | <b>755</b>   | <b>812</b>   | <b>827</b>   | <b>844</b>   | <b>863</b>   | <b>885</b>   |
| Outlays .....  | O        | 640            | 755          | 812          | 827          | 844          | 863          | 885          |
| Coastal wetlands restoration trust fund:                                     |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 301 BA   | <b>62</b>      | <b>57</b>    | <b>58</b>    | <b>62</b>    | <b>64</b>    | <b>66</b>    | <b>67</b>    |
| Outlays .....  | O        | 27             | 57           | 58           | 62           | 64           | 66           | 67           |
| South Dakota terrestrial wildlife habitat restoration trust fund:            |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 306 BA   |                |              |              |              |              |              |              |
| Outlays .....  | O        |                |              |              |              |              |              |              |
| <b>Summary</b>   |          |                |              |              |              |              |              |              |
| Federal funds:   |          |                |              |              |              |              |              |              |
| (As shown in detail above) .....   | BA       | <b>4,043</b>   | <b>3,193</b> | <b>3,004</b> | <b>3,008</b> | <b>3,070</b> | <b>3,130</b> | <b>3,202</b> |
|  | O        | 4,135          | 3,280        | 3,073        | 2,989        | 3,047        | 3,102        | 3,172        |
| Deductions for offsetting receipts:  |          |                |              |              |              |              |              |              |
| Proprietary receipts from the public .....                                   | 301 BA/O | -11            | -9           | -10          | -10          | -10          | -10          | -10          |
|  | 303 BA/O | -28            | -34          | -34          | -34          | -34          | -34          | -34          |
| Total Federal funds .....  | BA       | <b>4,004</b>   | <b>3,150</b> | <b>2,960</b> | <b>2,964</b> | <b>3,026</b> | <b>3,086</b> | <b>3,158</b> |
|  | O        | 4,096          | 3,237        | 3,029        | 2,945        | 3,003        | 3,058        | 3,128        |

**CORPS OF ENGINEERS-CIVIL WORKS—Continued**  
(In millions of dollars)

| Account                                    |          | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
|  |          |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| <b>Trust funds:</b>                        |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 1,200          | 1,166    | 1,404 | 1,437 | 1,469 | 1,505 | 1,544 |
|  | O        | 1,105          | 1,189    | 1,376 | 1,432 | 1,465 | 1,500 | 1,540 |
| <b>Deductions for offsetting receipts:</b> |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public ..... | 301 BA/O | -394           | -270     | -278  | -287  | -295  | -304  | -313  |
| Total Trust funds .....                    | BA       | 806            | 896      | 1,126 | 1,150 | 1,174 | 1,201 | 1,231 |
|  | O        | 711            | 919      | 1,098 | 1,145 | 1,170 | 1,196 | 1,227 |
| <b>Interfund transactions</b> .....        |          |                |          |       |       |       |       |       |
|  | 306 BA/O | -10            | -10      | -10   | -10   | -10   | -10   | -10   |
| Total Corps of Engineers-Civil Works ..... | BA       | 4,800          | 4,036    | 4,076 | 4,104 | 4,190 | 4,277 | 4,379 |
|  | O        | 4,797          | 4,146    | 4,117 | 4,080 | 4,163 | 4,244 | 4,345 |

**OTHER DEFENSE CIVIL PROGRAMS**  
(In millions of dollars)

| Account                              |        | 2002<br>actual | estimate |        |        |        |        | 2008   |
|--------------------------------------|--------|----------------|----------|--------|--------|--------|--------|--------|
|                                      |        |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| <b>Military Retirement</b>           |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>                 |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>    |        |                |          |        |        |        |        |        |
| Payment to military retirement fund: |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....       | 054 BA | 17,047         | 17,928   | 18,617 | 19,269 | 19,944 | 20,643 | 21,365 |
| Outlays .....                        | O      | 17,047         | 17,928   | 18,617 | 19,269 | 19,944 | 20,643 | 21,365 |
| <i>Trust funds</i>                   |        |                |          |        |        |        |        |        |
| Military retirement fund:            |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....       | 602 BA | 35,188         | 36,056   | 36,870 | 37,818 | 38,787 | 39,797 | 40,833 |
| Outlays .....                        | O      | 35,060         | 35,925   | 36,736 | 37,680 | 38,645 | 39,652 | 40,684 |

**Retiree Health Care**  
*Federal funds*

|   |        |  |        |        |        |        |        |        |
|---|--------|--|--------|--------|--------|--------|--------|--------|
| <b>General and Special Funds:</b>                       |        |  |        |        |        |        |        |        |
| Payment to Uniformed Services Retiree Health Care Fund: |        |  |        |        |        |        |        |        |
| Appropriation, mandatory .....                          | 054 BA |  | 14,740 | 15,256 | 15,790 | 16,343 | 16,915 | 17,507 |
| Outlays .....   | O      |  | 14,740 | 15,256 | 15,790 | 16,343 | 16,915 | 17,507 |
| Uniformed Services Retiree Health Care Fund:            |        |  |        |        |        |        |        |        |
| Appropriation, mandatory .....                          | 551 BA |  | 4,445  | 4,765  | 5,006  | 5,324  | 5,661  | 6,016  |
| Outlays .....   | O      |  | 4,445  | 4,765  | 5,006  | 5,324  | 5,661  | 6,016  |
| Total Federal funds Retiree Health Care .....           | BA     |  | 19,185 | 20,021 | 20,796 | 21,667 | 22,576 | 23,523 |
|   | O      |  | 19,185 | 20,021 | 20,796 | 21,667 | 22,576 | 23,523 |

**Educational Benefits**  
*Trust funds*

|  |        |     |     |     |     |     |     |     |
|--|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>Education benefits fund:</b>                                    |        |     |     |     |     |     |     |     |
| Appropriation, mandatory .....                                     | 702 BA | 329 | 263 | 273 | 288 | 295 | 298 | 298 |
| Spending authority from offsetting collections, mandatory .....    | BA     | -9  |     |     |     |     |     |     |
| Outlays .....  | O      | 233 | 263 | 273 | 288 | 295 | 298 | 298 |
| Education benefits fund (gross) .....                              | BA     | 320 | 263 | 273 | 288 | 295 | 298 | 298 |
|  | O      | 233 | 263 | 273 | 288 | 295 | 298 | 298 |
| Change in uncollected customer payments from Federal sources ..... | BA     | 9   |     |     |     |     |     |     |
| Total Education benefits fund (net) .....                          | BA     | 329 | 263 | 273 | 288 | 295 | 298 | 298 |
|  | O      | 233 | 263 | 273 | 288 | 295 | 298 | 298 |

**American Battle Monuments commission**  
*Federal funds*

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>  |        |    |    |    |    |    |    |    |
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 705 BA | 35 | 30 | 32 | 33 | 33 | 34 | 35 |
| Outlays .....                      | O      | 28 | 33 | 32 | 33 | 33 | 34 | 35 |

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |         |         |         |         |         |
|---|----------|----------------|----------|---------|---------|---------|---------|---------|
|   |          |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <i>Trust funds</i>  |          |                |          |         |         |         |         |         |
| Contributions:  |          |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 705 BA   | 26             | 7        | 10      | 1       | 1       | 1       | 1       |
| Outlays .....   | O        | 24             | 9        | 10      | 1       | 1       | 1       | 1       |
| <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, discretionary .....                                  | 705 BA   |                | 1        | 1       | 1       | 1       | 1       | 1       |
| Outlays .....   | O        |                | 1        | 1       | 1       | 1       | 1       | 1       |
| <b>Armed Forces Retirement Home</b>                                 |          |                |          |         |         |         |         |         |
| <i>Trust funds</i>  |          |                |          |         |         |         |         |         |
| Armed Forces Retirement Home:                                       |          |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 602 BA   | 71             | 67       | 65      | 66      | 67      | 69      | 71      |
| Outlays .....   | O        | 63             | 68       | 66      | 70      | 74      | 75      | 78      |
| <b>Cemeterial Expenses</b>  |          |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |          |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |          |                |          |         |         |         |         |         |
| Salaries and expenses:  |          |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 705 BA   | 23             | 24       | 26      | 26      | 27      | 28      | 28      |
| Outlays .....   | O        | 16             | 24       | 26      | 27      | 27      | 28      | 28      |
| <b>Forest and Wildlife Conservation, Military Reservations</b>      |          |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |          |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |          |                |          |         |         |         |         |         |
| Wildlife conservation:  |          |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 303 BA   | 1              | 3        | 3       | 3       | 3       | 3       | 3       |
| Outlays .....   | O        | 2              | 3        | 3       | 3       | 3       | 3       | 3       |
| <b>Selective Service System</b>                                     |          |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |          |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |          |                |          |         |         |         |         |         |
| Salaries and expenses:  |          |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 054 BA   | 25             | 26       | 28      | 29      | 29      | 30      | 31      |
| Outlays .....   | O        | 25             | 27       | 28      | 29      | 29      | 29      | 30      |
| <b>Summary</b>  |          |                |          |         |         |         |         |         |
| <b>Federal funds:</b>   |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                                    | BA       | 17,131         | 37,197   | 38,728  | 40,157  | 41,704  | 43,315  | 44,986  |
|   | O        | 17,118         | 37,201   | 38,728  | 40,158  | 41,704  | 43,314  | 44,985  |
| Deductions for offsetting receipts:                                 |          |                |          |         |         |         |         |         |
| Intrafund transactions .....  | 054 BA/O |                | -14,740  | -15,256 | -15,790 | -16,343 | -16,915 | -17,507 |
| Proprietary receipts from the public .....                          | 908 BA/O |                | -371     | -1,214  | -2,250  | -3,444  | -4,774  | -6,250  |
|   | 303 BA/O |                | -1       | -3      | -3      | -3      | -3      | -3      |
| Total Federal funds .....   | BA       | 17,130         | 22,083   | 22,255  | 22,114  | 21,914  | 21,623  | 21,226  |
|   | O        | 17,117         | 22,087   | 22,255  | 22,115  | 21,914  | 21,622  | 21,225  |
| <b>Trust funds:</b>   |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                                    | BA       | 35,614         | 36,393   | 37,218  | 38,173  | 39,150  | 40,165  | 41,203  |
|   | O        | 35,380         | 36,265   | 37,085  | 38,039  | 39,015  | 40,026  | 41,061  |
| Deductions for offsetting receipts:                                 |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public .....                          | 602 BA/O |                | -13      | -13     | -18     | -19     | -21     | -21     |
| Total Trust funds .....   | BA       | 35,601         | 36,380   | 37,200  | 38,154  | 39,131  | 40,144  | 41,182  |
|   | O        | 35,367         | 36,252   | 37,067  | 38,020  | 38,996  | 40,005  | 41,040  |

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

| Account                                  |          | 2002<br>actual | estimate      |               |               |               |               |               |
|--|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |          |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Interfund transactions .....             | 054 BA/O | -17,047        | -17,928       | -18,617       | -19,269       | -19,944       | -20,643       | -21,365       |
|  | 702 BA/O | -280           | -263          | -263          | -266          | -267          | -268          | -267          |
| Total Other Defense Civil Programs ..... | BA       | <b>35,404</b>  | <b>40,272</b> | <b>40,575</b> | <b>40,733</b> | <b>40,834</b> | <b>40,856</b> | <b>40,776</b> |
|  | O        | 35,157         | 40,148        | 40,442        | 40,600        | 40,699        | 40,716        | 40,633        |

**ENVIRONMENTAL PROTECTION AGENCY**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                   |        |                |              |              |              |              |              |              |
| Office of the Inspector General:                                    |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 304 BA | <b>34</b>      | <b>35</b>    | <b>37</b>    | <b>38</b>    | <b>38</b>    | <b>39</b>    | <b>40</b>    |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>12</b>      | <b>13</b>    | <b>13</b>    | <b>13</b>    | <b>14</b>    | <b>14</b>    | <b>14</b>    |
| Outlays .....   | O      | 46             | 49           | 49           | 49           | 50           | 51           | 51           |
| Office of the Inspector General (gross) .....                       | BA     | <b>46</b>      | <b>48</b>    | <b>50</b>    | <b>51</b>    | <b>52</b>    | <b>53</b>    | <b>54</b>    |
|   | O      | 46             | 49           | 49           | 49           | 50           | 51           | 51           |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-1</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -11            | -13          | -13          | -13          | -14          | -14          | -14          |
| Total Office of the Inspector General (net) .....                   | BA     | <b>34</b>      | <b>35</b>    | <b>37</b>    | <b>38</b>    | <b>38</b>    | <b>39</b>    | <b>40</b>    |
|   | O      | 35             | 36           | 36           | 36           | 36           | 37           | 37           |
| Science and technology:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 304 BA | <b>788</b>     | <b>670</b>   | <b>731</b>   | <b>745</b>   | <b>760</b>   | <b>776</b>   | <b>796</b>   |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>42</b>      | <b>123</b>   | <b>57</b>    | <b>58</b>    | <b>59</b>    | <b>61</b>    | <b>62</b>    |
| Outlays .....   | O      | 732            | 912          | 898          | 927          | 946          | 827          | 847          |
| Science and technology (gross) .....                                | BA     | <b>830</b>     | <b>793</b>   | <b>788</b>   | <b>803</b>   | <b>819</b>   | <b>837</b>   | <b>858</b>   |
|   | O      | 732            | 912          | 898          | 927          | 946          | 827          | 847          |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-11</b>     |              |              |              |              |              |              |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>14</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -45            | -123         | -57          | -58          | -59          | -61          | -62          |
| Total Science and technology (net) .....                            | BA     | <b>788</b>     | <b>670</b>   | <b>731</b>   | <b>745</b>   | <b>760</b>   | <b>776</b>   | <b>796</b>   |
|   | O      | 687            | 789          | 841          | 869          | 887          | 766          | 785          |
| Environmental programs and management:                              |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 304 BA | <b>2,097</b>   | <b>2,048</b> | <b>2,220</b> | <b>2,261</b> | <b>2,308</b> | <b>2,358</b> | <b>2,418</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>131</b>     | <b>60</b>    | <b>60</b>    | <b>61</b>    | <b>62</b>    | <b>64</b>    | <b>65</b>    |
| Outlays .....   | O      | 2,173          | 2,232        | 2,252        | 2,276        | 2,299        | 2,336        | 2,380        |
| Environmental programs and management (gross) .....                 | BA     | <b>2,228</b>   | <b>2,108</b> | <b>2,280</b> | <b>2,322</b> | <b>2,370</b> | <b>2,422</b> | <b>2,483</b> |
|   | O      | 2,173          | 2,232        | 2,252        | 2,276        | 2,299        | 2,336        | 2,380        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-75</b>     |              |              |              |              |              |              |
| Portion of cash collections credited to expired accounts .....      | BA     | <b>11</b>      |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                   |        | -67            | -60          | -60          | -61          | -62          | -64          | -65          |
| Total Environmental programs and management (net) .....             | BA     | <b>2,097</b>   | <b>2,048</b> | <b>2,220</b> | <b>2,261</b> | <b>2,308</b> | <b>2,358</b> | <b>2,418</b> |
|   | O      | 2,106          | 2,172        | 2,192        | 2,215        | 2,237        | 2,272        | 2,315        |
| Buildings and facilities:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 304 BA | <b>25</b>      | <b>43</b>    | <b>43</b>    | <b>44</b>    | <b>44</b>    | <b>46</b>    | <b>47</b>    |
| Outlays .....   | O      | 49             | 31           | 39           | 41           | 43           | 46           | 46           |
| State and tribal assistance grants:                                 |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 304 BA | <b>3,738</b>   | <b>3,464</b> | <b>3,121</b> | <b>3,179</b> | <b>3,243</b> | <b>3,316</b> | <b>3,400</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>17</b>      |              |              |              |              |              |              |
| Outlays .....   | O      | 3,370          | 3,758        | 3,843        | 3,765        | 3,637        | 3,618        | 3,662        |
| State and tribal assistance grants (gross) .....                    | BA     | <b>3,755</b>   | <b>3,464</b> | <b>3,121</b> | <b>3,179</b> | <b>3,243</b> | <b>3,316</b> | <b>3,400</b> |
|   | O      | 3,370          | 3,758        | 3,843        | 3,765        | 3,637        | 3,618        | 3,662        |

**ENVIRONMENTAL PROTECTION AGENCY—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate           |              |              |              |              | 2008         |
|--|--------|----------------|--------------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2003               | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from Federal sources .....                        |        | -17            |                    |              |              |              |              |              |
| Total State and tribal assistance grants (net) .....                     | BA     | <b>3,738</b>   | <b>3,464</b>       | <b>3,121</b> | <b>3,179</b> | <b>3,243</b> | <b>3,316</b> | <b>3,400</b> |
|  | O      | 3,353          | 3,758              | 3,843        | 3,765        | 3,637        | 3,618        | 3,662        |
| Payment to the hazardous substance superfund:                            |        |                |                    |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 304 BA | 676            | 700                | 1,100        | 1,170        | 1,230        | 1,225        | 1,275        |
| Outlays .....  | O      | 676            | 700                | 1,100        | 1,170        | 1,230        | 1,225        | 1,275        |
| <b>Public Enterprise Funds:</b>  |        |                |                    |              |              |              |              |              |
| Reregistration and expedited processing revolving fund:                  |        |                |                    |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | 304 BA |                |                    | 8            | 8            | 8            |              |              |
| Spending authority from offsetting collections, mandatory .....          | BA     | 18             | 58                 | 28           | 29           | 29           | 13           | 13           |
| Outlays .....  | O      | 18             | 14                 | 36           | 37           | 37           | 16           | 16           |
| Reregistration and expedited processing revolving fund (gross) .....     | BA     | 18             | 58                 | 36           | 37           | 37           | 13           | 13           |
|  | O      | 18             | 14                 | 36           | 37           | 37           | 16           | 16           |
| Offsetting governmental collections (from non-Federal sources) .....     |        | -18            | -58                | -36          | -37          | -37          | -13          | -13          |
| Total Reregistration and expedited processing revolving fund (net) ..... | BA     |                |                    |              |              |              |              |              |
|  | O      |                | -44                |              |              |              | 3            | 3            |
| <b>Intragovernmental Funds:</b>  |        |                |                    |              |              |              |              |              |
| Working capital fund:  |        |                |                    |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | 304 BA | 132            | 134                | 118          | 120          | 123          | 125          | 129          |
| Outlays .....  | O      | 126            | 144                | 128          | 128          | 126          | 125          | 129          |
| Working capital fund (gross) .....                                       | BA     | 132            | 134                | 118          | 120          | 123          | 125          | 129          |
|  | O      | 126            | 144                | 128          | 128          | 126          | 125          | 129          |
| Offsetting collections from Federal sources .....                        |        | -132           | -134               | -118         | -120         | -123         | -125         | -129         |
| Total Working capital fund (net) .....                                   | BA     |                |                    |              |              |              |              |              |
|  | O      | -6             | 10                 | 10           | 8            | 3            |              |              |
| <b>Credit Accounts:</b>  |        |                |                    |              |              |              |              |              |
| Abatement, control, and compliance loan program account:                 |        |                |                    |              |              |              |              |              |
| Appropriation, mandatory .....   | 304 BA |                | 1                  |              |              |              |              |              |
| Outlays .....  | O      |                | 1                  |              |              |              |              |              |
|  |        |                | <i>Trust funds</i> |              |              |              |              |              |
| Hazardous substance superfund:   |        |                |                    |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 304 BA | 1,310          | 1,273              | 1,390        | 1,416        | 1,445        | 1,477        | 1,514        |
| Appropriation, mandatory .....   | BA     | 20             |                    |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | BA     | 176            | 200                | 200          | 204          | 208          | 212          | 218          |
| Outlays .....  | O      | 1,568          | 1,493              | 1,605        | 1,628        | 1,665        | 1,733        | 1,798        |
| Hazardous substance superfund (gross) .....                              | BA     | 1,506          | 1,473              | 1,590        | 1,620        | 1,653        | 1,689        | 1,732        |
|  | O      | 1,568          | 1,493              | 1,605        | 1,628        | 1,665        | 1,733        | 1,798        |
| Change in uncollected customer payments from Federal sources .....       | BA     | -5             |                    |              |              |              |              |              |
| Offsetting collections from Federal sources .....                        |        | 75             | -200               | -200         | -204         | -208         | -212         | -218         |
| Offsetting collections from non-Federal sources .....                    |        | -246           |                    |              |              |              |              |              |
| Total Hazardous substance superfund (net) .....                          | BA     | 1,330          | 1,273              | 1,390        | 1,416        | 1,445        | 1,477        | 1,514        |
|  | O      | 1,397          | 1,293              | 1,405        | 1,424        | 1,457        | 1,521        | 1,580        |
| Leaking underground storage tank trust fund:                             |        |                |                    |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 304 BA | 73             | 72                 | 73           | 74           | 76           | 78           | 80           |
| Outlays .....  | O      | 75             | 83                 | 81           | 85           | 80           | 78           | 79           |
| Oil spill response:  |        |                |                    |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 304 BA | 15             | 16                 | 16           | 16           | 17           | 17           | 17           |
| Spending authority from offsetting collections, discretionary .....      | BA     | 20             | 20                 | 20           | 20           | 21           | 21           | 22           |
| Outlays .....  | O      | 31             | 39                 | 41           | 42           | 42           | 43           | 44           |
| Oil spill response (gross) .....   | BA     | 35             | 36                 | 36           | 36           | 38           | 38           | 39           |
|  | O      | 31             | 39                 | 41           | 42           | 42           | 43           | 44           |
| Change in uncollected customer payments from Federal sources .....       | BA     | -3             |                    |              |              |              |              |              |
| Offsetting collections from Federal sources .....                        |        | -17            | -20                | -20          | -20          | -21          | -21          | -22          |
| Total Oil spill response (net) .....                                     | BA     | 15             | 16                 | 16           | 16           | 17           | 17           | 17           |
|  | O      | 14             | 19                 | 21           | 22           | 21           | 22           | 22           |

**ENVIRONMENTAL PROTECTION AGENCY—Continued**  
(In millions of dollars)

| Account  |                 | 2002<br>actual | estimate     |               |               |               |               | 2008          |
|--|-----------------|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
|  |                 |                | 2003         | 2004          | 2005          | 2006          | 2007          |               |
| <b>Summary</b>                                     |                 |                |              |               |               |               |               |               |
| <b>Federal funds:</b>                              |                 |                |              |               |               |               |               |               |
| (As shown in detail above) .....                   | BA              | 7,358          | 6,961        | 7,252         | 7,437         | 7,623         | 7,760         | 7,976         |
|  | O               | 6,900          | 7,453        | 8,061         | 8,104         | 8,073         | 7,967         | 8,123         |
| <b>Deductions for offsetting receipts:</b>         |                 |                |              |               |               |               |               |               |
| Proprietary receipts from the public .....         | 304 BA/O        | -1             |              |               |               |               |               |               |
| Offsetting governmental receipts .....             | 304 BA/O        | -11            | -11          | -19           | -19           | -19           | -19           | -19           |
|  |                 |                | J -4         | J -4          | J -8          | J -8          | J -8          | J -8          |
| <b>Total Federal funds .....</b>                   | <b>BA</b>       | <b>7,346</b>   | <b>6,946</b> | <b>7,229</b>  | <b>7,410</b>  | <b>7,596</b>  | <b>7,733</b>  | <b>7,949</b>  |
|  | <b>O</b>        | <b>6,888</b>   | <b>7,438</b> | <b>8,038</b>  | <b>8,077</b>  | <b>8,046</b>  | <b>7,940</b>  | <b>8,096</b>  |
| <b>Trust funds:</b>                                |                 |                |              |               |               |               |               |               |
| (As shown in detail above) .....                   | BA              | 1,418          | 1,361        | 1,479         | 1,506         | 1,538         | 1,572         | 1,611         |
|  | O               | 1,486          | 1,395        | 1,507         | 1,531         | 1,558         | 1,621         | 1,681         |
| <b>Deductions for offsetting receipts:</b>         |                 |                |              |               |               |               |               |               |
| Proprietary receipts from the public .....         | 304 BA/O        | -248           | -175         | -175          | -175          | -175          | -175          | -175          |
| <b>Total Trust funds .....</b>                     | <b>BA</b>       | <b>1,170</b>   | <b>1,186</b> | <b>1,304</b>  | <b>1,331</b>  | <b>1,363</b>  | <b>1,397</b>  | <b>1,436</b>  |
|  | <b>O</b>        | <b>1,238</b>   | <b>1,220</b> | <b>1,332</b>  | <b>1,356</b>  | <b>1,383</b>  | <b>1,446</b>  | <b>1,506</b>  |
| <b>Interfund transactions .....</b>                | <b>304 BA/O</b> | <b>-676</b>    | <b>-700</b>  | <b>-1,100</b> | <b>-1,170</b> | <b>-1,230</b> | <b>-1,225</b> | <b>-1,275</b> |
| <b>Total Environmental Protection Agency .....</b> | <b>BA</b>       | <b>7,840</b>   | <b>7,432</b> | <b>7,433</b>  | <b>7,571</b>  | <b>7,729</b>  | <b>7,905</b>  | <b>8,110</b>  |
|  | <b>O</b>        | <b>7,450</b>   | <b>7,958</b> | <b>8,270</b>  | <b>8,263</b>  | <b>8,199</b>  | <b>8,161</b>  | <b>8,327</b>  |

**EXECUTIVE OFFICE OF THE PRESIDENT**  
(In millions of dollars)

| Account  |           | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|--|-----------|----------------|------------|------------|------------|------------|------------|------------|
|  |           |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| <b>Executive Office of the President</b>   |           |                |            |            |            |            |            |            |
| <i>Federal funds</i>   |           |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>  |           |                |            |            |            |            |            |            |
| <b>Executive Office of the President:</b>  |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 192            | 189        | 184        | 188        | 191        | 195        | 200        |
| Spending authority from offsetting collections, discretionary .....                          | BA        | 10             | 7          | 7          | 7          | 7          | 7          | 8          |
| Outlays .....  | O         | 178            | 200        | 193        | 193        | 198        | 202        | 208        |
| <b>Executive Office of the President (gross) .....</b>                                       | <b>BA</b> | <b>202</b>     | <b>196</b> | <b>191</b> | <b>195</b> | <b>198</b> | <b>202</b> | <b>208</b> |
|  | <b>O</b>  | <b>178</b>     | <b>200</b> | <b>193</b> | <b>193</b> | <b>198</b> | <b>202</b> | <b>208</b> |
| <b>Change in uncollected customer payments from Federal sources .....</b>                    | <b>BA</b> | <b>-4</b>      |            |            |            |            |            |            |
| <b>Offsetting collections from Federal sources .....</b>                                     |           | <b>-6</b>      | <b>-7</b>  | <b>-7</b>  | <b>-7</b>  | <b>-7</b>  | <b>-7</b>  | <b>-8</b>  |
| <b>Total Executive Office of the President (net) .....</b>                                   | <b>BA</b> | <b>192</b>     | <b>189</b> | <b>184</b> | <b>188</b> | <b>191</b> | <b>195</b> | <b>200</b> |
|  | <b>O</b>  | <b>172</b>     | <b>193</b> | <b>186</b> | <b>186</b> | <b>191</b> | <b>195</b> | <b>200</b> |
| <b>Special Assistance to the President and the Official Residence of the Vice President:</b> |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 4              | 4          | 4          | 4          | 4          | 4          | 4          |
| Outlays .....  | O         | 4              | 4          | 4          | 4          | 4          | 4          | 4          |
| <b>Council on Environmental Quality and Office of Environmental Quality:</b>                 |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 3              | 3          | 3          | 3          | 3          | 3          | 3          |
| Outlays .....  | O         | 3              | 3          | 3          | 3          | 3          | 3          | 3          |
| <b>Office of Management and Budget:</b>  |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 71             | 71         | 77         | 78         | 80         | 82         | 84         |
| Outlays .....  | O         | 72             | 71         | 76         | 79         | 80         | 82         | 84         |
| <b>Office of National Drug Control Policy:</b>   |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 25             | 25         | 27         | 28         | 28         | 29         | 29         |
| Outlays .....  | O         | 25             | 25         | 27         | 27         | 28         | 29         | 30         |
| <b>Office of Science and Technology Policy:</b>  |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 5              | 5          | 7          | 7          | 7          | 7          | 8          |
| Outlays .....  | O         | 4              | 5          | 7          | 7          | 7          | 7          | 7          |
| <b>Office of the United States Trade Representative:</b>                                     |           |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 802 BA    | 30             | 32         | 37         | 38         | 38         | 39         | 40         |
| Spending authority from offsetting collections, discretionary .....                          | BA        | 1              |            |            |            |            |            |            |

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Outlays .....  | O      | 33             | 32       | 37   | 38   | 39   | 40   | 40   |
| Office of the United States Trade Representative (gross) .....     | BA     | 31             | 32       | 37   | 38   | 38   | 39   | 40   |
|  | O      | 33             | 32       | 37   | 38   | 39   | 40   | 40   |
| Offsetting collections from Federal sources .....                  |        | -1             |          |      |      |      |      |      |
| Total Office of the United States Trade Representative (net) ..... | BA     | 30             | 32       | 37   | 38   | 38   | 39   | 40   |
|  | O      | 32             | 32       | 37   | 38   | 39   | 40   | 40   |
| Unanticipated needs:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                 | 802 BA |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 51             | 1        | 1    | 1    | 1    | 1    | 1    |
| Emergency response fund<br>(Federal law enforcement activities):   |        |                |          |      |      |      |      |      |
| (Outlays) .....  | 751 O  | 88             |          |      |      |      |      |      |
| Total Emergency response fund .....                                | O      | 88             |          |      |      |      |      |      |
| <b>Intragovernmental Funds:</b>                                    |        |                |          |      |      |      |      |      |
| Management fund, Office of Environmental Quality:                  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....    | 802 BA |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Management fund, Office of Environmental Quality (gross) .....     | BA     |                | 1        | 1    | 1    | 1    | 1    | 1    |
|  | O      |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Offsetting collections from Federal sources .....                  |        |                | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Management fund, Office of Environmental Quality (net) ..... | BA     |                |          |      |      |      |      |      |
|  | O      |                |          |      |      |      |      |      |
| Total Federal funds Executive Office of the President .....        | BA     | 330            | 330      | 340  | 347  | 352  | 360  | 369  |
|  | O      | 451            | 334      | 341  | 345  | 353  | 361  | 369  |
| <b>Summary</b>   |        |                |          |      |      |      |      |      |
| Federal funds:   |        |                |          |      |      |      |      |      |
| Total Executive Office of the President .....                      | BA     | 330            | 330      | 340  | 347  | 352  | 360  | 369  |
|  | O      | 451            | 334      | 341  | 345  | 353  | 361  | 369  |

**GENERAL SERVICES ADMINISTRATION**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <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 | 2              | 6        | 6    | 6    | 6    | 6    | 7    |
| Outlays .....   | O      |                | 6        | 6    | 6    | 6    | 6    | 7    |
| Real property relocation (gross) .....                              | BA     | 2              | 6        | 6    | 6    | 6    | 6    | 7    |
|   | O      |                | 6        | 6    | 6    | 6    | 6    | 7    |
| Offsetting collections from Federal sources .....                   |        | -2             | -6       | -6   | -6   | -6   | -6   | -7   |
| Total Real property relocation (net) .....                          | BA     |                |          |      |      |      |      |      |
|   | O      | -2             |          |      |      |      |      |      |
| Disposal of surplus real and related personal property:             |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                      | 804 BA | 4              | 12       | 11   | 9    | 7    | 5    | 5    |
| Outlays .....   | O      | 4              | 12       | 11   | 9    | 7    | 5    | 5    |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Federal buildings fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 804 BA | 47             | 276      | 217  | 221  | 226  | 231  | 236  |
| Advance appropriation, discretionary .....                          | BA     | 276            |          |      |      |      |      |      |



**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |         |         |         |         | 2008    |
|---|----|----------------|----------|---------|---------|---------|---------|---------|
|   |    |                | 2003     | 2004    | 2005    | 2006    | 2007    |         |
| Spending authority from offsetting collections, discretionary ..... | BA | 7,209          | 7,197    | 7,102   | 7,234   | 7,383   | 7,544   | 7,736   |
| Spending authority from offsetting collections, mandatory .....     | BA | 6              |          |         |         |         |         |         |
| Outlays .....   | O  | 6,790          | 7,592    | 7,335   | 7,481   | 7,532   | 7,682   | 7,822   |
| Limitation on program level (obligations) .....                     |    | (6,372)        | (6,690)  | (6,580) | (6,703) | (6,839) | (6,990) | (7,168) |
| Federal buildings fund (gross) .....                                | BA | 7,538          | 7,473    | 7,319   | 7,455   | 7,609   | 7,775   | 7,972   |
|   | O  | 6,790          | 7,592    | 7,335   | 7,481   | 7,532   | 7,682   | 7,822   |
| Change in uncollected customer payments from Federal sources .....  | BA | -63            |          |         |         |         |         |         |
| Offsetting collections from Federal sources .....                   |    | -7,385         | -7,342   | -7,464  | -7,604  | -7,758  | -7,930  | -8,131  |
| Offsetting collections from non-Federal sources .....               |    | -22            | -18      | -18     | -18     | -19     | -19     | -20     |
| Total Federal buildings fund (net) .....                            | BA | 68             | 113      | -163    | -167    | -168    | -174    | -179    |
|   | O  | -617           | 232      | -147    | -141    | -245    | -267    | -329    |
| Total Federal funds Real Property Activities .....                  | BA | 72             | 125      | -152    | -158    | -161    | -169    | -174    |
|   | O  | -615           | 244      | -136    | -132    | -238    | -262    | -324    |

**Supply and Technology Activities**

*Federal funds*

**General and Special Funds:**

Expenses of transportation audit contracts and contract administration:

|                                |        |    |    |    |    |    |    |    |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 804 BA | 13 | 13 | 14 | 15 | 16 | 16 | 17 |
| Outlays .....                  | O      | 10 | 13 | 14 | 15 | 16 | 16 | 17 |

**Intragovernmental Funds:**

General supply fund:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Spending authority from offsetting collections, mandatory ..... | 804 BA | 3,759 | 3,696 | 3,852 | 3,910 | 3,972 | 4,039 | 4,113 |
| Outlays .....   | O      | 3,613 | 3,696 | 3,852 | 3,910 | 3,972 | 4,039 | 4,113 |

|                                   |    |       |       |       |       |       |       |       |
|-----------------------------------|----|-------|-------|-------|-------|-------|-------|-------|
| General supply fund (gross) ..... | BA | 3,759 | 3,696 | 3,852 | 3,910 | 3,972 | 4,039 | 4,113 |
|                                   | O  | 3,613 | 3,696 | 3,852 | 3,910 | 3,972 | 4,039 | 4,113 |

|  |    |        |        |        |        |        |        |        |
|--|----|--------|--------|--------|--------|--------|--------|--------|
| Change in uncollected customer payments from Federal sources ..... | BA | -94    |        |        |        |        |        |        |
| Offsetting collections from Federal sources .....                  |    | -3,481 | -3,512 | -3,665 | -3,720 | -3,779 | -3,843 | -3,913 |
| Offsetting collections from non-Federal sources .....              |    | -184   | -184   | -187   | -190   | -193   | -196   | -200   |

|                                       |    |     |  |  |  |  |  |  |
|---------------------------------------|----|-----|--|--|--|--|--|--|
| Total General supply fund (net) ..... | BA |     |  |  |  |  |  |  |
|                                       | O  | -52 |  |  |  |  |  |  |

Information technology fund:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Spending authority from offsetting collections, discretionary ..... | 804 BA | 7,731 | 7,468 | 7,971 | 8,120 | 8,285 | 8,468 | 8,683 |
| Outlays .....   | O      | 7,116 | 7,449 | 7,944 | 8,092 | 8,257 | 8,439 | 8,654 |

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Information technology fund (gross) ..... | BA | 7,731 | 7,468 | 7,971 | 8,120 | 8,285 | 8,468 | 8,683 |
|   | O  | 7,116 | 7,449 | 7,944 | 8,092 | 8,257 | 8,439 | 8,654 |

|  |    |        |        |        |        |        |        |        |
|--|----|--------|--------|--------|--------|--------|--------|--------|
| Change in uncollected customer payments from Federal sources ..... | BA | -466   |        |        |        |        |        |        |
| Offsetting collections from Federal sources .....                  |    | -7,254 | -7,457 | -7,960 | -8,109 | -8,273 | -8,456 | -8,671 |
| Offsetting collections from non-Federal sources .....              |    | -11    | -11    | -11    | -11    | -11    | -12    | -12    |

|   |    |      |     |     |     |     |     |     |
|---|----|------|-----|-----|-----|-----|-----|-----|
| Total Information technology fund (net) ..... | BA |      |     |     |     | 1   |     |     |
|   | O  | -149 | -19 | -27 | -28 | -27 | -29 | -29 |

|  |    |      |    |     |     |     |     |     |
|--|----|------|----|-----|-----|-----|-----|-----|
| Total Federal funds Supply and Technology Activities ..... | BA | 13   | 13 | 14  | 15  | 17  | 16  | 17  |
|  | O  | -191 | -6 | -13 | -13 | -11 | -13 | -12 |

**General Activities**

*Federal funds*

**General and Special Funds:**

Governmentwide policy:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 804 BA | 60 | 52 | 74 | 75 | 77 | 79 | 81 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 20 | 22 | 5  | 5  | 5  | 5  | 5  |
| Outlays .....   | O      | 60 | 75 | 75 | 80 | 82 | 83 | 85 |

|                                     |    |    |    |    |    |    |    |    |
|-------------------------------------|----|----|----|----|----|----|----|----|
| Governmentwide policy (gross) ..... | BA | 80 | 74 | 79 | 80 | 82 | 84 | 86 |
|                                     | O  | 60 | 75 | 75 | 80 | 82 | 83 | 85 |

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
| Offsetting collections from Federal sources .....                   |        | -20            | -22        | -5         | -5         | -5         | -5         | -5         |
| Total Governmentwide policy (net) .....                             | BA     | <b>60</b>      | <b>52</b>  | <b>74</b>  | <b>75</b>  | <b>77</b>  | <b>79</b>  | <b>81</b>  |
|   | O      | 40             | 53         | 70         | 75         | 77         | 78         | 80         |
| Operating expenses:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 804 BA | <b>77</b>      | <b>89</b>  | <b>85</b>  | <b>86</b>  | <b>88</b>  | <b>90</b>  | <b>93</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 5              | 17         | 17         | 17         | 18         | 18         | 19         |
| Outlays .....   | O      | 83             | 102        | 102        | 104        | 106        | 108        | 110        |
| Operating expenses (gross) .....                                    | BA     | <b>82</b>      | <b>106</b> | <b>102</b> | <b>103</b> | <b>106</b> | <b>108</b> | <b>112</b> |
|   | O      | 83             | 102        | 102        | 104        | 106        | 108        | 110        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-3</b>      |            |            |            |            |            |            |
| Portion of cash collections credited to expired accounts .....      | BA     | 5              |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -7             | -17        | -17        | -17        | -18        | -18        | -19        |
| Total Operating expenses (net) .....                                | BA     | <b>77</b>      | <b>89</b>  | <b>85</b>  | <b>86</b>  | <b>88</b>  | <b>90</b>  | <b>93</b>  |
|   | O      | 76             | 85         | 85         | 87         | 88         | 90         | 91         |
| Office of Inspector General:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 804 BA | <b>36</b>      | <b>37</b>  | <b>39</b>  | <b>40</b>  | <b>41</b>  | <b>41</b>  | <b>42</b>  |
| Outlays .....   | O      | 36             | 37         | 39         | 39         | 40         | 41         | 42         |
| Electronic government (E-GOV) fund:                                 |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 804 BA | <b>5</b>       | <b>45</b>  | <b>45</b>  | <b>46</b>  | <b>47</b>  | <b>48</b>  | <b>49</b>  |
| Outlays .....   | O      | 1              | 41         | 44         | 46         | 47         | 48         | 49         |
| Allowances and office staff for former Presidents:                  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 802 BA | <b>3</b>       | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Outlays .....   | O      | 3              | 3          | 3          | 3          | 3          | 3          | 3          |
| Expenses, Presidential transition:                                  |        |                |            |            |            |            |            |            |
| Outlays .....   | 802 O  | 1              | 1          |            |            |            |            |            |
| <b>Public Enterprise Funds:</b>                                     |        |                |            |            |            |            |            |            |
| Federal citizen information center fund:                            |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA | <b>7</b>       | <b>15</b>  | <b>18</b>  | <b>18</b>  | <b>19</b>  | <b>19</b>  | <b>20</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3              | 3          | 3          | 3          | 3          | 3          | 3          |
| Outlays .....   | O      | 10             | 18         | 21         | 21         | 22         | 22         | 23         |
| Federal citizen information center fund (gross) .....               | BA     | <b>10</b>      | <b>18</b>  | <b>21</b>  | <b>21</b>  | <b>22</b>  | <b>22</b>  | <b>23</b>  |
|   | O      | 10             | 18         | 21         | 21         | 22         | 22         | 23         |
| Offsetting collections from Federal sources .....                   |        | -2             | -2         | -2         | -2         | -2         | -2         | -2         |
| Offsetting collections from non-Federal sources .....               |        | -1             | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Federal citizen information center fund (net) .....           | BA     | <b>7</b>       | <b>15</b>  | <b>18</b>  | <b>18</b>  | <b>19</b>  | <b>19</b>  | <b>20</b>  |
|   | O      | 7              | 15         | 18         | 18         | 19         | 19         | 20         |
| <b>Intragovernmental Funds:</b>                                     |        |                |            |            |            |            |            |            |
| Working capital fund:   |        |                |            |            |            |            |            |            |
| Reappropriation, discretionary .....                                | 804 BA | <b>4</b>       |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>299</b>     | <b>314</b> | <b>324</b> | <b>330</b> | <b>337</b> | <b>344</b> | <b>353</b> |
| Outlays .....   | O      | 285            | 314        | 324        | 328        | 335        | 342        | 351        |
| Working capital fund (gross) .....                                  | BA     | <b>303</b>     | <b>314</b> | <b>324</b> | <b>330</b> | <b>337</b> | <b>344</b> | <b>353</b> |
|   | O      | 285            | 314        | 324        | 328        | 335        | 342        | 351        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-1</b>      |            |            |            |            |            |            |
| Offsetting collections from Federal sources .....                   |        | -298           | -314       | -324       | -330       | -337       | -344       | -353       |
| Total Working capital fund (net) .....                              | BA     | <b>4</b>       |            |            |            |            |            |            |
|   | O      | -13            |            |            | -2         | -2         | -2         | -2         |
| Total Federal funds General Activities .....                        | BA     | <b>192</b>     | <b>241</b> | <b>264</b> | <b>268</b> | <b>275</b> | <b>280</b> | <b>288</b> |
|   | O      | 151            | 235        | 259        | 266        | 272        | 277        | 283        |

**Summary**

|                                  |    |            |            |            |            |            |            |            |
|----------------------------------|----|------------|------------|------------|------------|------------|------------|------------|
| Federal funds:                   |    |            |            |            |            |            |            |            |
| (As shown in detail above) ..... | BA | <b>277</b> | <b>379</b> | <b>126</b> | <b>125</b> | <b>131</b> | <b>127</b> | <b>131</b> |
|                                  | O  | -655       | 473        | 110        | 121        | 23         | 2          | -53        |

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

| Account                                     | 2002<br>actual | estimate |      |      |      |      |      |     |
|---|----------------|----------|------|------|------|------|------|-----|
|   |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |     |
| Deductions for offsetting receipts:         |                |          |      |      |      |      |      |     |
| Proprietary receipts from the public .....  | 407 BA/O       |          | -10  |      |      |      |      |     |
|   | 804 BA/O       | -22      | -39  | -30  | -31  | -31  | -32  | -32 |
| Total General Services Administration ..... | BA             | 255      | 330  | 96   | 94   | 100  | 95   | 99  |
|   | O              | -677     | 424  | 80   | 90   | -8   | -30  | -85 |

**INTERNATIONAL ASSISTANCE PROGRAMS**  
(In millions of dollars)

| Account | 2002<br>actual | estimate |      |      |      |      |      |
|---------|----------------|----------|------|------|------|------|------|
|         |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |

**Millennium Challenge Corporation**  
*Federal funds*

**General and Special Funds:**

|                                    |        |  |  |         |         |         |         |         |
|------------------------------------|--------|--|--|---------|---------|---------|---------|---------|
| Millennium challenge corporation:  |        |  |  |         |         |         |         |         |
| Appropriation, discretionary ..... | 151 BA |  |  | ✓ 1,300 | ✓ 1,324 | ✓ 1,351 | ✓ 1,381 | ✓ 1,416 |
| Outlays .....                      | O      |  |  | ✓ 650   | ✓ 1,052 | ✓ 1,333 | ✓ 1,361 | ✓ 1,393 |

**International Security Assistance**  
*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Economic support fund:  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA | 2,670 | 2,490 | 2,535 | 2,582 | 2,635 | 2,693 | 2,762 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 159   |       |       |       |       |       |       |
| Outlays .....   | O      | 3,230 | 2,472 | 2,653 | 2,628 | 2,602 | 2,639 | 2,663 |
| Economic support fund (gross) .....                                 | BA     | 2,829 | 2,490 | 2,535 | 2,582 | 2,635 | 2,693 | 2,762 |
|   | O      | 3,230 | 2,472 | 2,653 | 2,628 | 2,602 | 2,639 | 2,663 |
| Offsetting collections from Federal sources .....                   |        | -159  |       |       |       |       |       |       |
| Total Economic support fund (net) .....                             | BA     | 2,670 | 2,490 | 2,535 | 2,582 | 2,635 | 2,693 | 2,762 |
|   | O      | 3,071 | 2,472 | 2,653 | 2,628 | 2,602 | 2,639 | 2,663 |
| Economic support fund transfer account:                             |        |       |       |       |       |       |       |       |
| Outlays .....   | 151 O  | 1     | 1     |       |       |       |       |       |
| Central America and Caribbean emergency disaster recovery fund:     |        |       |       |       |       |       |       |       |
| Outlays .....   | 151 O  | 75    | 45    | 27    |       |       |       |       |
| Foreign military financing program:                                 |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA | 4,007 | 4,107 | 4,414 | 4,496 | 4,587 | 4,689 | 4,809 |
| Outlays .....   | O      | 4,403 | 4,552 | 4,288 | 4,320 | 4,522 | 4,635 | 4,753 |
| International military education and training:                      |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA | 70    | 80    | 92    | 94    | 95    | 98    | 100   |
| Outlays .....   | O      | 59    | 76    | 88    | 93    | 98    | 96    | 98    |
| Peacekeeping operations:  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA | 164   | 108   | 95    | 96    | 99    | 101   | 104   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3     |       |       |       |       |       |       |
| Outlays .....   | O      | 339   | 156   | 105   | 96    | 98    | 100   | 103   |
| Peacekeeping operations (gross) .....                               | BA     | 167   | 108   | 95    | 96    | 99    | 101   | 104   |
|   | O      | 339   | 156   | 105   | 96    | 98    | 100   | 103   |
| Portion of cash collections credited to expired accounts .....      | BA     | 8     |       |       |       |       |       |       |
| Offsetting collections from Federal sources .....                   |        | -8    |       |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....               |        | -3    |       |       |       |       |       |       |
| Total Peacekeeping operations (net) .....                           | BA     | 164   | 108   | 95    | 96    | 99    | 101   | 104   |
|   | O      | 328   | 156   | 105   | 96    | 98    | 100   | 103   |
| United States emergency fund for complex foreign crises:            |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA |       |       | ✓ 100 | ✓ 102 | ✓ 104 | ✓ 106 | ✓ 109 |
| Outlays .....   | O      |       |       | ✓ 25  | ✓ 50  | ✓ 76  | ✓ 103 | ✓ 105 |
| Nonproliferation, antiterrorism, demining, and related programs:    |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 152 BA | 398   | 372   | 385   | 392   | 401   | 409   | 419   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 30    |       |       |       |       |       |       |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate     |              |              |              |              |              |
|---|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |          |                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
| Outlays .....   | O        | 413            | 439          | 441          | 438          | 396          | 405          | 415          |
| Nonproliferation, antiterrorism, demining, and related programs (gross) .....     | BA       | <b>428</b>     | <b>372</b>   | <b>385</b>   | <b>392</b>   | <b>401</b>   | <b>409</b>   | <b>419</b>   |
|   | O        | 413            | 439          | 441          | 438          | 396          | 405          | 415          |
| Offsetting collections from Federal sources .....                                 |          | -30            |              |              |              |              |              |              |
| Total Nonproliferation, antiterrorism, demining, and related programs (net) ..... | BA       | <b>398</b>     | <b>372</b>   | <b>385</b>   | <b>392</b>   | <b>401</b>   | <b>409</b>   | <b>419</b>   |
|   | O        | 383            | 439          | 441          | 438          | 396          | 405          | 415          |
| Nonproliferation and disarmament fund:  |          |                |              |              |              |              |              |              |
| Outlays .....   | 152 O    |                | 5            | 3            |              |              |              |              |
| <b>Credit Accounts:</b>   |          |                |              |              |              |              |              |              |
| Foreign military financing loan program account:                                  |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 152 BA   | <b>166</b>     |              |              |              |              |              |              |
| Outlays .....   | O        | 211            | 7            |              |              |              |              |              |
| Limitation on direct loan activity .....  |          |                | (3,800)      |              |              |              |              |              |
| Foreign military loan liquidating account:  |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 152 BA   | <b>27</b>      | <b>26</b>    | <b>40</b>    | <b>9</b>     | <b>7</b>     | <b>10</b>    | <b>13</b>    |
| Spending authority from offsetting collections, mandatory .....                   | BA       | <b>38</b>      | <b>14</b>    | <b>28</b>    | <b>66</b>    | <b>64</b>    | <b>57</b>    | <b>50</b>    |
| Outlays .....   | O        | 65             | 40           | 68           | 75           | 71           | 67           | 63           |
| Foreign military loan liquidating account (gross) .....                           | BA       | <b>65</b>      | <b>40</b>    | <b>68</b>    | <b>75</b>    | <b>71</b>    | <b>67</b>    | <b>63</b>    |
|   | O        | 65             | 40           | 68           | 75           | 71           | 67           | 63           |
| Offsetting collections from Federal sources .....                                 |          |                | -31          |              |              |              |              |              |
| Offsetting collections from non-Federal sources .....                             |          | -597           | -429         | -355         | -342         | -336         | -297         | -259         |
| Total Foreign military loan liquidating account (net) .....                       | BA       | <b>-532</b>    | <b>-420</b>  | <b>-287</b>  | <b>-267</b>  | <b>-265</b>  | <b>-230</b>  | <b>-196</b>  |
|   | O        | -532           | -420         | -287         | -267         | -265         | -230         | -196         |
| <b>Summary</b>  |          |                |              |              |              |              |              |              |
| Federal funds:  |          |                |              |              |              |              |              |              |
| (As shown in detail above) .....  | BA       | <b>6,943</b>   | <b>6,737</b> | <b>7,334</b> | <b>7,495</b> | <b>7,656</b> | <b>7,866</b> | <b>8,107</b> |
|   | O        | 7,999          | 7,333        | 7,343        | 7,358        | 7,527        | 7,748        | 7,941        |
| Deductions for offsetting receipts:   |          |                |              |              |              |              |              |              |
| Proprietary receipts from the public .....  | 152 BA/O | -16            | -522         |              |              |              |              |              |
| Total International Security Assistance .....                                     | BA       | <b>6,927</b>   | <b>6,215</b> | <b>7,334</b> | <b>7,495</b> | <b>7,656</b> | <b>7,866</b> | <b>8,107</b> |
|   | O        | 7,983          | 6,811        | 7,343        | 7,358        | 7,527        | 7,748        | 7,941        |

**Multilateral Assistance**

*Federal funds*

**General and Special Funds:**

|  |        |             |            |            |            |              |              |              |
|--|--------|-------------|------------|------------|------------|--------------|--------------|--------------|
| Contribution to the International Bank for Reconstruction and Development: |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>101</b>  | <b>178</b> | <b>185</b> | <b>188</b> | <b>192</b>   | <b>197</b>   | <b>202</b>   |
| Outlays .....  | O      | 97          | 151        | 147        | 147        | 116          | 141          | 171          |
| Contribution to the International Development Association:                 |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>792</b>  | <b>874</b> | <b>977</b> | <b>995</b> | <b>1,015</b> | <b>1,038</b> | <b>1,064</b> |
| Outlays .....  | O      | 929         | 996        | 1,323      | 677        | 882          | 1,002        | 1,023        |
| Contribution to Multilateral Investment Guarantee Agency:                  |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>5</b>    | <b>4</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>     | <b>4</b>     | <b>4</b>     |
| Outlays .....  | O      | 16          | 4          | 4          | 4          | 4            | 4            | 4            |
| Contribution to the Inter-American Development Bank:                       |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>-141</b> | <b>30</b>  | <b>31</b>  | <b>32</b>  | <b>32</b>    | <b>33</b>    | <b>34</b>    |
| Outlays .....  | O      | 29          | 28         | 30         | 30         | 30           | 32           | 33           |
| Contribution to the Asian Development Bank:                                |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>98</b>   | <b>147</b> | <b>152</b> | <b>155</b> | <b>158</b>   | <b>161</b>   | <b>166</b>   |
| Outlays .....  | O      | 212         | 232        | 185        | 141        | 93           | 98           | 132          |
| Contribution to the African Development Bank:                              |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>105</b>  | <b>123</b> | <b>123</b> | <b>125</b> | <b>128</b>   | <b>130</b>   | <b>134</b>   |
| Outlays .....  | O      | 110         | 125        | 130        | 130        | 131          | 132          | 133          |
| Contribution to the European Bank for Reconstruction and Development:      |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>36</b>   | <b>36</b>  | <b>35</b>  | <b>36</b>  | <b>36</b>    | <b>37</b>    | <b>38</b>    |
| Outlays .....  | O      | 36          | 36         | 35         | 36         | 36           | 36           | 37           |
| North American Development Bank:   |        |             |            |            |            |              |              |              |
| Outlays .....  | 151 O  |             | 11         | 11         | 11         | 17           |              |              |
| Contribution to enterprise for the Americas multilateral investment fund:  |        |             |            |            |            |              |              |              |
| Appropriation, discretionary .....   | 151 BA |             | <b>30</b>  | <b>33</b>  | <b>34</b>  | <b>34</b>    | <b>35</b>    | <b>36</b>    |

## INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |       |       |       |       |       |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
|   |          |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| Outlays .....   | O        | 60             | 118      | 75    | 52    | 35    | 34    | 35    |
| Contributions to the International Fund for Agricultural Development: |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 20             | 15       | 15    | 15    | 16    | 16    | 16    |
| Outlays .....   | O        | 5              | 11       | 12    | 16    | 15    | 15    | 16    |
| International affairs technical assistance program:                   |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 28             | 10       | 14    | 14    | 14    | 15    | 15    |
| Spending authority from offsetting collections, discretionary .....   | BA       | 6              |          |       |       |       |       |       |
| Outlays .....   | O        | 25             | 23       | 23    | 22    | 17    | 13    | 14    |
| International affairs technical assistance program (gross) .....      | BA       | 34             | 10       | 14    | 14    | 14    | 15    | 15    |
|   | O        | 25             | 23       | 23    | 22    | 17    | 13    | 14    |
| Offsetting collections from Federal sources .....                     |          | -4             |          |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....                 |          | -2             |          |       |       |       |       |       |
| Total International affairs technical assistance program (net) .....  | BA       | 28             | 10       | 14    | 14    | 14    | 15    | 15    |
|   | O        | 19             | 23       | 23    | 22    | 17    | 13    | 14    |
| Global fund to fight HIV/AIDS, malaria, and tuberculosis:             |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 100            |          |       |       |       |       |       |
| Outlays .....   | O        | 100            |          |       |       |       |       |       |
| Contribution for the EBRD small and medium enterprise support fund:   |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 10             |          |       |       |       |       |       |
| Outlays .....   | O        | 17             | 3        |       |       |       |       |       |
| International organizations and programs:                             |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 295            | 310      | 315   | 321   | 327   | 335   | 343   |
| Outlays .....   | O        | 299            | 316      | 315   | 320   | 327   | 334   | 342   |
| International organizations and programs (gross) .....                | BA       | 295            | 310      | 315   | 321   | 327   | 335   | 343   |
|   | O        | 299            | 316      | 315   | 320   | 327   | 334   | 342   |
| Portion of cash collections credited to expired accounts .....        | BA       | -2             |          |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....                 |          | 2              |          |       |       |       |       |       |
| Total International organizations and programs (net) .....            | BA       | 295            | 310      | 315   | 321   | 327   | 335   | 343   |
|   | O        | 301            | 316      | 315   | 320   | 327   | 334   | 342   |
| <b>Credit Accounts:</b>   |          |                |          |       |       |       |       |       |
| Debt restructuring:   |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 151 BA   | 251            |          | 395   | 402   | 411   | 420   | 431   |
| Appropriation, mandatory .....  | BA       |                | 2        |       |       |       |       |       |
| Outlays .....   | O        | 259            | 226      | 333   | 347   | 404   | 412   | 422   |
| Total Debt restructuring .....  | BA       | 251            | 2        | 395   | 402   | 411   | 420   | 431   |
|   | O        | 259            | 226      | 333   | 347   | 404   | 412   | 422   |
| <b>Summary</b>  |          |                |          |       |       |       |       |       |
| Federal funds:  |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                                      | BA       | 1,700          | 1,759    | 2,279 | 2,321 | 2,367 | 2,421 | 2,483 |
|   | O        | 2,190          | 2,280    | 2,623 | 1,933 | 2,107 | 2,253 | 2,362 |
| Deductions for offsetting receipts:                                   |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public .....                            | 151 BA/O |                | -4       |       |       |       |       |       |
| Total Multilateral Assistance .....                                   | BA       | 1,700          | 1,755    | 2,279 | 2,321 | 2,367 | 2,421 | 2,483 |
|   | O        | 2,190          | 2,276    | 2,623 | 1,933 | 2,107 | 2,253 | 2,362 |

## International Development Assistance

Agency for International Development

Federal funds

## General and Special Funds:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Sustainable development assistance program:                         |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 151 BA | 1,150 | 1,366 | 1,324 | 1,349 | 1,376 | 1,407 | 1,442 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10    |       |       |       |       |       |       |
| Outlays .....   | O      | 1,209 | 1,317 | 1,425 | 1,366 | 1,349 | 1,367 | 1,390 |
| Sustainable development assistance program (gross) .....            | BA     | 1,160 | 1,366 | 1,324 | 1,349 | 1,376 | 1,407 | 1,442 |
|   | O      | 1,209 | 1,317 | 1,425 | 1,366 | 1,349 | 1,367 | 1,390 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1    |       |       |       |       |       |       |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from Federal sources .....                                |        | -9             |              |              |              |              |              |              |
| Total Sustainable development assistance program (net) .....                     | BA     | <b>1,150</b>   | <b>1,366</b> | <b>1,324</b> | <b>1,349</b> | <b>1,376</b> | <b>1,407</b> | <b>1,442</b> |
|  | O      | 1,200          | 1,317        | 1,425        | 1,366        | 1,349        | 1,367        | 1,390        |
| Child survival and disease programs:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>1,338</b>   | <b>1,474</b> | <b>1,495</b> | <b>1,523</b> | <b>1,554</b> | <b>1,588</b> | <b>1,629</b> |
| Spending authority from offsetting collections, discretionary .....              | BA     | 3              |              |              |              |              |              |              |
| Outlays .....  | O      | 1,022          | 1,192        | 1,345        | 1,421        | 1,474        | 1,517        | 1,555        |
| Child survival and disease programs (gross) .....                                | BA     | <b>1,341</b>   | <b>1,474</b> | <b>1,495</b> | <b>1,523</b> | <b>1,554</b> | <b>1,588</b> | <b>1,629</b> |
|  | O      | 1,022          | 1,192        | 1,345        | 1,421        | 1,474        | 1,517        | 1,555        |
| Change in uncollected customer payments from Federal sources .....               | BA     | -1             |              |              |              |              |              |              |
| Offsetting collections from Federal sources .....                                |        | -2             |              |              |              |              |              |              |
| Total Child survival and disease programs (net) .....                            | BA     | <b>1,338</b>   | <b>1,474</b> | <b>1,495</b> | <b>1,523</b> | <b>1,554</b> | <b>1,588</b> | <b>1,629</b> |
|  | O      | 1,020          | 1,192        | 1,345        | 1,421        | 1,474        | 1,517        | 1,555        |
| Global AIDS initiative:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA |                |              | <b>450</b>   | <b>1,250</b> | <b>1,800</b> | <b>2,400</b> | <b>2,600</b> |
| Outlays .....  | O      |                |              | 68           | 413          | 985          | 1,578        | 2,138        |
| Development fund for Africa:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | -8             |              |              |              |              |              |              |
| Outlays .....  | O      | 60             | 30           | 15           | 10           |              |              |              |
| Assistance for Eastern Europe and the Baltic States:                             |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>461</b>     | <b>495</b>   | <b>435</b>   | <b>444</b>   | <b>452</b>   | <b>462</b>   | <b>474</b>   |
| Spending authority from offsetting collections, discretionary .....              | BA     | 1              |              |              |              |              |              |              |
| Outlays .....  | O      | 515            | 368          | 413          | 430          | 438          | 452          | 455          |
| Assistance for Eastern Europe and the Baltic States (gross) .....                | BA     | <b>462</b>     | <b>495</b>   | <b>435</b>   | <b>444</b>   | <b>452</b>   | <b>462</b>   | <b>474</b>   |
|  | O      | 515            | 368          | 413          | 430          | 438          | 452          | 455          |
| Offsetting collections from Federal sources .....                                |        | -1             |              |              |              |              |              |              |
| Total Assistance for Eastern Europe and the Baltic States (net) .....            | BA     | <b>461</b>     | <b>495</b>   | <b>435</b>   | <b>444</b>   | <b>452</b>   | <b>462</b>   | <b>474</b>   |
|  | O      | 514            | 368          | 413          | 430          | 438          | 452          | 455          |
| Sub-Saharan Africa disaster assistance:  |        |                |              |              |              |              |              |              |
| Outlays .....  | 151 O  | 1              | 1            | 1            |              |              |              |              |
| International disaster assistance:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>326</b>     | <b>286</b>   | <b>236</b>   | <b>240</b>   | <b>245</b>   | <b>251</b>   | <b>257</b>   |
| Outlays .....  | O      | 407            | 309          | 301          | 289          | 256          | 251          | 250          |
| Famine fund:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA |                |              | <b>200</b>   | <b>204</b>   | <b>209</b>   | <b>214</b>   | <b>219</b>   |
| Outlays .....  | O      |                |              | 50           | 121          | 164          | 192          | 206          |
| Operating expenses of the Agency for International Development:                  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>567</b>     | <b>572</b>   | <b>604</b>   | <b>615</b>   | <b>628</b>   | <b>641</b>   | <b>658</b>   |
| Spending authority from offsetting collections, discretionary .....              | BA     | 8              | 6            | 6            | 6            | 6            | 6            | 7            |
| Outlays .....  | O      | 608            | 556          | 591          | 611          | 624          | 640          | 659          |
| Operating expenses of the Agency for International Development (gross) .....     | BA     | <b>575</b>     | <b>578</b>   | <b>610</b>   | <b>621</b>   | <b>634</b>   | <b>647</b>   | <b>665</b>   |
|  | O      | 608            | 556          | 591          | 611          | 624          | 640          | 659          |
| Offsetting collections from Federal sources .....                                |        | -8             | -6           | -6           | -6           | -6           | -6           | -7           |
| Total Operating expenses of the Agency for International Development (net) ..... | BA     | <b>567</b>     | <b>572</b>   | <b>604</b>   | <b>615</b>   | <b>628</b>   | <b>641</b>   | <b>658</b>   |
|  | O      | 600            | 550          | 585          | 605          | 618          | 634          | 652          |
| Capital investment fund:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA |                | <b>95</b>    | <b>146</b>   | <b>148</b>   | <b>152</b>   | <b>155</b>   | <b>159</b>   |
| Outlays .....  | O      |                | 13           | 35           | 67           | 103          | 133          | 150          |
| Transition Initiatives:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>50</b>      | <b>55</b>    | <b>55</b>    | <b>56</b>    | <b>57</b>    | <b>58</b>    | <b>60</b>    |
| Outlays .....  | O      | 46             | 42           | 43           | 46           | 51           | 56           | 58           |
| Payment to the Foreign Service retirement and disability fund:                   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 153 BA | <b>45</b>      | <b>45</b>    | <b>44</b>    | <b>43</b>    | <b>43</b>    | <b>43</b>    | <b>43</b>    |
| Outlays .....  | O      | 45             | 45           | 44           | 43           | 43           | 43           | 43           |
| Operating expenses, Office of Inspector General:                                 |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 151 BA | <b>32</b>      | <b>33</b>    | <b>35</b>    | <b>36</b>    | <b>36</b>    | <b>37</b>    | <b>38</b>    |
| Outlays .....  | O      | 30             | 37           | 34           | 36           | 36           | 37           | 38           |

## INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |       |       |       |       | 2008  |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2003     | 2004  | 2005  | 2006  | 2007  |       |
| <b>Public Enterprise Funds:</b>  |        |                |          |       |       |       |       |       |
| Property management fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                  | 151 BA |                | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays  | O      |                | 2        | 2     | 2     | 2     | 2     | 2     |
| Property management fund (gross)   | BA     |                | 1        | 1     | 1     | 1     | 1     | 1     |
|  | O      |                | 2        | 2     | 2     | 2     | 2     | 2     |
| Offsetting collections from non-Federal sources                            |        |                | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Property management fund (net)                                       | BA     |                | 1        | 1     | 1     | 1     | 1     | 1     |
|  | O      |                |          |       |       |       |       |       |
| <b>Intragovernmental Funds:</b>  |        |                |          |       |       |       |       |       |
| Working capital fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary              | 151 BA | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
| Outlays  | O      | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
| Working capital fund (gross)   | BA     | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
|  | O      | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
| Offsetting collections from Federal sources                                |        | -2             | -2       | -2    | -2    | -2    | -2    | -2    |
| Total Working capital fund (net)   | BA     |                |          |       |       |       |       |       |
|  | O      |                |          |       |       |       |       |       |
| <b>Credit Accounts:</b>  |        |                |          |       |       |       |       |       |
| Assistance for the independent states of the former Soviet Union:          |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 151 BA | 624            | 755      | 576   | 587   | 599   | 612   | 627   |
| Outlays  | O      | 600            | 550      | 614   | 632   | 627   | 624   | 609   |
| Urban and environmental credit program account:                            |        |                |          |       |       |       |       |       |
| Appropriation, mandatory   | 151 BA | 5              | 10       |       |       |       |       |       |
| Outlays  | O      | 7              | 12       |       |       |       |       |       |
| Housing and other credit guaranty programs liquidating account:            |        |                |          |       |       |       |       |       |
| Appropriation, mandatory   | 151 BA | 30             | 30       | 30    | 40    | 40    | 40    | 40    |
| Spending authority from offsetting collections, mandatory                  | BA     | 42             |          | 1     | 1     | 1     | 1     | 1     |
| Outlays  | O      | 39             | 16       | 31    | 41    | 41    | 41    | 41    |
| Housing and other credit guaranty programs liquidating account (gross)     | BA     | 72             | 30       | 31    | 41    | 41    | 41    | 41    |
|  | O      | 39             | 16       | 31    | 41    | 41    | 41    | 41    |
| Offsetting collections from Federal sources                                |        |                | -3       |       |       |       |       |       |
| Offsetting collections from non-Federal sources                            |        | -42            | -64      | -41   | -73   | -70   | -68   | -52   |
| Total Housing and other credit guaranty programs liquidating account (net) | BA     | 30             | -37      | -10   | -32   | -29   | -27   | -11   |
|  | O      | -3             | -51      | -10   | -32   | -29   | -27   | -11   |
| Microenterprise and small enterprise development program account:          |        |                |          |       |       |       |       |       |
| Appropriation, mandatory   | 151 BA | 1              |          |       |       |       |       |       |
| Outlays  | O      | 1              | 5        | 1     | 1     |       |       |       |
| Private sector revolving fund liquidating account:                         |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                  | 151 BA |                | 1        |       |       |       |       |       |
| Private sector revolving fund liquidating account (gross)                  | BA     |                | 1        |       |       |       |       |       |
| Offsetting collections from non-Federal sources                            |        |                | -1       |       |       |       |       |       |
| Development credit authority program account:                              |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 151 BA | 10             | 8        | 29    | 29    | 30    | 30    | 32    |
| Outlays  | O      | 5              | 13       | 18    | 25    | 30    | 30    | 31    |
| Limitation on loan guarantee commitments                                   |        | (536)          |          | (700) | (713) | (728) | (744) | (763) |
| Economic assistance loans liquidating account:                             |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                  | 151 BA |                | 7        | 4     | 4     | 4     | 4     | 4     |
| Outlays  | O      |                | 5        | 4     |       |       |       |       |
| Economic assistance loans liquidating account (gross)                      | BA     |                | 7        | 4     | 4     | 4     | 4     | 4     |
|  | O      |                | 5        | 4     |       |       |       |       |
| Offsetting collections from Federal sources                                |        | -7             | -5       |       |       |       |       |       |
| Offsetting collections from non-Federal sources                            |        | -792           | -770     | -661  | -559  | -556  | -510  | -470  |
| Total Economic assistance loans liquidating account (net)                  | BA     | -799           | -768     | -657  | -555  | -552  | -506  | -466  |
|  | O      | -799           | -770     | -657  | -559  | -556  | -510  | -470  |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |       |       |       |       |       |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
|   |          |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <i>Trust funds</i>  |          |                |          |       |       |       |       |       |
| Foreign Service national separation liability trust fund: |          |                |          |       |       |       |       |       |
| Reappropriation, mandatory .....                          | 602 BA   | 4              | 2        | 2     | 2     | 2     | 2     | 2     |
| Outlays .....   | O        |                | 1        | 1     | 1     | 1     | 1     | 1     |
| Miscellaneous trust funds, AID:                           |          |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                            | 151 BA   | 2              |          |       |       |       |       |       |
| Outlays .....   | O        | 2              |          |       |       |       |       |       |
| <b>Summary</b>  |          |                |          |       |       |       |       |       |
| Federal funds:  |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                          | BA       | 3,832          | 4,389    | 4,962 | 5,937 | 6,600 | 7,365 | 7,761 |
|   | O        | 3,734          | 3,663    | 4,326 | 4,915 | 5,590 | 6,378 | 7,095 |
| Deductions for offsetting receipts:                       |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public .....                | 151 BA/O | -50            | -30      |       |       |       |       |       |
| Total Federal funds .....                                 | BA       | 3,782          | 4,359    | 4,962 | 5,937 | 6,600 | 7,365 | 7,761 |
|   | O        | 3,684          | 3,633    | 4,326 | 4,915 | 5,590 | 6,378 | 7,095 |
| Trust funds:  |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                          | BA       | 6              | 2        | 2     | 2     | 2     | 2     | 2     |
|   | O        | 2              | 1        | 1     | 1     | 1     | 1     | 1     |
| Interfund transactions .....                              |          |                |          |       |       |       |       |       |
|   | 602 BA/O | -3             | -2       | -2    | -2    | -1    | -1    | -1    |
| Total Agency for International Development .....          | BA       | 3,785          | 4,359    | 4,962 | 5,937 | 6,601 | 7,366 | 7,762 |
|   | O        | 3,683          | 3,632    | 4,325 | 4,914 | 5,590 | 6,378 | 7,095 |

*Overseas Private Investment Corporation*

*Federal funds*

**Public Enterprise Funds:**

Overseas Private Investment Corporation noncredit account:

|   |        |      |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|------|
| Appropriation, discretionary .....  | 151 BA | -47  | -48  | -49  | -50  | -51  | -52  | -53  |
| Spending authority from offsetting collections, discretionary .....         | BA     | 85   | 107  | 123  | 125  | 128  | 131  | 134  |
| Outlays .....   | O      | 49   | 68   | 73   | 107  | 128  | 128  | 125  |
| Overseas Private Investment Corporation noncredit account (gross) .....     | BA     | 38   | 59   | 74   | 75   | 77   | 79   | 81   |
|   | O      | 49   | 68   | 73   | 107  | 128  | 128  | 125  |
| Change in uncollected customer payments from Federal sources .....          | BA     | 2    |      |      |      |      |      |      |
| Offsetting collections from Federal sources .....                           |        | -23  | -24  | -25  | -25  | -26  | -27  | -27  |
| Offsetting collections from interest on Federal securities .....            |        | -223 | -232 | -235 | -239 | -243 | -247 | -251 |
| Offsetting collections from non-Federal sources .....                       |        | -62  | -65  | -61  | -62  | -64  | -65  | -66  |
| Total Overseas Private Investment Corporation noncredit account (net) ..... | BA     | -268 | -262 | -247 | -251 | -256 | -260 | -263 |
|   | O      | -259 | -253 | -248 | -219 | -205 | -211 | -219 |

**Credit Accounts:**

Overseas Private Investment Corporation program account:

|   |        |     |     |    |    |    |    |    |
|---|--------|-----|-----|----|----|----|----|----|
| Appropriation, discretionary .....  | 151 BA | 47  | 48  | 49 | 49 | 51 | 53 | 53 |
| Appropriation, mandatory .....  | BA     | 128 | 169 |    |    |    |    |    |
| Outlays .....   | O      | 151 | 215 | 49 | 54 | 59 | 45 | 48 |
| Overseas Private Investment Corporation program account (gross) .....     | BA     | 175 | 217 | 49 | 49 | 51 | 53 | 53 |
|   | O      | 151 | 215 | 49 | 54 | 59 | 45 | 48 |
| Change in uncollected customer payments from Federal sources .....        | BA     | -30 |     |    |    |    |    |    |
| Offsetting collections from Federal sources .....                         |        | -24 |     |    |    |    |    |    |
| Total Overseas Private Investment Corporation program account (net) ..... | BA     | 121 | 217 | 49 | 49 | 51 | 53 | 53 |
|   | O      | 127 | 215 | 49 | 54 | 59 | 45 | 48 |
| Overseas Private Investment Corporation liquidating account:              |        |     |     |    |    |    |    |    |
| Spending authority from offsetting collections, mandatory .....           | 151 BA | 3   | 1   |    |    |    |    |    |
| Outlays .....   | O      |     | 1   |    |    |    |    |    |
| Overseas Private Investment Corporation liquidating account (gross) ..... | BA     | 3   | 1   |    |    |    |    |    |
|   | O      |     | 1   |    |    |    |    |    |



**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account   |         | 2002<br>actual | estimate |      |      |      |      |      |
|---|---------|----------------|----------|------|------|------|------|------|
|   |         |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....                         |         | -3             | -1       |      |      |      |      |      |
| Total Overseas Private Investment Corporation liquidating account (net) ..... | BA<br>O | -3             |          |      |      |      |      |      |

**Summary**

|   |          |      |      |      |      |      |      |      |
|---|----------|------|------|------|------|------|------|------|
| <b>Federal funds:</b>                               |          |      |      |      |      |      |      |      |
| (As shown in detail above) .....                    | BA       | -147 | -45  | -198 | -202 | -205 | -207 | -210 |
|   | O        | -135 | -38  | -199 | -165 | -146 | -166 | -171 |
| <b>Deductions for offsetting receipts:</b>          |          |      |      |      |      |      |      |      |
| Proprietary receipts from the public .....          | 151 BA/O | -135 | -58  |      |      |      |      |      |
| Total Overseas Private Investment Corporation ..... | BA       | -282 | -103 | -198 | -202 | -205 | -207 | -210 |
|   | O        | -270 | -96  | -199 | -165 | -146 | -166 | -171 |

*Trade and Development Agency*

*Federal funds*

|                                      |        |    |    |    |    |    |    |    |
|--------------------------------------|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>    |        |    |    |    |    |    |    |    |
| <i>Trade and Development Agency:</i> |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....   | 151 BA | 62 | 45 | 60 | 61 | 62 | 63 | 65 |
| Outlays .....                        | O      | 59 | 55 | 73 | 84 | 60 | 62 | 63 |

*Peace Corps*

*Federal funds*

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                                   |        |     |     |     |     |     |     |     |
| <i>Peace Corps:</i>   |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 151 BA | 275 | 317 | 359 | 366 | 373 | 381 | 391 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 8   | 5   | 4   | 4   | 4   | 4   | 4   |
| Outlays .....   | O      | 276 | 311 | 385 | 377 | 376 | 383 | 393 |
| Peace Corps (gross) .....   | BA     | 283 | 322 | 363 | 370 | 377 | 385 | 395 |
|   | O      | 276 | 311 | 385 | 377 | 376 | 383 | 393 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -4  |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -3  | -4  | -3  | -3  | -3  | -3  | -3  |
| Offsetting collections from non-Federal sources .....               |        | -1  | -1  | -1  | -1  | -1  | -1  | -1  |
| Total Peace Corps (net) .....                                       | BA     | 275 | 317 | 359 | 366 | 373 | 381 | 391 |
|   | O      | 272 | 306 | 381 | 373 | 372 | 379 | 389 |

*Trust funds*

|  |        |   |   |   |   |   |   |   |
|--|--------|---|---|---|---|---|---|---|
| <i>Peace Corps miscellaneous trust fund:</i> |        |   |   |   |   |   |   |   |
| Appropriation, mandatory .....               | 151 BA | 1 | 3 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                                | O      | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

*Inter-American Foundation*

*Federal funds*

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                                   |        |    |     |     |     |     |     |     |
| <i>Inter-American Foundation:</i>                                   |        |    |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 151 BA | 13 | 14  | 15  | 15  | 15  | 16  | 17  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 11  | 11  | 11  | 11  | 12  | 12  |
| Outlays .....   | O      | 24 | 22  | 30  | 30  | 27  | 29  | 28  |
| Inter-American Foundation (gross) .....                             | BA     | 14 | 25  | 26  | 26  | 26  | 28  | 29  |
|   | O      | 24 | 22  | 30  | 30  | 27  | 29  | 28  |
| Offsetting collections from non-Federal sources .....               |        | -1 | -11 | -11 | -11 | -11 | -12 | -12 |
| Total Inter-American Foundation (net) .....                         | BA     | 13 | 14  | 15  | 15  | 15  | 16  | 17  |
|   | O      | 23 | 11  | 19  | 19  | 16  | 17  | 16  |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |     | 2002<br>actual | estimate |       |       |       |       |       |       |
|--|-----|----------------|----------|-------|-------|-------|-------|-------|-------|
|  |     |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |       |
| <i>African Development Foundation</i>                          |     |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |     |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                              |     |                |          |       |       |       |       |       |       |
| African Development Foundation:                                |     |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                             | 151 | BA             | 17       | 17    | 18    | 18    | 19    | 19    | 20    |
| Outlays .....  |     | O              | 13       | 18    | 15    | 15    | 18    | 19    | 19    |
| Total Federal funds International Development Assistance ..... |     | BA             | 3,867    | 4,649 | 5,216 | 6,195 | 6,864 | 7,637 | 8,044 |
|  |     | O              | 3,781    | 3,927 | 4,615 | 5,241 | 5,910 | 6,689 | 7,411 |
| Total Trust funds International Development Assistance .....   |     | BA             | 7        | 5     | 4     | 4     | 4     | 4     | 4     |
|  |     | O              | 4        | 3     | 3     | 3     | 3     | 3     | 3     |
| Interfund transactions .....                                   | 602 | BA/O           | -3       | -2    | -2    | -2    | -1    | -1    | -1    |
| Total International Development Assistance .....               |     | BA             | 3,871    | 4,652 | 5,218 | 6,197 | 6,867 | 7,640 | 8,047 |
|  |     | O              | 3,782    | 3,928 | 4,616 | 5,242 | 5,912 | 6,691 | 7,413 |

**International Monetary Programs**

*Federal funds*

**General and Special Funds:**

United States quota, International Monetary Fund:

|               |     |   |      |  |  |  |  |  |  |
|---------------|-----|---|------|--|--|--|--|--|--|
| Outlays ..... | 155 | O | -446 |  |  |  |  |  |  |
|---------------|-----|---|------|--|--|--|--|--|--|

**Military Sales Program**

*Federal funds*

**Public Enterprise Funds:**

Special defense acquisition fund:

|   |     |    |    |   |   |  |  |  |  |
|---|-----|----|----|---|---|--|--|--|--|
| Outlays .....   | 155 | O  | -2 | 5 | 3 |  |  |  |  |
| Special defense acquisition fund (gross) .....        |     | O  | -2 | 5 | 3 |  |  |  |  |
| Offsetting collections from non-Federal sources ..... |     |    | -2 |   |   |  |  |  |  |
| Total Special defense acquisition fund (net) .....    |     | BA | -2 |   |   |  |  |  |  |
|   |     | O  | -4 | 5 | 3 |  |  |  |  |

*Trust funds*

Foreign military sales trust fund:

|                                     |     |    |        |        |        |        |        |        |        |
|-------------------------------------|-----|----|--------|--------|--------|--------|--------|--------|--------|
| Contract authority, mandatory ..... | 155 | BA | 13,214 | 13,332 | 9,077  | 10,609 | 11,604 | 11,813 | 12,026 |
| Outlays .....                       |     | O  | 11,062 | 12,259 | 11,974 | 10,882 | 10,849 | 11,044 | 11,243 |

**Summary**

Federal funds:

|                                  |  |    |    |   |   |  |  |  |  |
|----------------------------------|--|----|----|---|---|--|--|--|--|
| (As shown in detail above) ..... |  | BA | -2 |   |   |  |  |  |  |
|                                  |  | O  | -4 | 5 | 3 |  |  |  |  |

Trust funds:

|                                  |  |    |        |        |        |        |        |        |        |
|----------------------------------|--|----|--------|--------|--------|--------|--------|--------|--------|
| (As shown in detail above) ..... |  | BA | 13,214 | 13,332 | 9,077  | 10,609 | 11,604 | 11,813 | 12,026 |
|                                  |  | O  | 11,062 | 12,259 | 11,974 | 10,882 | 10,849 | 11,044 | 11,243 |

Deductions for offsetting receipts:

|  |     |      |         |         |         |         |         |         |         |
|--|-----|------|---------|---------|---------|---------|---------|---------|---------|
| Proprietary receipts from the public ..... | 155 | BA/O | -11,225 | -12,259 | -11,974 | -10,882 | -10,849 | -11,044 | -11,243 |
|--|-----|------|---------|---------|---------|---------|---------|---------|---------|

|                         |  |    |       |       |        |      |     |     |     |
|-------------------------|--|----|-------|-------|--------|------|-----|-----|-----|
| Total Trust funds ..... |  | BA | 1,989 | 1,073 | -2,897 | -273 | 755 | 769 | 783 |
|                         |  | O  | -163  |       |        |      |     |     |     |

|                                    |  |    |       |       |        |      |     |     |     |
|------------------------------------|--|----|-------|-------|--------|------|-----|-----|-----|
| Total Military Sales Program ..... |  | BA | 1,987 | 1,073 | -2,897 | -273 | 755 | 769 | 783 |
|                                    |  | O  | -167  | 5     | 3      |      |     |     |     |

**Summary**

Federal funds:

|                                  |  |    |        |        |        |        |        |        |        |
|----------------------------------|--|----|--------|--------|--------|--------|--------|--------|--------|
| (As shown in detail above) ..... |  | BA | 12,693 | 13,233 | 16,129 | 17,335 | 18,238 | 19,305 | 20,050 |
|                                  |  | O  | 13,705 | 13,633 | 15,234 | 15,584 | 16,877 | 18,051 | 19,107 |

## INTERNATIONAL ASSISTANCE PROGRAMS—Continued

(In millions of dollars)

| Account                                 |          | 2002<br>actual | estimate |         |         |         |         |         |
|---|----------|----------------|----------|---------|---------|---------|---------|---------|
|   |          |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| Deductions for offsetting receipts:     |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public    | 151 BA/O | -185           | -92      |         |         |         |         |         |
|   | 152 BA/O | -16            | -522     |         |         |         |         |         |
| Total Federal funds                     | BA       | 12,492         | 12,619   | 16,129  | 17,335  | 18,238  | 19,305  | 20,050  |
|   | O        | 13,504         | 13,019   | 15,234  | 15,584  | 16,877  | 18,051  | 19,107  |
| Trust funds:                            |          |                |          |         |         |         |         |         |
| (As shown in detail above)              | BA       | 13,221         | 13,337   | 9,081   | 10,613  | 11,608  | 11,817  | 12,030  |
|   | O        | 11,066         | 12,262   | 11,977  | 10,885  | 10,852  | 11,047  | 11,246  |
| Deductions for offsetting receipts:     |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public    | 155 BA/O | -11,225        | -12,259  | -11,974 | -10,882 | -10,849 | -11,044 | -11,243 |
| Total Trust funds                       | BA       | 1,996          | 1,078    | -2,893  | -269    | 759     | 773     | 787     |
|   | O        | -159           | 3        | 3       | 3       | 3       | 3       | 3       |
| Interfund transactions                  | 602 BA/O | -3             | -2       | -2      | -2      | -1      | -1      | -1      |
| Total International Assistance Programs | BA       | 14,485         | 13,695   | 13,234  | 17,064  | 18,996  | 20,077  | 20,836  |
|   | O        | 13,342         | 13,020   | 15,235  | 15,585  | 16,879  | 18,053  | 19,109  |

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |      |
|---|--------|----------------|----------|-------|-------|-------|-------|------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008 |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |      |
| <b>General and Special Funds:</b>                               |        |                |          |       |       |       |       |      |
| Science, aeronautics, and exploration                           |        |                |          |       |       |       |       |      |
| (Space flight, research, and supporting activities):            |        |                |          |       |       |       |       |      |
| (Appropriation, discretionary)                                  | 252 BA |                | 6,668    | 7,337 | 7,807 | 8,267 | 8,611 |      |
| (Spending authority from offsetting collections, discretionary) | BA     |                | 500      | 509   | 520   | 531   | 545   |      |
| (Outlays)   | O      |                | 3,968    | 6,991 | 7,782 | 8,512 | 8,936 |      |
| Science, aeronautics, and exploration (gross)                   | BA     |                | 7,168    | 7,846 | 8,327 | 8,798 | 9,156 |      |
|   | O      |                | 3,968    | 6,991 | 7,782 | 8,512 | 8,936 |      |
| Offsetting collections from Federal sources                     |        |                | -455     | -464  | -473  | -483  | -496  |      |
| Offsetting collections from non-Federal sources                 |        |                | -45      | -46   | -47   | -48   | -49   |      |
| Total (Space flight, research, and supporting activities) (net) | BA     |                | 6,668    | 7,336 | 7,807 | 8,267 | 8,611 |      |
|   | O      |                | 3,468    | 6,481 | 7,262 | 7,981 | 8,391 |      |
| (Air transportation):   |        |                |          |       |       |       |       |      |
| (Appropriation, discretionary)                                  | 402 BA |                | 993      | 932   | 939   | 934   | 916   |      |
| (Spending authority from offsetting collections, discretionary) | BA     |                | 117      | 119   | 122   | 124   | 127   |      |
| (Outlays)   | O      |                | 634      | 1,001 | 1,023 | 1,063 | 1,052 |      |
| Science, aeronautics, and exploration (gross)                   | BA     |                | 7,778    | 8,387 | 8,868 | 9,325 | 9,654 |      |
|   | O      |                | 4,102    | 7,482 | 8,285 | 9,044 | 9,443 |      |
| Offsetting collections from Federal sources                     |        |                | -85      | -87   | -88   | -90   | -93   |      |
| Offsetting collections from non-Federal sources                 |        |                | -32      | -33   | -33   | -34   | -35   |      |
| Total (Air transportation) (net)                                | BA     |                | 993      | 931   | 940   | 934   | 915   |      |
|   | O      |                | 517      | 881   | 902   | 939   | 924   |      |
| Total Science, aeronautics, and exploration                     | BA     |                | 7,661    | 8,267 | 8,747 | 9,201 | 9,526 |      |
|   | O      |                | 3,985    | 7,362 | 8,164 | 8,920 | 9,315 |      |
| Space flight capabilities:                                      |        |                |          |       |       |       |       |      |
| Appropriation, discretionary                                    | 252 BA |                | 7,782    | 7,746 | 7,881 | 8,066 | 8,247 |      |
| Spending authority from offsetting collections, discretionary   | BA     |                | 328      | 334   | 341   | 348   | 357   |      |
| Outlays   | O      |                | 5,613    | 7,862 | 8,180 | 8,352 | 8,541 |      |
| Space flight capabilities (gross)                               | BA     |                | 8,110    | 8,080 | 8,222 | 8,414 | 8,604 |      |
|   | O      |                | 5,613    | 7,862 | 8,180 | 8,352 | 8,541 |      |
| Offsetting collections from Federal sources                     |        |                | -272     | -277  | -283  | -289  | -296  |      |

### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued

(In millions of dollars)

| Account   |         | 2002<br>actual        | estimate              |                       |                       |                       |                       |                       |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |         |                       | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  |
| Offsetting collections from non-Federal sources                 |         |                       |                       | -56                   | -57                   | -58                   | -59                   | -61                   |
| Total Space flight capabilities (net)                           | BA<br>O |                       |                       | <b>7,782</b><br>5,285 | <b>7,746</b><br>7,528 | <b>7,881</b><br>7,839 | <b>8,066</b><br>8,004 | <b>8,247</b><br>8,184 |
| Human space flight:   |         |                       |                       |                       |                       |                       |                       |                       |
| Appropriation, discretionary                                    | 252 BA  | <b>6,773</b>          | <b>6,131</b>          |                       |                       |                       |                       |                       |
| Spending authority from offsetting collections, discretionary   | BA      | <b>290</b>            | <b>346</b>            |                       |                       |                       |                       |                       |
| Outlays   | O       | 6,608                 | 6,496                 | 1,821                 | 184                   | 125                   |                       |                       |
| Human space flight (gross)                                      | BA<br>O | <b>7,063</b><br>6,608 | <b>6,477</b><br>6,496 |                       |                       |                       |                       |                       |
| Change in uncollected customer payments from Federal sources    | BA      | <b>-23</b>            |                       |                       |                       |                       |                       |                       |
| Portion of cash collections credited to expired accounts        | BA      | <b>4</b>              |                       |                       |                       |                       |                       |                       |
| Offsetting collections from Federal sources                     |         | -244                  | -312                  |                       |                       |                       |                       |                       |
| Offsetting collections from non-Federal sources                 |         | -27                   | -34                   |                       |                       |                       |                       |                       |
| Total Human space flight (net)                                  | BA<br>O | <b>6,773</b><br>6,337 | <b>6,131</b><br>6,150 |                       |                       |                       |                       |                       |
| Science, Aeronautics and Technology                             |         |                       |                       |                       |                       |                       |                       |                       |
| (Space flight, research, and supporting activities):            |         |                       |                       |                       |                       |                       |                       |                       |
| (Appropriation, discretionary)                                  | 252 BA  | <b>7,098</b>          | <b>7,858</b>          |                       |                       |                       |                       |                       |
| (Spending authority from offsetting collections, discretionary) | BA      | <b>474</b>            | <b>584</b>            |                       |                       |                       |                       |                       |
| (Outlays)   | O       | 7,121                 | 7,873                 | 3,587                 | 661                   | 314                   |                       |                       |
| Science, Aeronautics and Technology (gross)                     | BA<br>O | <b>7,572</b><br>7,121 | <b>8,442</b><br>7,873 |                       |                       |                       |                       |                       |
| (Change in uncollected customer payments from Federal sources)  | BA      | <b>66</b>             |                       |                       |                       |                       |                       |                       |
| (Portion of cash collections credited to expired accounts)      | BA      | <b>11</b>             |                       |                       |                       |                       |                       |                       |
| Offsetting collections from Federal sources                     |         | -512                  | -501                  |                       |                       |                       |                       |                       |
| Offsetting collections from non-Federal sources                 |         | -33                   | -83                   |                       |                       |                       |                       |                       |
| Total (Space flight, research, and supporting activities) (net) | BA<br>O | <b>7,104</b><br>6,576 | <b>7,858</b><br>7,289 |                       |                       |                       |                       |                       |
| (Air transportation):   |         |                       |                       |                       |                       |                       |                       |                       |
| (Appropriation, discretionary)                                  | 402 BA  | <b>997</b>            | <b>986</b>            |                       |                       |                       |                       |                       |
| (Spending authority from offsetting collections, discretionary) | BA      | <b>47</b>             | <b>58</b>             |                       |                       |                       |                       |                       |
| (Outlays)   | O       | 1,009                 | 1,044                 | 461                   | 90                    | 39                    |                       |                       |
| Science, Aeronautics and Technology (gross)                     | BA<br>O | <b>8,148</b><br>7,585 | <b>8,902</b><br>8,333 |                       |                       |                       |                       |                       |
| Offsetting collections from Federal sources                     |         | -50                   | -50                   |                       |                       |                       |                       |                       |
| Offsetting collections from non-Federal sources                 |         | -3                    | -8                    |                       |                       |                       |                       |                       |
| Total (Air transportation) (net)                                | BA<br>O | <b>991</b><br>956     | <b>986</b><br>986     |                       |                       |                       |                       |                       |
| Total Science, Aeronautics and Technology                       | BA<br>O | <b>8,095</b><br>7,532 | <b>8,844</b><br>8,275 |                       |                       |                       |                       |                       |
| Mission support   |         |                       |                       |                       |                       |                       |                       |                       |
| (Space flight, research, and supporting activities):            |         |                       |                       |                       |                       |                       |                       |                       |
| (Spending authority from offsetting collections, discretionary) | 252 BA  | <b>5</b>              |                       |                       |                       |                       |                       |                       |
| (Outlays)   | O       | 556                   | 145                   | 89                    |                       |                       |                       |                       |
| Mission support (gross)   | BA<br>O | <b>5</b><br>556       |                       |                       |                       |                       |                       |                       |
| (Change in uncollected customer payments from Federal sources)  | BA      | <b>10</b>             |                       |                       |                       |                       |                       |                       |
| (Portion of cash collections credited to expired accounts)      | BA      | <b>7</b>              |                       |                       |                       |                       |                       |                       |
| Offsetting collections from Federal sources                     |         | -15                   |                       |                       |                       |                       |                       |                       |
| Offsetting collections from non-Federal sources                 |         | -7                    |                       |                       |                       |                       |                       |                       |
| Total (Space flight, research, and supporting activities) (net) | BA<br>O | <b>534</b><br>534     | <b>145</b><br>145     |                       |                       |                       |                       |                       |
| Total Mission support   | BA<br>O | <b>534</b><br>534     | <b>145</b><br>145     |                       |                       |                       |                       |                       |

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2003     | 2004   | 2005   | 2006   | 2007   | 2008   |
| <i>Construction of facilities</i>                           |        |                |          |        |        |        |        |        |
| <i>(Space flight, research, and supporting activities):</i> |        |                |          |        |        |        |        |        |
| (Outlays) .....   | 252 O  | 2              |          |        |        |        |        |        |
| Total Construction of facilities .....                      | O      | 2              |          |        |        |        |        |        |
| <i>Office of Inspector General:</i>                         |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                          | 252 BA | 24             | 25       | 26     | 28     | 29     | 30     | 31     |
| Outlays .....   | O      | 24             | 25       | 26     | 28     | 29     | 29     | 31     |
| <i>Trust funds</i>  |        |                |          |        |        |        |        |        |
| <i>Science, space, and technology education trust fund:</i> |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                              | 503 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| <i>National Space Grant Program:</i>                        |        |                |          |        |        |        |        |        |
| Outlays .....   | 252 O  |                | 3        |        |        |        |        |        |
| <b>Summary</b>  |        |                |          |        |        |        |        |        |
| <i>Federal funds:</i>                                       |        |                |          |        |        |        |        |        |
| (As shown in detail above) .....                            | BA     | 14,892         | 15,000   | 15,469 | 16,041 | 16,657 | 17,297 | 17,804 |
|   | O      | 14,429         | 14,595   | 15,254 | 15,853 | 16,510 | 16,953 | 17,530 |
| <i>Trust funds:</i>   |        |                |          |        |        |        |        |        |
| (As shown in detail above) .....                            | BA     | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|   | O      | 1              | 4        | 1      | 1      | 1      | 1      | 1      |
| Total National Aeronautics and Space Administration .....   | BA     | 14,893         | 15,001   | 15,470 | 16,042 | 16,658 | 17,298 | 17,805 |
|   | O      | 14,430         | 14,599   | 15,255 | 15,854 | 16,511 | 16,954 | 17,531 |

**NATIONAL SCIENCE FOUNDATION**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| <i>Research and related activities</i>                                |        |                |          |       |       |       |       |       |
| <i>(Defense-related activities):</i>                                  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 054 BA | 70             | 68       | 68    | 69    | 71    | 72    | 74    |
| (Outlays) .....   | O      | 74             | 35       | 53    | 62    | 66    | 69    | 72    |
| <i>(General science and basic research):</i>                          |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 251 BA | 3,543          | 3,715    | 4,038 | 4,113 | 4,197 | 4,290 | 4,399 |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 80             | 100      | 100   | 102   | 104   | 106   | 109   |
| (Outlays) .....   | O      | 3,142          | 3,575    | 3,779 | 4,020 | 4,130 | 4,286 | 4,371 |
| Research and related activities (gross) .....                         | BA     | 3,693          | 3,883    | 4,206 | 4,284 | 4,372 | 4,468 | 4,582 |
|   | O      | 3,216          | 3,610    | 3,832 | 4,082 | 4,196 | 4,355 | 4,443 |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 5              |          |       |       |       |       |       |
| (Portion of cash collections credited to expired accounts) .....      | BA     | 5              |          |       |       |       |       |       |
| Offsetting collections from Federal sources .....                     |        | -90            | -100     | -100  | -102  | -104  | -106  | -109  |
| Total (General science and basic research) (net) .....                | BA     | 3,543          | 3,715    | 4,038 | 4,113 | 4,197 | 4,290 | 4,399 |
|   | O      | 3,052          | 3,475    | 3,679 | 3,918 | 4,026 | 4,180 | 4,262 |
| Total Research and related activities .....                           | BA     | 3,613          | 3,783    | 4,106 | 4,182 | 4,268 | 4,362 | 4,473 |
|   | O      | 3,126          | 3,510    | 3,732 | 3,980 | 4,092 | 4,249 | 4,334 |
| <i>Academic research infrastructure:</i>                              |        |                |          |       |       |       |       |       |
| Outlays .....   | 251 O  | 5              |          |       |       |       |       |       |
| <i>Major research equipment and facilities construction:</i>          |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 251 BA | 139            | 126      | 202   | 231   | 222   | 210   | 220   |
| Outlays .....   | O      | 137            | 185      | 162   | 181   | 219   | 224   | 216   |
| <i>Salaries and expenses:</i>   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 251 BA | 170            | 203      | 226   | 230   | 235   | 240   | 246   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 4              | 6        | 6     | 6     | 6     | 6     | 7     |
| Outlays .....   | O      | 172            | 210      | 230   | 236   | 241   | 246   | 253   |
| Salaries and expenses (gross) .....                                   | BA     | 174            | 209      | 232   | 236   | 241   | 246   | 253   |
|   | O      | 172            | 210      | 230   | 236   | 241   | 246   | 253   |

**NATIONAL SCIENCE FOUNDATION—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate     |              |              |              |              | 2008         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2003         | 2004         | 2005         | 2006         | 2007         |              |
| Offsetting collections from Federal sources .....                   |        | -4             | -6           | -6           | -6           | -6           | -6           | -7           |
| Total Salaries and expenses (net) .....                             | BA     | <b>170</b>     | <b>203</b>   | <b>226</b>   | <b>230</b>   | <b>235</b>   | <b>240</b>   | <b>246</b>   |
|   | O      | 168            | 204          | 224          | 230          | 235          | 240          | 246          |
| <i>Office of the Inspector General:</i>                             |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 251 BA | 7              | 8            | 9            | 9            | 9            | 10           | 10           |
| Outlays .....   | O      | 7              | 9            | 9            | 9            | 9            | 9            | 10           |
| <i>Education and human resources:</i>                               |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 251 BA | <b>894</b>     | <b>908</b>   | <b>938</b>   | <b>955</b>   | <b>975</b>   | <b>996</b>   | <b>1,021</b> |
| Appropriation, mandatory .....                                      | BA     | 61             | 66           |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1              | 10           | 10           | 10           | 10           | 11           | 11           |
| Outlays .....   | O      | 715            | 914          | 948          | 944          | 961          | 979          | 995          |
| Education and human resources (gross) .....                         | BA     | <b>956</b>     | <b>984</b>   | <b>948</b>   | <b>965</b>   | <b>985</b>   | <b>1,007</b> | <b>1,032</b> |
|   | O      | 715            | 914          | 948          | 944          | 961          | 979          | 995          |
| Offsetting collections from Federal sources .....                   |        | -1             | -10          | -10          | -10          | -10          | -11          | -11          |
| Total Education and human resources (net) .....                     | BA     | <b>955</b>     | <b>974</b>   | <b>938</b>   | <b>955</b>   | <b>975</b>   | <b>996</b>   | <b>1,021</b> |
|   | O      | 714            | 904          | 938          | 934          | 951          | 968          | 984          |
| <i>Trust funds</i>  |        |                |              |              |              |              |              |              |
| <i>Donations:</i>   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                                      | 251 BA | 33             | 41           | 27           | 36           | 37           | 37           | 37           |
| Outlays .....   | O      | 31             | 41           | 27           | 36           | 37           | 37           | 37           |
| <b>Summary</b>  |        |                |              |              |              |              |              |              |
| Federal funds:  |        |                |              |              |              |              |              |              |
| (As shown in detail above) .....                                    | BA     | <b>4,884</b>   | <b>5,094</b> | <b>5,481</b> | <b>5,607</b> | <b>5,709</b> | <b>5,818</b> | <b>5,970</b> |
|   | O      | 4,157          | 4,812        | 5,065        | 5,334        | 5,506        | 5,690        | 5,790        |
| Trust funds:  |        |                |              |              |              |              |              |              |
| (As shown in detail above) .....                                    | BA     | 33             | 41           | 27           | 36           | 37           | 37           | 37           |
|   | O      | 31             | 41           | 27           | 36           | 37           | 37           | 37           |
| Total National Science Foundation .....                             | BA     | <b>4,917</b>   | <b>5,135</b> | <b>5,508</b> | <b>5,643</b> | <b>5,746</b> | <b>5,855</b> | <b>6,007</b> |
|   | O      | 4,188          | 4,853        | 5,092        | 5,370        | 5,543        | 5,727        | 5,827        |

**OFFICE OF PERSONNEL MANAGEMENT**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| <i>Federal funds</i>  |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>                                   |        |                |            |            |            |            |            |            |
| <i>Salaries and expenses:</i>                                       |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 805 BA | 99             | 129        | 119        | 121        | 124        | 126        | 129        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 164            | 188        | 192        | 196        | 200        | 204        | 209        |
| Outlays .....   | O      | 231            | 316        | 311        | 318        | 323        | 330        | 338        |
| Salaries and expenses (gross) .....                                 | BA     | <b>263</b>     | <b>317</b> | <b>311</b> | <b>317</b> | <b>324</b> | <b>330</b> | <b>338</b> |
|   | O      | 231            | 316        | 311        | 318        | 323        | 330        | 338        |
| Offsetting collections from Federal sources .....                   |        | -164           | -188       | -192       | -196       | -200       | -204       | -209       |
| Total Salaries and expenses (net) .....                             | BA     | <b>99</b>      | <b>129</b> | <b>119</b> | <b>121</b> | <b>124</b> | <b>126</b> | <b>129</b> |
|   | O      | 67             | 128        | 119        | 122        | 123        | 126        | 129        |
| <i>Human capital performance fund:</i>                              |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 805 BA |                |            | 500        | 509        | 520        | 531        | 545        |
| Outlays .....   | O      |                |            | 500        | 509        | 520        | 531        | 545        |
| <i>Office of Inspector General:</i>                                 |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 805 BA | 1              | 1          | 1          | 1          | 1          | 1          | 1          |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10             | 11         | 15         | 15         | 16         | 16         | 16         |
| Outlays .....   | O      | 11             | 12         | 16         | 16         | 17         | 17         | 17         |
| Office of Inspector General (gross) .....                           | BA     | <b>11</b>      | <b>12</b>  | <b>16</b>  | <b>16</b>  | <b>17</b>  | <b>17</b>  | <b>17</b>  |
|   | O      | 11             | 12         | 16         | 16         | 17         | 17         | 17         |



**OFFICE OF PERSONNEL MANAGEMENT—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |          |          |          |          | 2008     |
|---|----------|----------------|----------|----------|----------|----------|----------|----------|
|   |          |                | 2003     | 2004     | 2005     | 2006     | 2007     |          |
| Offsetting collections from non-Federal sources .....                   |          | -6,495         | -7,283   | -8,051   | -8,724   | -9,421   | -10,174  | -11,018  |
| Total Employees and retired employees health benefits funds (net) ..... | BA       |                |          | 1        | 1        | 1        | 1        | 1        |
|   | O        | -903           | -639     | -742     | -780     | -898     | -940     | -867     |
| <b>Summary</b>  |          |                |          |          |          |          |          |          |
| Federal funds:  |          |                |          |          |          |          |          |          |
| (As shown in detail above) .....  | BA       | 28,313         | 31,463   | 32,983   | 34,174   | 35,482   | 36,837   | 38,359   |
|   | O        | 28,122         | 31,413   | 32,941   | 34,138   | 35,439   | 36,793   | 38,307   |
| Trust funds:  |          |                |          |          |          |          |          |          |
| (As shown in detail above) .....  | BA       | 49,102         | 51,185   | 52,849   | 55,197   | 57,550   | 59,939   | 62,346   |
|   | O        | 46,527         | 48,952   | 50,436   | 52,856   | 55,160   | 57,503   | 59,985   |
| Interfund transactions .....  |          |                |          |          |          |          |          |          |
|   | 602 BA/O | -29            | -29      | -30      | -30      | -30      | -30      | -31      |
|   | 805 BA/O | -22,108        | -22,484  | -22,787  | -23,089  | -23,492  | -23,994  | -24,497  |
|   |          |                | J -2,059 | J -2,085 | J -2,300 | J -2,495 | J -2,600 | J -2,799 |
| Total Office of Personnel Management .....                              | BA       | 55,278         | 58,076   | 60,930   | 63,952   | 67,015   | 70,152   | 73,378   |
|   | O        | 52,512         | 55,793   | 58,475   | 61,575   | 64,582   | 67,672   | 70,965   |

**SMALL BUSINESS ADMINISTRATION**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      | 2008 |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA | 341            | 353      | 360  | 367  | 374  | 382  | 392  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 291            | 255      | 252  | 257  | 262  | 268  | 275  |
| Outlays .....   | O      | 628            | 565      | 607  | 620  | 632  | 645  | 662  |
| Salaries and expenses (gross) .....                                 | BA     | 632            | 608      | 612  | 624  | 636  | 650  | 667  |
|   | O      | 628            | 565      | 607  | 620  | 632  | 645  | 662  |
| Portion of cash collections credited to expired accounts .....      | BA     | 2              |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -290           | -252     | -249 | -254 | -259 | -264 | -271 |
| Offsetting collections from non-Federal sources .....               |        | -3             | -3       | -3   | -3   | -3   | -3   | -3   |
| Total Salaries and expenses (net) .....                             | BA     | 341            | 353      | 360  | 367  | 374  | 383  | 393  |
|   | O      | 335            | 310      | 355  | 363  | 370  | 378  | 388  |
| Office of Inspector General:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 376 BA | 11             | 14       | 14   | 14   | 15   | 15   | 15   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 12             | 14       | 15   | 15   | 15   | 15   | 16   |
| Office of Inspector General (gross) .....                           | BA     | 12             | 15       | 15   | 15   | 16   | 16   | 16   |
|   | O      | 12             | 14       | 15   | 15   | 15   | 15   | 16   |
| Offsetting collections from Federal sources .....                   |        | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Office of Inspector General (net) .....                       | BA     | 11             | 14       | 14   | 14   | 15   | 15   | 15   |
|   | O      | 11             | 13       | 14   | 14   | 14   | 14   | 15   |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |      |      |      |      |      |
| Surety bond guarantees revolving fund:                              |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 376 BA | 6              | 6        | 7    | 7    | 7    | 7    | 8    |
| Outlays .....   | O      | 6              | 9        | 10   | 8    | 8    | 8    | 10   |
| Surety bond guarantees revolving fund (gross) .....                 | BA     | 6              | 6        | 7    | 7    | 7    | 7    | 8    |
|   | O      | 6              | 9        | 10   | 8    | 8    | 8    | 10   |
| Offsetting collections from non-Federal sources .....               |        | -6             | -6       | -7   | -7   | -7   | -7   | -8   |
| Total Surety bond guarantees revolving fund (net) .....             | BA     |                |          |      |      |      |      |      |
|   | O      |                | 3        | 3    | 1    | 1    | 1    | 2    |



**SMALL BUSINESS ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |                      | 2002<br>actual | estimate       |            |            |            |            | 2008       |
|---|----------------------|----------------|----------------|------------|------------|------------|------------|------------|
|   |                      |                | 2003           | 2004       | 2005       | 2006       | 2007       |            |
| <b>Credit Accounts:</b>   |                      |                |                |            |            |            |            |            |
| Business loan program account:                                      |                      |                |                |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA               | 278            | 218            | 226        | 230        | 235        | 240        | 246        |
| Appropriation, mandatory .....                                      | BA                   | 92             | 693            |            |            |            |            |            |
| Outlays .....   | O                    | 346            | 933            | 223        | 229        | 233        | 238        | 244        |
| Limitation on direct loan activity .....                            |                      | (16)           | (27)           | (20)       | (20)       | (21)       | (21)       | (22)       |
| Limitation on loan guarantee commitments .....                      |                      | (15,266)       | (18,983)       | (20,802)   | (21,191)   | (21,621)   | (22,099)   | (22,660)   |
| Total Business loan program account .....                           | BA<br>O              | 370<br>346     | 911<br>933     | 226<br>223 | 230<br>229 | 235<br>233 | 240<br>238 | 246<br>244 |
| Business loan fund liquidating account:                             |                      |                |                |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory .....     | 376 BA               | 175            | 113            | 85         | 62         | 46         | 35         | 36         |
| Outlays .....   | O                    | 102            | 90             | 68         | 50         | 37         | 28         | 29         |
| Business loan fund liquidating account (gross) .....                | BA<br>O              | 175<br>102     | 113<br>90      | 85<br>68   | 62<br>50   | 46<br>37   | 35<br>28   | 36<br>29   |
| Change in uncollected customer payments from Federal sources .....  | BA                   | -4             |                |            |            |            |            |            |
| Offsetting collections from non-Federal sources .....               |                      | -171           | -113           | -85        | -62        | -46        | -35        | -36        |
| Total Business loan fund liquidating account (net) .....            | BA<br>O              | -69<br>-69     | -23<br>-23     | -17<br>-17 | -12<br>-12 | -9<br>-9   | -7<br>-7   | -7<br>-7   |
| Disaster loans program account:                                     |                      |                |                |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 453 BA               | 282            | 194            | 198        | 202        | 206        | 210        | 216        |
| Appropriation, mandatory .....                                      | BA                   |                | 468            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA                   |                | 3              |            |            |            |            |            |
| Outlays .....   | O                    | 372            | 689            | 198        | 200        | 204        | 209        | 214        |
| Disaster loans program account (gross) .....                        | BA<br>O              | 282<br>372     | 665<br>689     | 198<br>198 | 202<br>200 | 206<br>204 | 210<br>209 | 216<br>214 |
| Offsetting collections from Federal sources .....                   |                      |                | -3             |            |            |            |            |            |
| Total Disaster loans program account (net) .....                    | BA<br>O              | 282<br>372     | 662<br>686     | 198<br>198 | 202<br>200 | 206<br>204 | 210<br>209 | 216<br>214 |
| Disaster loan fund liquidating account:                             |                      |                |                |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory .....     | 453 BA               | 136            | 86             | 11         | 1          | 1          | 1          | 1          |
| Outlays .....   | O                    | 25             | 14             | 2          |            |            |            |            |
| Disaster loan fund liquidating account (gross) .....                | BA<br>O              | 136<br>25      | 86<br>14       | 11<br>2    | 1<br>1     | 1<br>1     | 1<br>1     | 1<br>1     |
| Change in uncollected customer payments from Federal sources .....  | BA                   | -12            |                |            |            |            |            |            |
| Offsetting collections from non-Federal sources .....               |                      | -124           | -86            | -11        | -1         | -1         | -1         | -1         |
| Total Disaster loan fund liquidating account (net) .....            | BA<br>O              | -99<br>-99     | -72<br>-72     | -9<br>-9   | -1<br>-1   | -1<br>-1   | -1<br>-1   | -1<br>-1   |
| Pollution control equipment fund liquidating account:               |                      |                |                |            |            |            |            |            |
| Appropriation, mandatory .....                                      | 376 BA               | 3              | 3              | 3          | 1          | 1          | 1          |            |
| Outlays .....   | O                    |                | 3              | 3          | 1          | 1          | 1          |            |
| <b>Summary</b>  |                      |                |                |            |            |            |            |            |
| Federal funds:  |                      |                |                |            |            |            |            |            |
| (As shown in detail above) .....                                    | BA<br>O              | 1,007<br>896   | 1,943<br>1,853 | 801<br>770 | 814<br>795 | 831<br>813 | 849<br>833 | 870<br>855 |
| Deductions for offsetting receipts:                                 |                      |                |                |            |            |            |            |            |
| Proprietary receipts from the public .....                          | 376 BA/O<br>453 BA/O | -389<br>-14    | -258<br>-42    |            |            |            |            |            |
| Total Small Business Administration .....                           | BA<br>O              | 604<br>493     | 1,643<br>1,553 | 801<br>770 | 814<br>795 | 831<br>813 | 849<br>833 | 870<br>855 |

**SOCIAL SECURITY ADMINISTRATION**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |                        |                       |                        |                        |                        |
|---|--------|----------------|----------|------------------------|-----------------------|------------------------|------------------------|------------------------|
|   |        |                | 2003     | 2004                   | 2005                  | 2006                   | 2007                   | 2008                   |
| <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 | 13,978         | 13,046   | 13,379<br><i>J 628</i> | 14,415                | 15,344                 | 16,645                 | 18,156                 |
| Outlays .....   | O      | 13,969         | 13,046   | 13,379<br><i>J 628</i> | 14,415                | 15,344                 | 16,645                 | 18,156                 |
| Total Payments to social security trust funds .....                   | BA     | 13,978         | 13,046   | 14,007                 | 14,415                | 15,344                 | 16,645                 | 18,156                 |
|   | O      | 13,969         | 13,046   | 14,007                 | 14,415                | 15,344                 | 16,645                 | 18,156                 |
| Supplemental security income program:                                 |        |                |          |                        |                       |                        |                        |                        |
| Appropriation, discretionary .....                                    | 609 BA | 2,857          | 2,848    | 3,057                  | 3,114                 | 3,177                  | 3,247                  | 3,330                  |
| Appropriation, mandatory .....  | BA     | 18,620         | 21,638   | 23,225<br><i>B 1</i>   | 25,795<br><i>B -8</i> | 26,405<br><i>B -18</i> | 25,379<br><i>B -26</i> | 26,802<br><i>B -40</i> |
| Advance appropriation, mandatory .....                                | BA     | 10,470         | 10,790   | 11,080                 | 12,590                | 10,790                 | 10,360                 | 13,070                 |
| Spending authority from offsetting collections, mandatory .....       | BA     | 3,735          | 3,949    | 4,056                  | 4,136                 | 4,264                  | 4,398                  | 4,454                  |
| Outlays .....   | O      | 37,592         | 39,825   | 41,402<br><i>B 1</i>   | 46,024<br><i>B -8</i> | 44,631<br><i>B -18</i> | 43,009<br><i>B -26</i> | 47,644<br><i>B -40</i> |
| Supplemental security income program (gross) .....                    | BA     | 35,682         | 39,225   | 41,419                 | 45,627                | 44,618                 | 43,358                 | 47,616                 |
|   | O      | 37,592         | 39,825   | 41,403                 | 46,016                | 44,613                 | 42,983                 | 47,604                 |
| Offsetting collections from non-Federal sources .....                 |        | -3,735         | -3,949   | -4,056                 | -4,136                | -4,264                 | -4,398                 | -4,454                 |
| Total Supplemental security income program (net) .....                | BA     | 31,947         | 35,276   | 37,363                 | 41,491                | 40,354                 | 38,960                 | 43,162                 |
|   | O      | 33,857         | 35,876   | 37,347                 | 41,880                | 40,349                 | 38,585                 | 43,150                 |
| Special benefits for certain World War II veterans:                   |        |                |          |                        |                       |                        |                        |                        |
| Appropriation, discretionary .....                                    | 701 BA | 2              | 2        | 2                      | 2                     | 2                      | 2                      | 2                      |
| Appropriation, mandatory .....  | BA     | 7              | 10       | 10                     | 10                    | 9                      | 8                      | 8                      |
| Spending authority from offsetting collections, mandatory .....       | BA     | 5              | 5        | 5                      | 5                     | 4                      | 4                      | 4                      |
| Outlays .....   | O      | 16             | 17       | 17                     | 17                    | 15                     | 14                     | 14                     |
| Special benefits for certain World War II veterans (gross) .....      | BA     | 14             | 17       | 17                     | 17                    | 15                     | 14                     | 14                     |
|   | O      | 16             | 17       | 17                     | 17                    | 15                     | 14                     | 14                     |
| Offsetting collections from non-Federal sources .....                 |        | -5             | -5       | -5                     | -5                    | -4                     | -4                     | -4                     |
| Total Special benefits for certain World War II veterans (net) .....  | BA     | 9              | 12       | 12                     | 12                    | 11                     | 10                     | 10                     |
|   | O      | 11             | 12       | 12                     | 12                    | 11                     | 10                     | 10                     |
| Office of the Inspector General<br>(Social security):                 |        |                |          |                        |                       |                        |                        |                        |
| (Appropriation, discretionary) .....                                  | 651 BA | 19             | 21       | 25                     | 25                    | 26                     | 27                     | 27                     |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 56             | 62       | 65                     | 66                    | 67                     | 69                     | 70                     |
| (Outlays) .....   | O      | 69             | 83       | 90                     | 92                    | 94                     | 96                     | 98                     |
| Office of the Inspector General (gross) .....                         | BA     | 75             | 83       | 90                     | 91                    | 93                     | 96                     | 97                     |
|   | O      | 69             | 83       | 90                     | 92                    | 94                     | 96                     | 98                     |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | -12            |          |                        |                       |                        |                        |                        |
| (Portion of cash collections credited to expired accounts) .....      | BA     | 6              |          |                        |                       |                        |                        |                        |
| Offsetting collections from Federal sources .....                     |        | -50            | -62      | -65                    | -66                   | -67                    | -69                    | -70                    |
| Total (Social security) (net) .....                                   | BA     | 19             | 21       | 25                     | 25                    | 26                     | 27                     | 27                     |
|   | O      | 19             | 21       | 25                     | 26                    | 27                     | 27                     | 28                     |
| Total Office of the Inspector General .....                           | BA     | 19             | 21       | 25                     | 25                    | 26                     | 27                     | 27                     |
|   | O      | 19             | 21       | 25                     | 26                    | 27                     | 27                     | 28                     |
| State supplemental fees:  |        |                |          |                        |                       |                        |                        |                        |
| Appropriation, discretionary .....                                    | 609 BA | 100            | 112      | 120                    | 122                   | 125                    | 127                    | 131                    |
| Outlays .....   | O      | 100            | 112      | 120                    | 122                   | 125                    | 127                    | 131                    |
| <i>Trust funds</i>  |        |                |          |                        |                       |                        |                        |                        |
| Federal old-age and survivors insurance trust fund:                   |        |                |          |                        |                       |                        |                        |                        |
| Appropriation, discretionary .....                                    | 651 BA | 1,902          | 2,120    | 2,271                  | 2,314                 | 2,360                  | 2,412                  | 2,474                  |
| Appropriation, mandatory .....  | BA     | 389,910        | 401,680  | 415,996                | 432,074               | 449,492                | 469,451                | 491,637                |
| Spending authority from offsetting collections, mandatory .....       | BA     | 23             | 43       | 35                     | 36                    | 37                     | 38                     | 39                     |

**SOCIAL SECURITY ADMINISTRATION—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate       |                |                |                  |                  |                  |
|--|--------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
|  |        |                | 2003           | 2004           | 2005           | 2006             | 2007             | 2008             |
| Outlays .....  | O      | 389,604        | 402,982        | 417,062        | 433,032        | 450,367<br>J-200 | 470,099<br>J-300 | 492,183<br>J-270 |
| Federal old-age and survivors insurance trust fund (gross) .....     | BA     | <b>391,835</b> | <b>403,843</b> | <b>418,302</b> | <b>434,424</b> | <b>451,889</b>   | <b>471,901</b>   | <b>494,150</b>   |
|  | O      | 389,604        | 402,982        | 417,062        | 433,032        | 450,167          | 469,799          | 491,913          |
| Offsetting collections from non-Federal sources .....                |        | -10            | -18            | -15            | -15            | -15              | -15              | -16              |
| Offsetting governmental collections (from non-Federal sources) ..... |        | -13            | -25            | -20            | -21            | -22              | -23              | -23              |
| Total Federal old-age and survivors insurance trust fund (net) ..... | BA     | <b>391,812</b> | <b>403,800</b> | <b>418,267</b> | <b>434,388</b> | <b>451,852</b>   | <b>471,863</b>   | <b>494,111</b>   |
|  | O      | 389,581        | 402,939        | 417,027        | 432,996        | 450,130          | 469,761          | 491,874          |
| Federal disability insurance trust fund:                             |        |                |                |                |                |                  |                  |                  |
| Appropriation, discretionary .....                                   | 651 BA | <b>1,602</b>   | <b>1,717</b>   | <b>1,986</b>   | <b>2,024</b>   | <b>2,064</b>     | <b>2,110</b>     | <b>2,164</b>     |
| Appropriation, mandatory .....                                       | BA     | <b>68,587</b>  | <b>74,457</b>  | <b>78,649</b>  | <b>81,158</b>  | <b>85,850</b>    | <b>91,953</b>    | <b>98,400</b>    |
| Outlays .....  | O      | 66,432         | 75,593         | 80,330         | 83,035         | 87,486           | 93,538           | 100,016          |
| Total Federal disability insurance trust fund .....                  | BA     | <b>70,189</b>  | <b>76,174</b>  | <b>80,635</b>  | <b>83,182</b>  | <b>87,914</b>    | <b>94,063</b>    | <b>100,564</b>   |
|  | O      | 66,432         | 75,593         | 80,330         | 83,035         | 87,486           | 93,538           | 100,016          |
| Limitation on administrative expenses:                               |        |                |                |                |                |                  |                  |                  |
| Spending authority from offsetting collections, discretionary .....  | 651 BA | <b>7,570</b>   | <b>7,937</b>   | <b>8,530</b>   | <b>8,690</b>   | <b>8,866</b>     | <b>9,062</b>     | <b>9,292</b>     |
| Spending authority from offsetting collections, mandatory .....      | BA     | <b>29</b>      | <b>43</b>      | <b>35</b>      | <b>35</b>      | <b>35</b>        | <b>35</b>        | <b>35</b>        |
| Outlays .....  | O      | 7,703          | 8,231          | 8,551          | 8,706          | 8,882            | 9,074            | 9,300            |
| Limitation on administrative expenses (gross) .....                  | BA     | <b>7,599</b>   | <b>7,980</b>   | <b>8,565</b>   | <b>8,725</b>   | <b>8,901</b>     | <b>9,097</b>     | <b>9,327</b>     |
|  | O      | 7,703          | 8,231          | 8,551          | 8,706          | 8,882            | 9,074            | 9,300            |
| Change in uncollected customer payments from Federal sources .....   | BA     | <b>-969</b>    |                | <b>-14</b>     | <b>-19</b>     | <b>-19</b>       | <b>-23</b>       | <b>-27</b>       |
| Portion of cash collections credited to expired accounts .....       | BA     | <b>1,026</b>   | <b>251</b>     |                |                |                  |                  |                  |
| Offsetting collections from Federal sources .....                    |        | -7,643         | -8,206         | -8,531         | -8,686         | -8,862           | -9,054           | -9,280           |
| Offsetting collections from non-Federal sources .....                |        | -13            | -25            | -20            | -20            | -20              | -20              | -20              |
| Total Limitation on administrative expenses (net) .....              | BA     |                |                |                |                |                  |                  |                  |
|  | O      | 47             |                |                |                |                  |                  |                  |
| Total Federal funds Social Security Administration .....             | BA     | <b>46,053</b>  | <b>48,467</b>  | <b>51,527</b>  | <b>56,065</b>  | <b>55,860</b>    | <b>55,769</b>    | <b>61,486</b>    |
|  | O      | 47,956         | 49,067         | 51,511         | 56,455         | 55,856           | 55,394           | 61,475           |
| Total Trust funds Social Security Administration .....               | BA     | <b>462,001</b> | <b>479,974</b> | <b>498,902</b> | <b>517,570</b> | <b>539,766</b>   | <b>565,926</b>   | <b>594,675</b>   |
|  | O      | 456,060        | 478,532        | 497,357        | 516,031        | 537,616          | 563,299          | 591,890          |

**Summary**

|   |          | On-Budget      |                |                         |                |                |                |                |
|---|----------|----------------|----------------|-------------------------|----------------|----------------|----------------|----------------|
| Federal funds:  |          |                |                |                         |                |                |                |                |
| (As shown in detail above) .....                        | BA       | <b>46,053</b>  | <b>48,467</b>  | <b>51,527</b>           | <b>56,065</b>  | <b>55,860</b>  | <b>55,769</b>  | <b>61,486</b>  |
|   | O        | 47,956         | 49,067         | 51,511                  | 56,455         | 55,856         | 55,394         | 61,475         |
| Deductions for offsetting receipts:                     |          |                |                |                         |                |                |                |                |
| Proprietary receipts from the public .....              | 609 BA/O | <b>-2,140</b>  | <b>-4,561</b>  | <b>-4,013</b>           | <b>-2,309</b>  | <b>-2,199</b>  | <b>-2,280</b>  | <b>-2,361</b>  |
| Total Social Security Administration (on-budget) .....  | BA       | <b>43,913</b>  | <b>43,906</b>  | <b>47,514</b>           | <b>53,756</b>  | <b>53,661</b>  | <b>53,489</b>  | <b>59,125</b>  |
|   | O        | 45,816         | 44,506         | 47,498                  | 54,146         | 53,657         | 53,114         | 59,114         |
|   |          |                |                |                         |                |                |                |                |
|   |          | Off-Budget     |                |                         |                |                |                |                |
| Trust funds:  |          |                |                |                         |                |                |                |                |
| (As shown in detail above) .....                        | BA       | <b>462,001</b> | <b>479,974</b> | <b>498,902</b>          | <b>517,570</b> | <b>539,766</b> | <b>565,926</b> | <b>594,675</b> |
|   | O        | 456,060        | 478,532        | 497,357                 | 516,031        | 537,616        | 563,299        | 591,890        |
| Deductions for offsetting receipts:                     |          |                |                |                         |                |                |                |                |
| Proprietary receipts from the public .....              | 651 BA/O | <b>-82</b>     | <b>-82</b>     | <b>-83</b>              | <b>-84</b>     | <b>-86</b>     | <b>-88</b>     | <b>-90</b>     |
|   | 903 BA/O | <b>-1</b>      |                |                         |                |                |                |                |
| Interfund transactions .....                            | 651 BA/O | <b>-13,553</b> | <b>-13,046</b> | <b>-13,379</b><br>J-628 | <b>-14,415</b> | <b>-15,344</b> | <b>-16,645</b> | <b>-18,156</b> |
| Total Social Security Administration (off-budget) ..... | BA       | <b>448,365</b> | <b>466,846</b> | <b>484,812</b>          | <b>503,071</b> | <b>524,336</b> | <b>549,193</b> | <b>576,429</b> |
|   | O        | 442,424        | 465,404        | 483,267                 | 501,532        | 522,186        | 546,566        | 573,644        |
| Total Social Security Administration .....              | BA       | <b>492,278</b> | <b>510,752</b> | <b>532,326</b>          | <b>556,827</b> | <b>577,997</b> | <b>602,682</b> | <b>635,554</b> |
|   | O        | 488,240        | 509,910        | 530,765                 | 555,678        | 575,843        | 599,680        | 632,758        |

**OTHER INDEPENDENT AGENCIES**  
(In millions of dollars)

| Account   | 2002<br>actual | estimate |      |      |      |      |      |
|---|----------------|----------|------|------|------|------|------|
|   |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <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        | 4    | 4    | 4    | 4    | 4    |
| Spending authority from offsetting collections, discretionary ..... | BA             | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O              | 4        | 5    | 5    | 5    | 5    | 5    |
| Salaries and expenses (gross) .....                                 | BA             | 4        | 5    | 5    | 5    | 5    | 5    |
|   | O              | 4        | 5    | 5    | 5    | 5    | 5    |
| Offsetting collections from Federal sources .....                   |                | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Salaries and expenses (net) .....                             | BA             | 3        | 4    | 4    | 4    | 4    | 4    |
|   | O              | 3        | 4    | 4    | 4    | 4    | 4    |

**Appalachian Regional Commission**

*Federal funds*

|   |        |     |    |    |    |    |    |
|---|--------|-----|----|----|----|----|----|
| <b>General and Special Funds:</b>                                   |        |     |    |    |    |    |    |
| Appalachian Regional Commission:                                    |        |     |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 452 BA | 71  | 66 | 33 | 34 | 34 | 35 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1   |    |    |    |    |    |
| Outlays .....   | O      | 108 | 94 | 71 | 63 | 55 | 47 |
| Appalachian Regional Commission (gross) .....                       | BA     | 72  | 66 | 33 | 34 | 34 | 35 |
|   | O      | 108 | 94 | 71 | 63 | 55 | 47 |
| Offsetting collections from Federal sources .....                   |        | -1  |    |    |    |    |    |
| Total Appalachian Regional Commission (net) .....                   | BA     | 71  | 66 | 33 | 34 | 34 | 35 |
|   | O      | 107 | 94 | 71 | 63 | 55 | 47 |

*Trust funds*

|                                |        |   |   |   |   |   |   |
|--------------------------------|--------|---|---|---|---|---|---|
| Miscellaneous trust funds:     |        |   |   |   |   |   |   |
| Appropriation, mandatory ..... | 452 BA | 6 | 6 | 5 | 6 | 6 | 6 |
| Outlays .....                  | O      | 7 | 6 | 6 | 5 | 5 | 6 |

**Summary**

|   |          |     |    |    |    |    |    |
|---|----------|-----|----|----|----|----|----|
| Federal funds:                              |          |     |    |    |    |    |    |
| (As shown in detail above) .....            | BA       | 71  | 66 | 33 | 34 | 34 | 35 |
|   | O        | 107 | 94 | 71 | 63 | 55 | 47 |
| Trust funds:                                |          |     |    |    |    |    |    |
| (As shown in detail above) .....            | BA       | 6   | 6  | 5  | 6  | 6  | 6  |
|   | O        | 7   | 6  | 6  | 5  | 5  | 6  |
| Deductions for offsetting receipts:         |          |     |    |    |    |    |    |
| Proprietary receipts from the public .....  | 452 BA/O | -3  | -3 | -3 | -3 | -3 | -3 |
| Total Trust funds .....                     | BA       | 3   | 3  | 2  | 3  | 3  | 3  |
|   | O        | 4   | 3  | 3  | 2  | 2  | 3  |
| Interfund transactions .....                | 452 BA/O | -3  | -3 | -3 | -3 | -3 | -3 |
| Total Appalachian Regional Commission ..... | BA       | 71  | 66 | 32 | 34 | 34 | 35 |
|   | O        | 108 | 94 | 71 | 62 | 54 | 46 |

**Architectural and Transportation Barriers Compliance Board**

*Federal funds*

|                                    |        |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|
| <b>General and Special Funds:</b>  |        |   |   |   |   |   |   |
| Salaries and expenses:             |        |   |   |   |   |   |   |
| Appropriation, discretionary ..... | 751 BA | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                      | O      | 6 | 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 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Outlays .....   | O      | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| <b>Broadcasting Board of Governors</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| International broadcasting operations:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 154 BA | 447            | 468      | 525  | 535  | 546  | 558  | 572  |
| Spending authority from offsetting collections, discretionary .....           | BA     | 4              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 439            | 467      | 517  | 534  | 544  | 556  | 570  |
| International broadcasting operations (gross) .....                           | BA     | 451            | 469      | 526  | 536  | 547  | 559  | 573  |
|   | O      | 439            | 467      | 517  | 534  | 544  | 556  | 570  |
| Change in uncollected customer payments from Federal sources .....            | BA     | -4             | -1       | -1   |      |      |      |      |
| Total International broadcasting operations (net) .....                       | BA     | 447            | 468      | 525  | 536  | 547  | 559  | 573  |
|   | O      | 439            | 467      | 517  | 534  | 544  | 556  | 570  |
| Broadcasting capital improvements:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 154 BA | 43             | 14       | 11   | 11   | 11   | 12   | 12   |
| Outlays .....   | O      | 21             | 36       | 35   | 38   | 15   | 12   | 12   |
| Broadcasting to Cuba:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 154 BA | 25             | 26       | 27   | 28   | 28   | 29   | 29   |
| Outlays .....   | O      | 24             | 26       | 27   | 27   | 28   | 28   | 29   |
| Total Federal funds Broadcasting Board of Governors .....                     | BA     | 515            | 508      | 563  | 575  | 586  | 600  | 614  |
|   | O      | 484            | 529      | 579  | 599  | 587  | 596  | 611  |
| <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 | 212            | 223      | 226  | 239  | 247  | 255  | 263  |
| Outlays .....   | O      | 212            | 223      | 226  | 239  | 247  | 255  | 263  |
| <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    | 8    | 9    |
| Outlays .....   | O      | 7              | 9        | 8    | 8    | 8    | 8    | 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    |
| Outlays .....   | O      | 1              | 1        | 1    | 1    | 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        | 5    | 5    | 5    | 5    | 5    |
| Outlays .....   | O      | 7              | 7        | 5    | 5    | 5    | 5    | 5    |
| Total Federal funds Commission of Fine Arts .....                             | BA     | 8              | 8        | 6    | 6    | 6    | 6    | 6    |
|   | O      | 8              | 8        | 6    | 6    | 6    | 6    | 6    |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  | 2002<br>actual | estimate |      |      |      |      |      |     |
|--|----------------|----------|------|------|------|------|------|-----|
|  |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |     |
| <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              | 9        | 9    | 9    | 9    | 9    | 9    | 9   |
| <b>Commission on Ocean Policy</b>  |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |     |
| Salaries and expenses:   |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....   | 306 BA         | 3        |      |      |      |      |      |     |
| Outlays .....  | O              | 2        | 5    | 1    |      |      |      |     |
| <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         | 5        | 5    | 5    | 5    | 5    | 5    | 5   |
| Outlays .....  | O              | 4        | 5    | 5    | 5    | 6    | 6    | 6   |
| <b>Commodity Futures Trading Commission</b>  |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |     |
| Commodity Futures Trading Commission:  |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....   | 376 BA         | 88       | 80   | 88   | 90   | 91   | 93   | 96  |
| Spending authority from offsetting collections, discretionary .....                      | BA             |          | J-33 |      |      |      |      |     |
| Outlays .....  | O              | 72       | 90   | 89   | 90   | 91   | 93   | 95  |
| Commodity Futures Trading Commission (gross) .....                                       | BA             | 88       | 80   | 88   | 90   | 91   | 93   | 96  |
|  | O              | 72       | 90   | 89   | 90   | 91   | 93   | 95  |
| Offsetting collections from non-Federal sources .....                                    |                |          | J-33 |      |      |      |      |     |
| Total Commodity Futures Trading Commission (net) .....                                   | BA             | 88       | 47   | 88   | 90   | 91   | 93   | 96  |
|  | O              | 72       | 57   | 89   | 90   | 91   | 93   | 95  |
| <b>Consumer Product Safety Commission</b>  |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |     |
| Salaries and expenses:   |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....   | 554 BA         | 55       | 57   | 60   | 61   | 62   | 64   | 65  |
| Spending authority from offsetting collections, discretionary .....                      | BA             | 4        | 4    | 4    | 4    | 4    | 4    | 4   |
| Outlays .....  | O              | 56       | 64   | 64   | 65   | 67   | 68   | 69  |
| Salaries and expenses (gross) .....  | BA             | 59       | 61   | 64   | 65   | 66   | 68   | 69  |
|  | O              | 56       | 64   | 64   | 65   | 67   | 68   | 69  |
| Offsetting collections from Federal sources .....  |                | -4       | -4   | -4   | -4   | -4   | -4   | -4  |
| Total Salaries and expenses (net) .....  | BA             | 55       | 57   | 60   | 61   | 62   | 64   | 65  |
|  | O              | 52       | 60   | 60   | 61   | 63   | 64   | 65  |
| <b>Corporation for National and Community Service</b>                                    |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |     |
| National and community service programs, operating expenses:                             |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....   | 506 BA         | 402      | 631  | 593  | 604  | 616  | 630  | 646 |
| Spending authority from offsetting collections, discretionary .....                      | BA             | 1        |      |      |      |      |      |     |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |                    | 2002<br>actual | estimate     |            |            |              |              |              |
|---|--------------------|----------------|--------------|------------|------------|--------------|--------------|--------------|
|   |                    |                | 2003         | 2004       | 2005       | 2006         | 2007         | 2008         |
| Outlays .....   | O                  | 404            | 516          | 659        | 722        | 604          | 615          | 628          |
| National and community service programs, operating expenses (gross) .....     | BA                 | <b>403</b>     | <b>631</b>   | <b>593</b> | <b>604</b> | <b>616</b>   | <b>630</b>   | <b>646</b>   |
|   | O                  | 404            | 516          | 659        | 722        | 604          | 615          | 628          |
| Offsetting collections from Federal sources .....                             |                    | -1             |              |            |            |              |              |              |
| Total National and community service programs, operating expenses (net) ..... | BA                 | <b>402</b>     | <b>631</b>   | <b>593</b> | <b>604</b> | <b>616</b>   | <b>630</b>   | <b>646</b>   |
|   | O                  | 403            | 516          | 659        | 722        | 604          | 615          | 628          |
| Domestic volunteer service programs, operating expenses:                      |                    |                |              |            |            |              |              |              |
| Appropriation, discretionary .....  | 506 BA             | <b>329</b>     | <b>396</b>   | <b>365</b> | <b>372</b> | <b>379</b>   | <b>388</b>   | <b>398</b>   |
| Spending authority from offsetting collections, discretionary .....           | BA                 | <b>6</b>       | <b>6</b>     | <b>6</b>   | <b>6</b>   | <b>6</b>     | <b>6</b>     | <b>7</b>     |
| Outlays .....   | O                  | 303            | 345          | 355        | 368        | 384          | 398          | 399          |
| Domestic volunteer service programs, operating expenses (gross) .....         | BA                 | <b>335</b>     | <b>402</b>   | <b>371</b> | <b>378</b> | <b>385</b>   | <b>394</b>   | <b>405</b>   |
|   | O                  | 303            | 345          | 355        | 368        | 384          | 398          | 399          |
| Change in uncollected customer payments from Federal sources .....            | BA                 | -1             |              |            |            |              |              |              |
| Portion of cash collections credited to expired accounts .....                | BA                 | 2              |              |            |            |              |              |              |
| Offsetting collections from Federal sources .....                             |                    | -2             | -2           | -2         | -2         | -2           | -2           | -2           |
| Offsetting collections from non-Federal sources .....                         |                    | -5             | -4           | -4         | -4         | -4           | -4           | -4           |
| Total Domestic volunteer service programs, operating expenses (net) .....     | BA                 | <b>329</b>     | <b>396</b>   | <b>365</b> | <b>372</b> | <b>379</b>   | <b>388</b>   | <b>399</b>   |
|   | O                  | 296            | 339          | 349        | 362        | 378          | 392          | 393          |
| Inspector general:  |                    |                |              |            |            |              |              |              |
| Appropriation, discretionary .....  | 506 BA             | 5              | 5            | 5          | 5          | 5            | 5            | 5            |
| Outlays .....   | O                  | 5              | 5            | 5          | 5          | 5            | 5            | 5            |
|   | <i>Trust funds</i> |                |              |            |            |              |              |              |
| Gifts and contributions:  |                    |                |              |            |            |              |              |              |
| Appropriation, discretionary .....  | 506 BA             |                | 75           | 120        | 122        | 125          | 127          | 131          |
| Appropriation, mandatory .....  | BA                 | 19             | 10           | 14         | 11         | 8            | 7            | 7            |
| Spending authority from offsetting collections, discretionary .....           | BA                 | 1              |              |            |            |              |              |              |
| Outlays .....   | O                  | 89             | 92           | 94         | 73         | 92           | 121          | 131          |
| Gifts and contributions (gross) .....   | BA                 | <b>20</b>      | <b>85</b>    | <b>134</b> | <b>133</b> | <b>133</b>   | <b>134</b>   | <b>138</b>   |
|   | O                  | 89             | 92           | 94         | 73         | 92           | 121          | 131          |
| Offsetting collections from non-Federal sources .....                         |                    | -1             |              |            |            |              |              |              |
| Total Gifts and contributions (net) .....                                     | BA                 | <b>19</b>      | <b>85</b>    | <b>134</b> | <b>133</b> | <b>133</b>   | <b>134</b>   | <b>138</b>   |
|   | O                  | 88             | 92           | 94         | 73         | 92           | 121          | 131          |
| <b>Summary</b>  |                    |                |              |            |            |              |              |              |
| Federal funds:  |                    |                |              |            |            |              |              |              |
| (As shown in detail above) .....  | BA                 | <b>736</b>     | <b>1,032</b> | <b>963</b> | <b>981</b> | <b>1,000</b> | <b>1,023</b> | <b>1,050</b> |
|   | O                  | 704            | 860          | 1,013      | 1,089      | 987          | 1,012        | 1,026        |
| Trust funds:  |                    |                |              |            |            |              |              |              |
| (As shown in detail above) .....  | BA                 | <b>19</b>      | <b>85</b>    | <b>134</b> | <b>133</b> | <b>133</b>   | <b>134</b>   | <b>138</b>   |
|   | O                  | 88             | 92           | 94         | 73         | 92           | 121          | 131          |
| Interfund transactions .....  | 506 BA/O           |                | -75          | -120       | -122       | -125         | -127         | -131         |
| Total Corporation for National and Community Service .....                    | BA                 | <b>755</b>     | <b>1,042</b> | <b>977</b> | <b>992</b> | <b>1,008</b> | <b>1,030</b> | <b>1,057</b> |
|   | O                  | 792            | 877          | 987        | 1,040      | 954          | 1,006        | 1,026        |

**Corporation for Public Broadcasting**

*Federal funds*

**General and Special Funds:**

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Corporation for Public Broadcasting:            |        |            |            |            |            |            |            |            |
| Appropriation, discretionary .....              | 503 BA | <b>25</b>  | <b>25</b>  |            | <b>388</b> | <b>396</b> | <b>405</b> | <b>415</b> |
| Advance appropriation, discretionary .....      | BA     | <b>350</b> | <b>365</b> | <b>380</b> |            |            |            |            |
| Outlays .....                                   | O      | 375        | 390        | 380        | 388        | 396        | 405        | 415        |
| Total Corporation for Public Broadcasting ..... | BA     | <b>375</b> | <b>390</b> | <b>380</b> | <b>388</b> | <b>396</b> | <b>405</b> | <b>415</b> |
|   | O      | 375        | 390        | 380        | 388        | 396        | 405        | 415        |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Court of Appeals for Veterans Claims</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 705 BA | 13             | 15       | 16   | 16   | 17   | 17   | 17   |
| Outlays .....   | O      | 13             | 15       | 15   | 17   | 17   | 17   | 18   |
| <b>Court Services and Offender Supervision Agency for the District of Columbia</b>              |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Federal payment to Court Services and Offender Supervision Agency for the District of Columbia: |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 752 BA | 147            | 155      | 167  | 170  | 174  | 177  | 182  |
| Outlays .....   | O      | 129            | 151      | 172  | 175  | 173  | 177  | 181  |
| <b>Defense Nuclear Facilities Safety Board</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 053 BA | 18             | 19       | 20   | 20   | 21   | 21   | 22   |
| Outlays .....   | O      | 20             | 19       | 20   | 20   | 20   | 21   | 21   |
| <b>Delta Regional Authority</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Delta regional authority:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 452 BA | 10             | 10       | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   | O      | 1              | 9        | 8    | 8    | 6    | 4    | 3    |
| <b>Denali Commission</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Denali Commission:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 452 BA | 38             | 30       | 10   | 10   | 10   | 11   | 11   |
| Spending authority from offsetting collections, discretionary .....                             | BA     | 48             | 48       | 48   | 49   | 50   | 51   | 52   |
| Outlays .....   | O      | 34             | 109      | 122  | 116  | 116  | 117  | 120  |
| Denali Commission (gross) .....   | BA     | 86             | 78       | 58   | 59   | 60   | 62   | 63   |
|   | O      | 34             | 109      | 122  | 116  | 116  | 117  | 120  |
| Offsetting collections from Federal sources .....   |        | -48            | -48      | -48  | -49  | -50  | -51  | -52  |
| Total Denali Commission (net) .....   | BA     | 38             | 30       | 10   | 10   | 10   | 11   | 11   |
|   | O      | -14            | 61       | 74   | 67   | 66   | 66   | 68   |
| <i>Trust funds</i>  |        |                |          |      |      |      |      |      |
| Denali Commission trust fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 452 BA | 11             | 11       | 11   | 11   | 11   | 12   | 12   |
| Outlays .....   | O      | 2              | 13       | 11   | 11   | 11   | 12   | 12   |
| <b>District of Columbia</b>   |        |                |          |      |      |      |      |      |
| <i>District of Columbia Courts</i>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>   |        |                |          |      |      |      |      |      |
| Federal payment to the District of Columbia courts:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 806 BA | 112            | 159      | 164  | 167  | 170  | 174  | 179  |
| Outlays .....   | O      | 101            | 154      | 163  | 167  | 170  | 174  | 178  |
| Defender services in District of Columbia courts:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 806 BA | 34             | 32       | 32   | 33   | 33   | 34   | 35   |
| Outlays .....   | O      | 25             | 32       | 32   | 32   | 33   | 34   | 34   |
| Federal payment for family court act:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 806 BA | 24             |          |      |      |      |      |      |
| Outlays .....   | O      | 1              | 23       |      |      |      |      |      |



**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |      |      |      |      |      |
|---|----------|----------------|----------|------|------|------|------|------|
|   |          |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Federal payment to the District of Columbia judicial retirement and survivors annuity fund: |          |                |          |      |      |      |      |      |
| Appropriation, mandatory  | 752 BA   | 7              | 7        | 7    | 7    | 7    | 7    | 7    |
| Outlays   | O        | 7              | 7        | 7    | 7    | 7    | 7    | 7    |
| <i>Trust funds</i>  |          |                |          |      |      |      |      |      |
| District of Columbia judicial retirement and survivors annuity fund:                        |          |                |          |      |      |      |      |      |
| Appropriation, mandatory  | 602 BA   | 12             | 12       | 12   | 13   | 13   | 14   | 14   |
| Outlays   | O        | 9              | 9        | 9    | 8    | 8    | 8    | 9    |
| <b>Summary</b>  |          |                |          |      |      |      |      |      |
| Federal funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above)  | BA       | 177            | 198      | 203  | 207  | 210  | 215  | 221  |
|   | O        | 134            | 216      | 202  | 206  | 210  | 215  | 219  |
| Trust funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above)  | BA       | 12             | 12       | 12   | 13   | 13   | 14   | 14   |
|   | O        | 9              | 9        | 9    | 8    | 8    | 8    | 9    |
| Interfund transactions  |          |                |          |      |      |      |      |      |
|   | 752 BA/O | -7             | -7       | -7   | -7   | -7   | -7   | -7   |
| Total District of Columbia Courts   |          |                |          |      |      |      |      |      |
|   | BA       | 182            | 203      | 208  | 213  | 216  | 222  | 228  |
|   | O        | 136            | 218      | 204  | 207  | 211  | 216  | 221  |

*District of Columbia Corrections*  
*Federal funds*

|  |        |    |   |  |  |  |  |  |
|--|--------|----|---|--|--|--|--|--|
| <b>General and Special Funds:</b>                                    |        |    |   |  |  |  |  |  |
| Payment to the District of Columbia corrections trustee, operations: |        |    |   |  |  |  |  |  |
| Appropriation, discretionary   | 806 BA | 30 |   |  |  |  |  |  |
| Outlays  | O      | 69 | 1 |  |  |  |  |  |

*District of Columbia General and Special Payments*  
*Federal funds*

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>   |        |     |     |     |     |     |     |     |
| 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 | 27  | 1   | 26  | 26  | 27  | 28  | 28  |
| Reappropriation, discretionary  | BA     | 1   | 1   |     |     |     |     |     |
| Outlays   | O      | 52  | 1   | 26  | 26  | 27  | 28  | 28  |
| Total Federal support for economic development and management reforms in the District |        |     |     |     |     |     |     |     |
|   | BA     | 28  | 2   | 26  | 26  | 27  | 28  | 28  |
|   | O      | 52  | 1   | 26  | 26  | 27  | 28  | 28  |
| Federal payment for emergency planning and security cost in the District of Columbia: |        |     |     |     |     |     |     |     |
| Appropriation, discretionary  | 806 BA | 216 | 15  | 15  | 15  | 16  | 16  | 16  |
| Outlays   | O      | 216 | 15  | 15  | 15  | 16  | 16  | 16  |
| Federal payment to the federal supplemental District of Columbia pension fund:        |        |     |     |     |     |     |     |     |
| Appropriation, mandatory  | 601 BA | 252 | 269 | 269 | 269 | 269 | 269 | 281 |
| Outlays   | O      | 252 | 269 | 269 | 269 | 269 | 269 | 281 |
| Federal supplemental District of Columbia pension fund:                               |        |     |     |     |     |     |     |     |
| Appropriation, mandatory  | 601 BA |     |     |     |     |     |     | 485 |
| Outlays   | O      |     |     |     |     |     |     | 35  |
| <b>Intragovernmental Funds:</b>   |        |     |     |     |     |     |     |     |
| Federal payment for water and sewer services:   |        |     |     |     |     |     |     |     |
| Spending authority from offsetting collections, mandatory                             | 806 BA | 33  | 30  | 30  | 30  | 30  | 30  | 30  |
| Outlays   | O      | 33  | 30  | 30  | 30  | 30  | 30  | 30  |
| Federal payment for water and sewer services (gross)                                  |        |     |     |     |     |     |     |     |
|   | BA     | 33  | 30  | 30  | 30  | 30  | 30  | 30  |
|   | O      | 33  | 30  | 30  | 30  | 30  | 30  | 30  |
| Offsetting collections from Federal sources   |        |     |     |     |     |     |     |     |
|   |        | -33 | -30 | -30 | -30 | -30 | -30 | -30 |
| Total Federal payment for water and sewer services (net)                              |        |     |     |     |     |     |     |     |
|   | BA     |     |     |     |     |     |     |     |
|   | O      |     |     |     |     |     |     |     |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |      |      |      |      |       |
|---|----------|----------------|----------|------|------|------|------|-------|
|   |          |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008  |
| <i>Trust funds</i>  |          |                |          |      |      |      |      |       |
| District of Columbia Federal pension liability trust fund:                  |          |                |          |      |      |      |      |       |
| Appropriation, mandatory .....  | 601 BA   | 459            | 488      | 496  | 500  | 511  | 522  | 497   |
| Spending authority from offsetting collections, mandatory .....             | BA       | 6              |          |      |      |      |      |       |
| Outlays .....   | O        | 465            | 488      | 496  | 500  | 511  | 522  | 497   |
| District of Columbia Federal pension liability trust fund (gross) .....     | BA       | 465            | 488      | 496  | 500  | 511  | 522  | 497   |
|   | O        | 465            | 488      | 496  | 500  | 511  | 522  | 497   |
| Offsetting collections from Federal sources .....                           |          | -6             |          |      |      |      |      |       |
| Total District of Columbia Federal pension liability trust fund (net) ..... | BA       | 459            | 488      | 496  | 500  | 511  | 522  | 497   |
|   | O        | 459            | 488      | 496  | 500  | 511  | 522  | 497   |
| <b>Summary</b>  |          |                |          |      |      |      |      |       |
| Federal funds:  |          |                |          |      |      |      |      |       |
| (As shown in detail above) .....  | BA       | 513            | 303      | 327  | 327  | 330  | 331  | 829   |
|   | O        | 537            | 302      | 327  | 327  | 330  | 331  | 379   |
| Deductions for offsetting receipts:   |          |                |          |      |      |      |      |       |
| Intrafund transactions .....  | 601 BA/O | -252           | -269     | -269 | -269 | -269 | -269 | -281  |
|   | 908 BA/O | -22            | -85      | -107 | -129 | -153 | -178 | -204  |
| Total Federal funds .....   | BA       | 239            | -51      | -49  | -71  | -92  | -116 | 344   |
|   | O        | 263            | -52      | -49  | -71  | -92  | -116 | -106  |
| Trust funds:  |          |                |          |      |      |      |      |       |
| (As shown in detail above) .....  | BA       | 459            | 488      | 496  | 500  | 511  | 522  | 497   |
|   | O        | 459            | 488      | 496  | 500  | 511  | 522  | 497   |
| Total District of Columbia General and Special Payments .....               | BA       | 698            | 437      | 447  | 429  | 419  | 406  | 841   |
|   | O        | 722            | 436      | 447  | 429  | 419  | 406  | 391   |
| Total Federal funds District of Columbia .....                              | BA       | 446            | 147      | 154  | 136  | 118  | 99   | 565   |
|   | O        | 466            | 165      | 153  | 135  | 118  | 99   | 113   |
| Total Trust funds District of Columbia .....                                | BA       | 471            | 500      | 508  | 513  | 524  | 536  | 511   |
|   | O        | 468            | 497      | 505  | 508  | 519  | 530  | 506   |
| Interfund transactions .....  | 752 BA/O | -7             | -7       | -7   | -7   | -7   | -7   | -7    |
| Total District of Columbia .....  | BA       | 910            | 640      | 655  | 642  | 635  | 628  | 1,069 |
|   | O        | 927            | 655      | 651  | 636  | 630  | 622  | 612   |

**Election Assistance Commission**

*Federal funds*

**General and Special Funds:**

Election assistance commission:

|                                    |        |  |     |     |     |    |    |    |
|------------------------------------|--------|--|-----|-----|-----|----|----|----|
| Appropriation, discretionary ..... | 808 BA |  | 400 | 500 | 600 | 10 | 10 | 10 |
| Outlays .....                      | O      |  | 360 | 490 | 590 | 69 | 10 | 10 |

**Equal Employment Opportunity Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 751 BA | 311 | 320 | 335 | 341 | 348 | 356 | 365 |
| Outlays .....                      | O      | 325 | 318 | 333 | 341 | 347 | 355 | 363 |

**Intragovernmental Funds:**

Education, technical assistance and training revolving fund:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory .....           | 751 BA | 3  | 4  | 4  | 4  | 4  | 4  | 4  |
| Outlays .....   | O      | 3  | 4  | 4  | 4  | 4  | 4  | 4  |
| Education, technical assistance and training revolving fund (gross) ..... | BA     | 3  | 4  | 4  | 4  | 4  | 4  | 4  |
|   | O      | 3  | 4  | 4  | 4  | 4  | 4  | 4  |
| Offsetting collections from Federal sources .....                         |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....                         |    | -2             | -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 | 311            | 320      | 335  | 341  | 348  | 356  | 365  |
|   | O  | 325            | 318      | 333  | 341  | 347  | 355  | 363  |

**Export-Import Bank of the United States**

*Federal funds*

**General and Special Funds:**

Inspector general of the Export-Import Bank:

|                                    |     |    |  |  |   |   |   |   |   |
|------------------------------------|-----|----|--|--|---|---|---|---|---|
| Appropriation, discretionary ..... | 155 | BA |  |  | 1 | 1 | 1 | 1 | 1 |
| Outlays .....                      |     | O  |  |  | 1 | 1 | 1 | 1 | 1 |

**Credit Accounts:**

Export-Import Bank loans program account:

|   |     |    |       |     |     |     |     |     |     |
|---|-----|----|-------|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 155 | BA | 740   | 609 | 75  | 137 | 550 | 582 | 616 |
| Appropriation, mandatory .....                                      |     | BA | 441   | 44  |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 1     | 1   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   |     | O  | 1,245 | 907 | 641 | 283 | 335 | 490 | 544 |

|  |  |    |       |     |     |     |     |     |     |
|--|--|----|-------|-----|-----|-----|-----|-----|-----|
| Export-Import Bank loans program account (gross) ..... |  | BA | 1,182 | 654 | 76  | 138 | 551 | 583 | 617 |
|  |  | O  | 1,245 | 907 | 641 | 283 | 335 | 490 | 544 |

|   |  |  |    |    |    |    |    |    |    |
|---|--|--|----|----|----|----|----|----|----|
| Offsetting collections from non-Federal sources ..... |  |  | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
|---|--|--|----|----|----|----|----|----|----|

|  |  |    |       |     |     |     |     |     |     |
|--|--|----|-------|-----|-----|-----|-----|-----|-----|
| Total Export-Import Bank loans program account (net) ..... |  | BA | 1,181 | 653 | 75  | 137 | 550 | 582 | 616 |
|  |  | O  | 1,244 | 906 | 640 | 282 | 334 | 489 | 543 |

Export-Import Bank of the United States liquidating account:

|   |     |    |     |   |    |    |    |    |    |
|---|-----|----|-----|---|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory ..... | 155 | BA | 615 | 7 | 13 | 25 | 24 | 23 | 22 |
| Outlays .....   |     | O  | 40  | 7 | 13 |    |    |    |    |

|   |  |    |     |   |    |    |    |    |    |
|---|--|----|-----|---|----|----|----|----|----|
| Export-Import Bank of the United States liquidating account (gross) ..... |  | BA | 615 | 7 | 13 | 25 | 24 | 23 | 22 |
|   |  | O  | 40  | 7 | 13 |    |    |    |    |

|   |  |  |      |      |      |      |      |      |      |
|---|--|--|------|------|------|------|------|------|------|
| Offsetting collections from Federal sources .....     |  |  | -92  | -94  |      |      |      |      |      |
| Offsetting collections from non-Federal sources ..... |  |  | -523 | -400 | -361 | -336 | -314 | -277 | -179 |

|   |  |    |  |      |      |      |      |      |      |
|---|--|----|--|------|------|------|------|------|------|
| Total Export-Import Bank of the United States liquidating account (net) ..... |  | BA |  | -487 | -348 | -311 | -290 | -254 | -157 |
|   |  | O  |  | -575 | -487 | -348 | -314 | -277 | -179 |

**Summary**

Federal funds:

|                                  |  |    |       |     |      |      |     |     |     |
|----------------------------------|--|----|-------|-----|------|------|-----|-----|-----|
| (As shown in detail above) ..... |  | BA | 1,181 | 166 | -272 | -173 | 261 | 329 | 460 |
|                                  |  | O  | 669   | 419 | 293  | -53  | 21  | 213 | 365 |

Deductions for offsetting receipts:

|  |     |      |      |        |      |      |      |      |      |
|--|-----|------|------|--------|------|------|------|------|------|
| Proprietary receipts from the public ..... | 155 | BA/O | -810 | -3,524 | -113 | -115 | -117 | -120 | -123 |
|--|-----|------|------|--------|------|------|------|------|------|

|   |  |    |      |        |      |      |     |     |     |
|---|--|----|------|--------|------|------|-----|-----|-----|
| Total Export-Import Bank of the United States ..... |  | BA | 371  | -3,358 | -385 | -288 | 144 | 209 | 337 |
|   |  | O  | -141 | -3,105 | 180  | -168 | -96 | 93  | 242 |

**Farm Credit Administration**

*Federal funds*

**Public Enterprise Funds:**

Revolving fund for administrative expenses:

|   |     |    |      |      |      |      |      |      |      |
|---|-----|----|------|------|------|------|------|------|------|
| Spending authority from offsetting collections, mandatory ..... | 351 | BA | 36   | 39   | 42   | 41   | 42   | 43   | 44   |
| Outlays .....   |     | O  | 36   | 38   | 38   | 41   | 42   | 43   | 44   |
| Limitation on administrative expenses .....                     |     |    | (37) | (38) | (38) | (39) | (39) | (40) | (41) |

|  |  |    |    |    |    |    |    |    |    |
|--|--|----|----|----|----|----|----|----|----|
| Revolving fund for administrative expenses (gross) ..... |  | BA | 36 | 39 | 42 | 41 | 42 | 43 | 44 |
|  |  | O  | 36 | 38 | 38 | 41 | 42 | 43 | 44 |

|  |  |  |    |    |    |  |  |  |  |
|--|--|--|----|----|----|--|--|--|--|
| Offsetting collections from Federal sources .....                |  |  | -1 | -1 | -1 |  |  |  |  |
| Offsetting collections from interest on Federal securities ..... |  |  |    | -1 | -1 |  |  |  |  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |      |      |      |      |      |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....        |    | -35            | -37      | -40  | -41  | -42  | -43  | -44  |
| Total Revolving fund for administrative expenses (net) ..... | BA |                |          |      |      |      |      |      |
|  | O  |                | -1       | -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 | 142 | 165  | 72  | 67  |  |  |  |
| Outlays .....  | O      | 71  | 71   | 29  | 29  |  |  |  |
| Financial Assistance Corporation assistance fund liquidating account (gross) .....     | BA     | 142 | 165  | 72  | 67  |  |  |  |
|  | O      | 71  | 71   | 29  | 29  |  |  |  |
| Offsetting collections from interest on Federal securities .....                       |        | -56 | -53  | -43 | -40 |  |  |  |
| Offsetting collections from non-Federal sources .....                                  |        | -86 | -112 | -29 | -27 |  |  |  |
| Total Financial Assistance Corporation assistance fund liquidating account (net) ..... | BA     |     |      |     |     |  |  |  |
|  | O      | -71 | -94  | -43 | -38 |  |  |  |

*Trust funds*

|  |        |   |   |   |   |  |  |  |
|--|--------|---|---|---|---|--|--|--|
| Financial assistance corporation trust fund: |        |   |   |   |   |  |  |  |
| Appropriation, mandatory .....               | 351 BA | 8 | 7 | 4 | 3 |  |  |  |

**Farm Credit System Insurance Corporation**

*Federal funds*

**Public Enterprise Funds:**

|  |        |     |      |      |      |      |      |      |
|--|--------|-----|------|------|------|------|------|------|
| Farm credit system insurance fund:                                 |        |     |      |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....    | 351 BA | 82  | 171  | 141  | 148  | 146  | 156  | 165  |
| Outlays .....  | O      | 2   | 2    | 2    | 2    | 2    | 2    | 2    |
| Farm credit system insurance fund (gross) .....                    | BA     | 82  | 171  | 141  | 148  | 146  | 156  | 165  |
|  | O      | 2   | 2    | 2    | 2    | 2    | 2    | 2    |
| Change in uncollected customer payments from Federal sources ..... | BA     | 7   |      |      |      |      |      |      |
| Offsetting collections from interest on Federal securities .....   |        | -89 | -92  | -102 | -109 | -105 | -113 | -121 |
| Offsetting collections from non-Federal sources .....              |        |     | -79  | -39  | -39  | -41  | -43  | -44  |
| Total Farm credit system insurance fund (net) .....                | BA     |     |      |      |      |      |      |      |
|  | O      | -87 | -169 | -139 | -146 | -144 | -154 | -163 |

**Federal Communications Commission**

*Federal funds*

**General and Special Funds:**

|  |        |       |       |       |       |       |       |       |
|--|--------|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses:   |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                   | 376 BA | 26    | 29    | 29    | 30    | 30    | 31    | 32    |
| Spending authority from offsetting collections, discretionary .....  | BA     | 298   | 337   | 352   | 359   | 366   | 374   | 384   |
| Outlays .....  | O      | 336   | 374   | 379   | 387   | 395   | 404   | 413   |
| Salaries and expenses (gross) .....                                  | BA     | 324   | 366   | 381   | 389   | 396   | 405   | 416   |
|  | O      | 336   | 374   | 379   | 387   | 395   | 404   | 413   |
| Offsetting collections from Federal sources .....                    |        | -1    | -1    | -1    | -1    | -1    | -1    | -1    |
| Offsetting collections from non-Federal sources .....                |        | -78   | -97   | -99   | -101  | -103  | -105  | -108  |
| Offsetting governmental collections (from non-Federal sources) ..... |        | -219  | -239  | -252  | -257  | -262  | -268  | -275  |
| Total Salaries and expenses (net) .....                              | BA     | 26    | 29    | 29    | 30    | 30    | 31    | 32    |
|  | O      | 38    | 37    | 27    | 28    | 29    | 30    | 29    |
| Pioneer's preference settlement:                                     |        |       |       |       |       |       |       |       |
| Offsetting collections from non-Federal sources .....                | 376    | -11   | -114  |       |       |       |       |       |
| Pioneer's preference settlement (net) .....                          | BA     | -11   | -114  |       |       |       |       |       |
|  | O      | -11   | -114  |       |       |       |       |       |
| Universal service fund:  |        |       |       |       |       |       |       |       |
| Appropriation, mandatory .....                                       | 376 BA | 5,472 | 6,329 | 6,651 | 6,733 | 6,856 | 6,987 | 7,125 |
| Outlays .....  | O      | 5,108 | 6,357 | 6,588 | 6,704 | 6,827 | 6,958 | 7,125 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |       |       |       |       |       |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
|   |          |                | 2003     | 2004  | 2005  | 2006  | 2007  | 2008  |
| <b>Credit Accounts:</b>                                   |          |                |          |       |       |       |       |       |
| Spectrum auction program account:                         |          |                |          |       |       |       |       |       |
| Appropriation, mandatory                                  | 376 BA   | 142            | 536      | 13    | 13    | 13    | 13    | 13    |
| Spending authority from offsetting collections, mandatory | BA       | 3              |          |       |       |       |       |       |
| Outlays   | O        | 143            | 541      | 13    | 13    | 13    | 13    | 13    |
| Spectrum auction program account (gross)                  | BA       | 145            | 536      | 13    | 13    | 13    | 13    | 13    |
|   | O        | 143            | 541      | 13    | 13    | 13    | 13    | 13    |
| Offsetting collections from Federal sources               |          | -3             | -25      |       |       |       |       |       |
| Total Spectrum auction program account (net)              | BA       | 142            | 511      | 13    | 13    | 13    | 13    | 13    |
|   | O        | 140            | 516      | 13    | 13    | 13    | 13    | 13    |
| <b>Summary</b>  |          |                |          |       |       |       |       |       |
| Federal funds:  |          |                |          |       |       |       |       |       |
| (As shown in detail above)                                | BA       | 5,629          | 6,755    | 6,693 | 6,776 | 6,899 | 7,031 | 7,170 |
|   | O        | 5,275          | 6,796    | 6,628 | 6,745 | 6,869 | 7,001 | 7,167 |
| Deductions for offsetting receipts:                       |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public                      | 376 BA/O | -22            | -22      | -22   | -22   | -22   | -22   | -22   |
|   | 908 BA/O | -52            | -35      | -32   | -32   | -32   | -32   | -32   |
| Total Federal Communications Commission                   | BA       | 5,555          | 6,698    | 6,639 | 6,722 | 6,845 | 6,977 | 7,116 |
|   | O        | 5,201          | 6,739    | 6,574 | 6,691 | 6,815 | 6,947 | 7,113 |

**Federal Deposit Insurance Corporation**

*Bank Insurance*  
*Federal funds*

|  |        |        |        |                 |                 |                 |                 |                 |
|--|--------|--------|--------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Public Enterprise Funds:</b>                            |        |        |        |                 |                 |                 |                 |                 |
| Bank insurance fund:                                       |        |        |        |                 |                 |                 |                 |                 |
| Spending authority from offsetting collections, mandatory  | 373 BA | 2,998  | 2,692  | 3,709           | 4,342           | 4,998           | 5,293           | 5,721           |
|  |        |        |        | <i>B</i> -3,709 | <i>B</i> -4,342 | <i>B</i> -4,998 | <i>B</i> -5,293 | <i>B</i> -5,721 |
| Outlays  | O      | 3,135  | 3,637  | 3,332           | 3,070           | 3,835           | 4,472           | 4,871           |
|  |        |        |        | <i>B</i> -3,332 | <i>B</i> -3,070 | <i>B</i> -3,835 | <i>B</i> -4,472 | <i>B</i> -4,871 |
| Bank insurance fund (gross)                                | BA     | 2,998  | 2,692  |                 |                 |                 |                 |                 |
|  | O      | 3,135  | 3,637  |                 |                 |                 |                 |                 |
| Offsetting collections from interest on Federal securities |        | -2,000 | -1,607 | -1,556          | -1,613          | -1,654          | -1,683          | -1,769          |
|  |        |        |        | <i>B</i> 1,556  | <i>B</i> 1,613  | <i>B</i> 1,654  | <i>B</i> 1,683  | <i>B</i> 1,769  |
| Offsetting collections from non-Federal sources            |        | -1,025 | -1,110 | -2,177          | -2,754          | -3,369          | -3,636          | -3,978          |
|  |        |        |        | <i>B</i> 2,177  | <i>B</i> 2,754  | <i>B</i> 3,369  | <i>B</i> 3,636  | <i>B</i> 3,978  |
| Total Bank insurance fund (net)                            | BA     | -27    | -25    |                 |                 |                 |                 |                 |
|  | O      | 110    | 920    |                 |                 |                 |                 |                 |
| Savings association insurance fund:                        |        |        |        |                 |                 |                 |                 |                 |
| Spending authority from offsetting collections, mandatory  | 373 BA | 2,010  | 1,036  | 1,044           | 1,043           | 1,071           | 1,030           | 1,041           |
|  |        |        |        | <i>B</i> -1,044 | <i>B</i> -1,043 | <i>B</i> -1,071 | <i>B</i> -1,030 | <i>B</i> -1,041 |
| Outlays  | O      | 1,510  | 888    | 830             | 603             | 564             | 616             | 659             |
|  |        |        |        | <i>B</i> -830   | <i>B</i> -603   | <i>B</i> -564   | <i>B</i> -616   | <i>B</i> -659   |
| Savings association insurance fund (gross)                 | BA     | 2,010  | 1,036  |                 |                 |                 |                 |                 |
|  | O      | 1,510  | 888    |                 |                 |                 |                 |                 |
| Offsetting collections from interest on Federal securities |        | -669   | -624   | -584            | -617            | -626            | -637            | -677            |
|  |        |        |        | <i>B</i> 584    | <i>B</i> 617    | <i>B</i> 626    | <i>B</i> 637    | <i>B</i> 677    |
| Offsetting collections from non-Federal sources            |        | -1,344 | -415   | -463            | -429            | -448            | -396            | -367            |
|  |        |        |        | <i>B</i> 463    | <i>B</i> 429    | <i>B</i> 448    | <i>B</i> 396    | <i>B</i> 367    |
| Total Savings association insurance fund (net)             | BA     | -3     | -3     |                 |                 |                 |                 |                 |
|  | O      | -503   | -151   |                 |                 |                 |                 |                 |
| Federal deposit insurance fund:                            |        |        |        |                 |                 |                 |                 |                 |
| Spending authority from offsetting collections, mandatory  | 373 BA |        |        | <i>B</i> 4,313  | <i>B</i> 4,559  | <i>B</i> 5,772  | <i>B</i> 6,321  | <i>B</i> 6,738  |
| Outlays  | O      |        |        | <i>B</i> 4,162  | <i>B</i> 3,671  | <i>B</i> 4,397  | <i>B</i> 5,086  | <i>B</i> 5,527  |
| Federal deposit insurance fund (gross)                     | BA     |        |        | 4,313           | 4,559           | 5,772           | 6,321           | 6,738           |
|  | O      |        |        | 4,162           | 3,671           | 4,397           | 5,086           | 5,527           |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |        | 2002<br>actual | estimate |                     |                     |                     |                     | 2008                |
|--|--------|----------------|----------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  |        |                | 2003     | 2004                | 2005                | 2006                | 2007                |                     |
| Offsetting collections from interest on Federal securities ..... |        |                |          | <sup>B</sup> -2,153 | <sup>B</sup> -2,168 | <sup>B</sup> -2,214 | <sup>B</sup> -2,259 | <sup>B</sup> -2,383 |
| Offsetting collections from non-Federal sources .....            |        |                |          | <sup>B</sup> -2,187 | <sup>B</sup> -2,419 | <sup>B</sup> -3,586 | <sup>B</sup> -4,091 | <sup>B</sup> -4,384 |
| Total Federal deposit insurance fund (net) .....                 | BA     |                |          | -27                 | -28                 | -28                 | -29                 | -29                 |
|  | O      |                |          | -178                | -916                | -1,403              | -1,264              | -1,240              |
| <b>FSLIC resolution fund:</b>                                    |        |                |          |                     |                     |                     |                     |                     |
| Spending authority from offsetting collections, mandatory .....  | 373 BA | 1,605          | 575      | 191                 | 187                 | 206                 | 148                 | 143                 |
| Outlays .....  | O      | 1,615          | 620      | 173                 | 118                 | 75                  | 10                  | 10                  |
| FSLIC resolution fund (gross) .....                              | BA     | 1,605          | 575      | 191                 | 187                 | 206                 | 148                 | 143                 |
|  | O      | 1,615          | 620      | 173                 | 118                 | 75                  | 10                  | 10                  |
| Offsetting collections from interest on Federal securities ..... |        | -51            | -44      | -58                 | -91                 | -118                | -130                | -136                |
| Offsetting collections from non-Federal sources .....            |        | -1,556         | -534     | -136                | -99                 | -91                 | -21                 | -10                 |
| Total FSLIC resolution fund (net) .....                          | BA     | -2             | -3       | -3                  | -3                  | -3                  | -3                  | -3                  |
|  | O      | 8              | 42       | -21                 | -72                 | -134                | -141                | -136                |
| <b>Intragovernmental Funds:</b>                                  |        |                |          |                     |                     |                     |                     |                     |
| Office of Inspector General:                                     |        |                |          |                     |                     |                     |                     |                     |
| Spending authority from offsetting collections, mandatory .....  | 373 BA | 32             | 31       | 30                  | 30                  | 31                  | 31                  | 32                  |
| Outlays .....  | O      | 32             | 31       | 30                  | 30                  | 31                  | 31                  | 32                  |
| Total Federal funds Bank Insurance .....                         | BA     |                |          |                     | -1                  |                     | -1                  |                     |
|  | O      | -353           | 842      | -169                | -958                | -1,506              | -1,374              | -1,344              |

**Federal Drug Control Programs**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| High-intensity drug trafficking areas program:          |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                      | 754 BA | 187 | 206 | 206 | 210 | 214 | 219 | 224 |
| Outlays .....   | O      | 152 | 213 | 207 | 207 | 211 | 215 | 219 |
| Other Federal drug control programs:                    |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                      | 802 BA | 232 | 251 | 250 | 255 | 260 | 266 | 272 |
| Outlays .....   | O      | 272 | 241 | 250 | 251 | 256 | 261 | 267 |
| Counterdrug Technology Assessment Center:               |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                      | 754 BA | 42  | 40  | 40  | 41  | 42  | 42  | 44  |
| Outlays .....   | O      | 43  | 40  | 40  | 41  | 42  | 42  | 44  |
| Total Federal funds Federal Drug Control Programs ..... | BA     | 461 | 497 | 496 | 506 | 516 | 527 | 540 |
|   | O      | 467 | 494 | 497 | 499 | 509 | 518 | 530 |

**Federal Election Commission**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 808 BA | 44 | 45 | 50 | 51 | 52 | 53 | 54 |
| Outlays .....                      | O      | 43 | 45 | 49 | 51 | 52 | 53 | 54 |

**Federal Financial Institutions Examination Council Appraisal Subcommittee**

*Federal funds*

**General and Special Funds:**

|                                |        |   |   |   |   |   |   |   |
|--------------------------------|--------|---|---|---|---|---|---|---|
| Registry fees:                 |        |   |   |   |   |   |   |   |
| Appropriation, mandatory ..... | 376 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                  | O      | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

**Federal Housing Finance Board**

*Federal funds*

**Public Enterprise Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Federal housing finance board:                                  |        |    |    |    |    |    |    |    |
| Spending authority from offsetting collections, mandatory ..... | 371 BA | 23 | 23 | 28 | 29 | 30 | 32 | 33 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate  |           |           |           |           |           |
|---|----|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |    |                | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      |
| Outlays .....   | O  | 23             | 27        | 28        | 29        | 30        | 32        | 33        |
| Federal housing finance board (gross) .....           | BA | <b>23</b>      | <b>23</b> | <b>28</b> | <b>29</b> | <b>30</b> | <b>32</b> | <b>33</b> |
|   | O  | 23             | 27        | 28        | 29        | 30        | 32        | 33        |
| Offsetting collections from non-Federal sources ..... |    | -23            | -23       | -28       | -29       | -30       | -32       | -33       |
| Total Federal housing finance board (net) .....       | BA |                |           |           |           |           |           |           |
|   | O  |                | 4         |           |           |           |           |           |

**Federal Labor Relations Authority**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 805 BA | 27 | 29 | 30 | 31 | 31 | 32 | 33 |
| Outlays .....                      | O      | 24 | 29 | 30 | 30 | 31 | 31 | 33 |

**Federal Maritime Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 403 BA | 16 | 17 | 18 | 18 | 19 | 19 | 20 |
| Outlays .....                      | O      | 17 | 17 | 18 | 18 | 19 | 19 | 19 |

**Federal Mediation and Conciliation Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 505 BA | 40        | 40        | 43        | 44        | 45        | 46        | 47        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3         | 2         | 2         | 2         | 2         | 2         | 2         |
| Outlays .....   | O      | 45        | 42        | 45        | 46        | 47        | 48        | 49        |
| Salaries and expenses (gross) .....                                 | BA     | <b>43</b> | <b>42</b> | <b>45</b> | <b>46</b> | <b>47</b> | <b>48</b> | <b>49</b> |
|   | O      | 45        | 42        | 45        | 46        | 47        | 48        | 49        |
| Portion of cash collections credited to expired accounts .....      | BA     | 1         |           |           |           |           |           |           |
| Offsetting collections from Federal sources .....                   |        | -2        | -1        | -1        | -1        | -1        | -1        | -1        |
| Offsetting collections from non-Federal sources .....               |        | -2        | -1        | -1        | -1        | -1        | -1        | -1        |
| Total Salaries and expenses (net) .....                             | BA     | <b>40</b> | <b>40</b> | <b>43</b> | <b>44</b> | <b>45</b> | <b>46</b> | <b>47</b> |
|   | O      | 41        | 40        | 43        | 44        | 45        | 46        | 47        |

**Federal Mine Safety and Health Review Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 554 BA | 7 | 7 | 8 | 8 | 8 | 8 | 9 |
| Outlays .....                      | O      | 7 | 7 | 8 | 8 | 8 | 8 | 8 |

**Federal Retirement Thrift Investment Board**

*Federal funds*

**General and Special Funds:**

Program expenses:

|                                |        |    |    |    |    |    |    |    |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 602 BA | 96 | 94 | 82 | 83 | 85 | 86 | 88 |
| Outlays .....                  | O      | 84 | 94 | 82 | 83 | 85 | 86 | 88 |

**Summary**

Federal funds:

|                                  |    |           |           |           |           |           |           |           |
|----------------------------------|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (As shown in detail above) ..... | BA | <b>96</b> | <b>94</b> | <b>82</b> | <b>83</b> | <b>85</b> | <b>86</b> | <b>88</b> |
|                                  | O  | 84        | 94        | 82        | 83        | 85        | 86        | 88        |





**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |          | 2002<br>actual | estimate |      |      |      |      |      |
|--|----------|----------------|----------|------|------|------|------|------|
|  |          |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Legal Services Corporation</b>  |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Payment to Legal Services Corporation:   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 752 BA   | 329            | 329      | 329  | 335  | 342  | 350  | 358  |
| Outlays  | O        | 333            | 334      | 334  | 335  | 341  | 349  | 358  |
| <b>Marine Mammal Commission</b>  |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Salaries and expenses:   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 302 BA   | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays  | O        | 2              | 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   | 31             | 32       | 36   | 37   | 37   | 38   | 39   |
| Spending authority from offsetting collections, discretionary  | BA       | 3              | 3        |      |      |      |      |      |
| Outlays  | O        | 39             | 35       | 36   | 37   | 37   | 38   | 39   |
| Salaries and expenses (gross)  | BA       | 34             | 35       | 36   | 37   | 37   | 38   | 39   |
|  | O        | 39             | 35       | 36   | 37   | 37   | 38   | 39   |
| Offsetting collections from Federal sources  |          | -3             | -3       |      |      |      |      |      |
| Total Salaries and expenses (net)  | BA       | 31             | 32       | 36   | 37   | 37   | 38   | 39   |
|  | O        | 36             | 32       | 36   | 37   | 37   | 38   | 39   |
| <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        |      |      |      |      |      |
| Outlays  | O        | 2              | 2        |      |      |      |      |      |
| Environmental dispute resolution fund:   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 306 BA   | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Appropriation, mandatory   | BA       | 1              | 2        | 1    | 1    | 1    | 1    | 1    |
| Outlays  | O        | 3              | 3        | 2    | 2    | 2    | 2    | 2    |
| Total Environmental dispute resolution fund  | BA       | 2              | 3        | 2    | 2    | 2    | 2    | 2    |
|  | O        | 3              | 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   | 2              | 2        |      |      |      |      |      |
| Outlays  | O        | 2              | 2        |      |      |      |      |      |
| <b>Summary</b>   |          |                |          |      |      |      |      |      |
| Federal funds:   |          |                |          |      |      |      |      |      |
| (As shown in detail above)   | BA       | 4              | 5        | 2    | 2    | 2    | 2    | 2    |
|  | O        | 5              | 5        | 2    | 2    | 2    | 2    | 2    |
| Deductions for offsetting receipts:  |          |                |          |      |      |      |      |      |
| Proprietary receipts from the public   | 306 BA/O | -1             | -2       | -1   | -1   | -1   | -1   | -1   |
| Total Federal funds  | BA       | 3              | 3        | 1    | 1    | 1    | 1    | 1    |
|  | O        | 4              | 3        | 1    | 1    | 1    | 1    | 1    |
| Trust funds:   |          |                |          |      |      |      |      |      |
| (As shown in detail above)   | BA       | 2              | 2        |      |      |      |      |      |
|  | O        | 2              | 2        |      |      |      |      |      |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |          | 2002<br>actual | estimate |      |      |      |      |      |
|--|----------|----------------|----------|------|------|------|------|------|
|  |          |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Interfund transactions .....   | 502 BA/O | -2             | -2       | -4   | -4   | -4   | -4   | -4   |
| Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation ..... | BA       | 3              | 3        | -3   | -3   | -3   | -3   | -3   |
|  | O        | 4              | 3        | -3   | -3   | -3   | -3   | -3   |

**National Archives and Records Administration**

*Federal funds*

**General and Special Funds:**

Operating expenses:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 804 BA | 239 | 250 | 286 | 291 | 296 | 304 | 311 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4   | 3   | 3   | 3   | 3   | 3   | 3   |
| Outlays .....   | O      | 223 | 297 | 282 | 294 | 298 | 306 | 314 |
| Operating expenses (gross) .....                                    | BA     | 243 | 253 | 289 | 294 | 299 | 307 | 314 |
|   | O      | 223 | 297 | 282 | 294 | 298 | 306 | 314 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1  |     |     |     |     |     |     |
| Portion of cash collections credited to expired accounts .....      | BA     | 1   |     |     |     |     |     |     |
| Offsetting collections from Federal sources .....                   |        | -4  | -3  | -3  | -3  | -3  | -3  | -3  |
| Total Operating expenses (net) .....                                | BA     | 239 | 250 | 286 | 291 | 296 | 304 | 311 |
|   | O      | 219 | 294 | 279 | 291 | 295 | 303 | 311 |

Repairs and restoration:

|   |        |    |    |   |   |   |   |   |
|---|--------|----|----|---|---|---|---|---|
| Appropriation, discretionary .....                                  | 804 BA | 40 | 10 | 6 | 6 | 6 | 6 | 7 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 6  |    |   |   |   |   |   |
| Outlays .....   | O      | 43 | 52 | 9 | 6 | 6 | 6 | 7 |
| Repairs and restoration (gross) .....                               | BA     | 46 | 10 | 6 | 6 | 6 | 6 | 7 |
|   | O      | 43 | 52 | 9 | 6 | 6 | 6 | 7 |
| Offsetting collections from Federal sources .....                   |        | -6 |    |   |   |   |   |   |
| Total Repairs and restoration (net) .....                           | BA     | 40 | 10 | 6 | 6 | 6 | 6 | 7 |
|   | O      | 37 | 52 | 9 | 6 | 6 | 6 | 7 |

National Historical Publications and Records Commission:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 804 BA | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                      | O      | 7 | 9 | 7 | 5 | 5 | 5 | 5 |

**Intragovernmental Funds:**

Records center revolving fund:

|   |        |      |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|------|
| Spending authority from offsetting collections, discretionary ..... | 804 BA | 111  | 119  | 123  | 125  | 128  | 131  | 134  |
| Outlays .....   | O      | 115  | 117  | 119  | 126  | 127  | 131  | 134  |
| Records center revolving fund (gross) .....                         | BA     | 111  | 119  | 123  | 125  | 128  | 131  | 134  |
|   | O      | 115  | 117  | 119  | 126  | 127  | 131  | 134  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1   |      |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -110 | -119 | -123 | -125 | -128 | -131 | -134 |
| Total Records center revolving fund (net) .....                     | BA     | 5    | -2   | -4   | 1    | -1   |      |      |
|   | O      | 5    | -2   | -4   | 1    | -1   |      |      |

*Trust funds*

National archives gift fund:

|                                |        |   |   |   |   |   |   |   |
|--------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, mandatory ..... | 804 BA | 6 | 5 | 3 | 1 | 1 | 1 | 1 |
| Outlays .....                  | O      | 2 | 2 | 1 |   |   |   |   |

National archives trust fund:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory ..... | 804 BA | 17 | 21 | 19 | 20 | 20 | 20 | 20 |
| Outlays .....   | O      | 18 | 21 | 19 | 20 | 20 | 20 | 20 |
| National archives trust fund (gross) .....                      | BA     | 17 | 21 | 19 | 20 | 20 | 20 | 20 |
|   | O      | 18 | 21 | 19 | 20 | 20 | 20 | 20 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |    | 2002<br>actual | estimate |      |      |      |      |      |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources .....                  |    | -17            | -21      | -19  | -20  | -20  | -20  | -20  |
| Total National archives trust fund (net) .....                         | BA |                |          |      |      |      |      |      |
|  | O  | 1              |          |      |      |      |      |      |
| Total Federal funds National Archives and Records Administration ..... | BA | 285            | 265      | 297  | 302  | 307  | 315  | 323  |
|  | O  | 268            | 353      | 291  | 303  | 305  | 314  | 323  |
| Total Trust funds National Archives and Records Administration .....   | BA | 6              | 5        | 3    | 1    | 1    | 1    | 1    |
|  | O  | 3              | 2        | 1    |      |      |      |      |

**National Capital Planning Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|  |     |    |    |   |   |   |   |   |   |
|--|-----|----|----|---|---|---|---|---|---|
| Appropriation, discretionary .....                             | 451 | BA | 8  | 7 | 8 | 8 | 8 | 8 | 9 |
| Outlays .....  |     | O  | 8  | 7 | 8 | 8 | 8 | 8 | 9 |
| Pennsylvania Avenue Restoration fund:                          |     |    |    |   |   |   |   |   |   |
| Appropriation, discretionary .....                             | 451 | BA |    | 6 |   |   |   |   |   |
| Outlays .....  |     | O  |    | 6 |   |   |   |   |   |
| Total Federal funds National Capital Planning Commission ..... | BA  | 8  | 13 | 8 | 8 | 8 | 8 | 8 | 9 |
|  | O   | 8  | 13 | 8 | 8 | 8 | 8 | 8 | 9 |

**National Commission on Libraries and Information Science**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |     |    |   |   |   |   |   |   |   |
|------------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 503 | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays .....                      |     | O  | 2 | 2 | 1 | 1 | 1 | 1 | 1 |

**National Council on Disability**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |     |    |   |   |   |   |   |   |   |
|------------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 506 | BA | 3 | 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  | 140  | 146  | 150  | 160  | 165  | 170  | 175  |
| Outlays .....  |     | O   | 137  | 146  | 150  | 160  | 165  | 170  | 175  |
| Operating fund (gross) .....                                     | BA  | 140 | 146  | 150  | 160  | 165  | 170  | 175  |      |
|  | O   | 137 | 146  | 150  | 160  | 165  | 170  | 175  |      |
| Offsetting collections from Federal sources .....                |     |     | -86  | -90  | -93  | -91  | -94  | -97  | -101 |
| Offsetting collections from non-Federal sources .....            |     |     | -54  | -56  | -57  | -69  | -71  | -73  | -74  |
| Total Operating fund (net) .....                                 | BA  |     |      |      |      |      |      |      |      |
|  | O   |     | -3   |      |      |      |      |      |      |
| Credit union share insurance fund:                               |     |     |      |      |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....  | 373 | BA  | 690  | 756  | 790  | 722  | 743  | 778  | 823  |
| Outlays .....  |     | O   | 73   | 76   | 79   | 491  | 502  | 560  | 590  |
| Credit union share insurance fund (gross) .....                  | BA  | 690 | 756  | 790  | 722  | 743  | 778  | 823  |      |
|  | O   | 73  | 76   | 79   | 491  | 502  | 560  | 590  |      |
| Offsetting collections from interest on Federal securities ..... |     |     | -223 | -232 | -241 | -226 | -231 | -232 | -230 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |         | 2002<br>actual | estimate   |            |            |            |            | 2008       |
|--|---------|----------------|------------|------------|------------|------------|------------|------------|
|  |         |                | 2003       | 2004       | 2005       | 2006       | 2007       |            |
| Offsetting collections from non-Federal sources .....                    |         | -467           | -524       | -549       | -496       | -512       | -546       | -593       |
| Total Credit union share insurance fund (net) .....                      | BA<br>O | -617           | -680       | -711       | -231       | -241       | -218       | -233       |
| Central liquidity facility:  |         |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                       | 373 BA  | 1              | 1          | 1          | 1          | 1          | 1          | 1          |
| Spending authority from offsetting collections, discretionary .....      | BA      | 135            | 142        | 147        | 150        | 153        | 156        | 160        |
| Outlays .....  | O       | 136            | 143        | 147        | 150        | 153        | 156        | 160        |
| Limitation on direct loan activity .....                                 |         | (1,500)        | (1,500)    | (1,500)    | (1,528)    | (1,559)    | (1,594)    | (1,634)    |
| Central liquidity facility (gross) .....                                 | BA<br>O | 136<br>136     | 143<br>143 | 148<br>147 | 151<br>150 | 154<br>153 | 157<br>156 | 161<br>160 |
| Offsetting collections from interest on Federal securities .....         |         | -30            | -32        | -33        | -34        | -34        | -35        | -36        |
| Offsetting collections from non-Federal sources .....                    |         | -105           | -110       | -114       | -116       | -118       | -121       | -124       |
| Total Central liquidity facility (net) .....                             | BA<br>O | 1<br>1         | 1<br>1     | 1          | 1          | 2<br>1     | 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      | 3              | 2          | 2          | 3          | 3          | 3          | 3          |
| Outlays .....  | O       | 1              | 2          | 3          | 4          | 5          | 5          | 4          |
| Community development credit union revolving loan fund (gross) .....     | BA<br>O | 4<br>1         | 3<br>2     | 3<br>3     | 4<br>4     | 4<br>5     | 4<br>5     | 4<br>4     |
| Offsetting collections from Federal sources .....                        |         | -1             | -1         | -1         | -1         | -1         | -1         | -1         |
| Offsetting collections from non-Federal sources .....                    |         | -3             | -2         | -2         | -3         | -3         | -3         | -3         |
| Total Community development credit union revolving loan fund (net) ..... | BA<br>O | -3<br>-3       | -1<br>-1   |            |            | 1          | 1          |            |
| Total Federal funds National Credit Union Administration .....           | BA<br>O | 1<br>-622      | 1<br>-680  | 1<br>-711  | 1<br>-231  | 2<br>-239  | 1<br>-217  | 1<br>-233  |

**National Education Goals Panel**

*Federal funds*

**General and Special Funds:**

National Education Goals Panel:

|               |       |   |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|
| Outlays ..... | 503 O | 1 |  |  |  |  |  |  |
|---------------|-------|---|--|--|--|--|--|--|

**National Endowment for the Arts**

*Federal funds*

**General and Special Funds:**

National Endowment for the Arts: grants and administration:

|   |         |            |            |            |            |            |            |            |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 503 BA  | 98         | 99         | 100        | 102        | 104        | 106        | 109        |
| Appropriation, mandatory .....                                      | BA      | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Spending authority from offsetting collections, discretionary ..... | BA      | 2          | 3          | 3          | 3          | 3          | 3          | 3          |
| Outlays .....   | O       | 104        | 108        | 106        | 109        | 110        | 112        | 115        |
| National Endowment for the Arts (gross) .....                       | BA<br>O | 101<br>104 | 103<br>108 | 104<br>106 | 106<br>109 | 108<br>110 | 110<br>112 | 113<br>115 |
| Offsetting collections from Federal sources .....                   |         | -2         | -3         | -3         | -3         | -3         | -3         | -3         |
| Total National Endowment for the Arts (net) .....                   | BA<br>O | 99<br>102  | 100<br>105 | 101<br>103 | 103<br>106 | 105<br>107 | 107<br>109 | 110<br>112 |
| Challenge America arts fund:  |         |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 503 BA  | 17         | 17         | 17         | 17         | 18         | 18         | 19         |
| Outlays .....   | O       | 6          | 16         | 18         | 17         | 17         | 17         | 18         |
| Total Federal funds National Endowment for the Arts .....           | BA<br>O | 116<br>108 | 117<br>121 | 118<br>121 | 120<br>123 | 123<br>124 | 125<br>126 | 129<br>130 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <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 | 125            | 126      | 152  | 155  | 158  | 161  | 166  |
| Appropriation, mandatory .....                                      | BA     | 1              |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 121            | 122      | 155  | 156  | 160  | 163  | 167  |
| <hr/>   |        |                |          |      |      |      |      |      |
| National Endowment for the Humanities (gross) .....                 | BA     | 127            | 127      | 153  | 156  | 159  | 162  | 167  |
|   | O      | 121            | 122      | 155  | 156  | 160  | 163  | 167  |
| <hr/>   |        |                |          |      |      |      |      |      |
| Offsetting collections from Federal sources .....                   |        | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| <hr/>   |        |                |          |      |      |      |      |      |
| Total National Endowment for the Humanities (net) .....             | BA     | 126            | 126      | 152  | 155  | 158  | 161  | 166  |
|   | O      | 120            | 121      | 154  | 155  | 159  | 162  | 166  |
| <hr/>   |        |                |          |      |      |      |      |      |
| <b>Institute of Museum and Library Services</b>                     |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Office of Museum and Library Services: grants and administration:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 503 BA | 225            | 211      | 242  | 247  | 252  | 257  | 264  |
| Outlays .....   | O      | 219            | 171      | 209  | 242  | 248  | 252  | 259  |
| <hr/>   |        |                |          |      |      |      |      |      |
| <b>National Labor Relations Board</b>                               |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 505 BA | 226            | 233      | 243  | 248  | 253  | 258  | 265  |
| Outlays .....   | O      | 230            | 233      | 242  | 247  | 252  | 258  | 264  |
| <hr/>   |        |                |          |      |      |      |      |      |
| <b>National Mediation Board</b>                                     |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 505 BA | 11             | 11       | 11   | 11   | 11   | 12   | 12   |
| Outlays .....   | O      | 10             | 11       | 11   | 11   | 11   | 11   | 12   |
| <hr/>   |        |                |          |      |      |      |      |      |
| <b>National Transportation Safety Board</b>                         |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 407 BA | 68             | 66       | 71   | 72   | 74   | 75   | 77   |
| Spending authority from offsetting collections, discretionary ..... | BA     |                | 4        |      |      |      |      |      |
| Outlays .....   | O      | 65             | 70       | 71   | 72   | 73   | 75   | 78   |
| <hr/>   |        |                |          |      |      |      |      |      |
| Salaries and expenses (gross) .....                                 | BA     | 68             | 70       | 71   | 72   | 74   | 75   | 77   |
|   | O      | 65             | 70       | 71   | 72   | 73   | 75   | 78   |
| <hr/>   |        |                |          |      |      |      |      |      |
| Offsetting collections from non-Federal sources .....               |        |                | -4       |      |      |      |      |      |
| <hr/>   |        |                |          |      |      |      |      |      |
| Total Salaries and expenses (net) .....                             | BA     | 68             | 66       | 71   | 72   | 74   | 75   | 77   |
|   | O      | 65             | 66       | 71   | 72   | 73   | 75   | 78   |
| <hr/>   |        |                |          |      |      |      |      |      |
| Emergency fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 407 BA |                |          | 1    | 1    | 1    | 1    | 1    |
| <hr/>   |        |                |          |      |      |      |      |      |
| Total Federal funds National Transportation Safety Board .....      | BA     | 68             | 66       | 72   | 73   | 75   | 76   | 78   |
|   | O      | 65             | 66       | 71   | 72   | 73   | 75   | 78   |
| <hr/>   |        |                |          |      |      |      |      |      |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |     | 2002<br>actual | estimate |      |      |      |      |      |
|---|-----|----------------|----------|------|------|------|------|------|
|   |     |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <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        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   |     | O              | 4        | 2    | 2    | 2    | 2    | 2    |
| <b>Neighborhood Reinvestment Corporation</b>                        |     |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |
| Payment to Neighborhood Reinvestment Corporation:                   |     |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 451 | BA             | 105      | 105  | 115  | 117  | 120  | 122  |
| Outlays .....   |     | O              | 105      | 105  | 115  | 117  | 120  | 122  |
| <b>Nuclear Regulatory Commission</b>                                |     |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 276 | BA             | 553      | 578  | 619  | 631  | 643  | 657  |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 6        | 6    | 6    | 6    | 6    | 6    |
| Outlays .....   |     | O              | 516      | 585  | 616  | 633  | 645  | 660  |
| Salaries and expenses (gross) .....                                 |     | BA             | 559      | 584  | 625  | 637  | 649  | 663  |
|   |     | O              | 516      | 585  | 616  | 633  | 645  | 660  |
| Offsetting collections from Federal sources .....                   |     |                | -6       | -6   | -6   | -6   | -6   | -6   |
| Total Salaries and expenses (net) .....                             |     | BA             | 553      | 578  | 619  | 631  | 643  | 657  |
|   |     | O              | 510      | 579  | 610  | 627  | 639  | 654  |
| Office of Inspector General:  |     |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 276 | BA             | 6        | 6    | 7    | 7    | 7    | 7    |
| Outlays .....   |     | O              | 6        | 7    | 7    | 7    | 7    | 7    |
| <b>Summary</b>  |     |                |          |      |      |      |      |      |
| Federal funds:  |     |                |          |      |      |      |      |      |
| (As shown in detail above) .....                                    |     | BA             | 559      | 584  | 626  | 638  | 650  | 664  |
|   |     | O              | 516      | 586  | 617  | 634  | 646  | 661  |
| Deductions for offsetting receipts:                                 |     |                |          |      |      |      |      |      |
| Offsetting governmental receipts .....                              | 276 | BA/O           | -476     | -499 | -546 | -556 | -568 | -580 |
| Total Nuclear Regulatory Commission .....                           |     | BA             | 83       | 85   | 80   | 82   | 82   | 84   |
|   |     | O              | 40       | 87   | 71   | 78   | 78   | 81   |
| <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    |
| Outlays .....   |     | O              | 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             | 9        | 10   | 10   | 10   | 10   | 11   |
| Outlays .....   |     | O              | 9        | 10   | 10   | 10   | 10   | 10   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   | 2002<br>actual | estimate |      |      |      |      |      |
|---|----------------|----------|------|------|------|------|------|
|   |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Office of Government Ethics</b>                                  |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |                |          |      |      |      |      |      |
| Salaries and expenses:  |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 805 BA         | 10       | 10   | 11   | 11   | 11   | 12   |
| Outlays .....   | O              | 10       | 10   | 11   | 11   | 11   | 12   |
| <b>Office of Navajo and Hopi Indian Relocation</b>                  |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |                |          |      |      |      |      |      |
| Salaries and expenses:  |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 808 BA         | 15       | 14   | 14   | 14   | 15   | 15   |
| Outlays .....   | O              | 12       | 17   | 17   | 14   | 15   | 15   |
| <b>Office of Special Counsel</b>                                    |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |                |          |      |      |      |      |      |
| Salaries and expenses:  |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 805 BA         | 12       | 12   | 14   | 14   | 15   | 15   |
| Outlays .....   | O              | 12       | 12   | 14   | 14   | 15   | 15   |
| <b>Oklahoma City National Memorial Trust</b>                        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>                                     |                |          |      |      |      |      |      |
| Oklahoma City National Memorial Trust:                              |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 303 BA         | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O              | 1        | 1    | 1    | 1    | 1    | 1    |
| Oklahoma City National Memorial Trust (gross) .....                 | BA             | 1        | 1    | 1    | 1    | 1    | 1    |
|   | O              | 1        | 1    | 1    | 1    | 1    | 1    |
| Offsetting collections from non-Federal sources .....               |                | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Oklahoma City National Memorial Trust (net) .....             | BA             |          |      |      |      |      |      |
|   | O              |          |      |      |      |      |      |
| <b>Other Commissions and Boards</b>                                 |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |                |          |      |      |      |      |      |
| Other commissions and boards:                                       |                |          |      |      |      |      |      |
| Outlays .....   | 808 O          |          | 1    |      |      |      |      |
| <b>Panama Canal Commission</b>                                      |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |                |          |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>                                     |                |          |      |      |      |      |      |
| Panama Canal revolving fund:  |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 403 BA         | 1        |      |      |      |      |      |
| Outlays .....   | O              | 12       | 40   |      |      |      |      |
| Panama Canal revolving fund (gross) .....                           | BA             | 1        |      |      |      |      |      |
|   | O              | 12       | 40   |      |      |      |      |
| Offsetting collections from non-Federal sources .....               |                | -1       |      |      |      |      |      |
| Total Panama Canal revolving fund (net) .....                       | BA             |          |      |      |      |      |      |
|   | O              | 11       | 40   |      |      |      |      |
| Panama Canal Commission dissolution fund:                           |                |          |      |      |      |      |      |
| Outlays .....   | 403 O          | 1        | 3    |      |      |      |      |
| Total Federal funds Panama Canal Commission .....                   | BA             |          |      |      |      |      |      |
|   | O              | 12       | 43   |      |      |      |      |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |        | 2002<br>actual | estimate |         |         |         |         |         |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2003     | 2004    | 2005    | 2006    | 2007    | 2008    |
| <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 | 616            | 29       | 29      | 29      | 29      | 29      | 29      |
| Advance appropriation, discretionary .....                          | BA     | 67             | 48       | 31      | 37      | 37      | 37      | 37      |
| Outlays .....   | O      | 858            | 77       | 60      | 66      | 66      | 66      | 66      |
| Total Payment to Postal Service fund .....                          | BA     | 683            | 77       | 60      | 66      | 66      | 66      | 66      |
|   | O      | 858            | 77       | 60      | 66      | 66      | 66      | 66      |
| <b>Postal Service</b>   |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |         |         |         |         |         |
| Postal Service fund:  |        |                |          |         |         |         |         |         |
| Authority to borrow, mandatory .....                                | 372 BA | 3,071          | 51       | 877     | 751     | 927     | 1,545   | 695     |
| Spending authority from offsetting collections, mandatory .....     | BA     | 66,688         | 70,438   | 71,152  | 71,900  | 72,600  | 73,400  | 74,100  |
| Outlays .....   | O      | 66,037         | 69,690   | 70,765  | 71,087  | 71,788  | 72,494  | 72,853  |
|   |        |                | J-3,490  | J-2,658 | J-2,851 | J-176   |         |         |
| Postal Service fund (gross) .....                                   | BA     | 69,759         | 70,489   | 72,029  | 72,651  | 73,527  | 74,945  | 74,795  |
|   | O      | 66,037         | 66,200   | 68,107  | 68,236  | 71,612  | 72,494  | 72,853  |
| Offsetting collections from Federal sources .....                   |        | -1,711         | -981     | -973    | -983    | -994    | -1,004  | -1,015  |
| Offsetting collections from interest on Federal securities .....    |        | -20            | -20      | -20     | -20     | -20     | -20     | -20     |
| Offsetting collections from non-Federal sources .....               |        | -64,957        | -69,437  | -70,159 | -70,897 | -71,586 | -72,376 | -73,065 |
| Total Postal Service fund (net) .....                               | BA     | 3,071          | 51       | 877     | 751     | 927     | 1,545   | 695     |
|   | O      | -651           | -4,238   | -3,045  | -3,664  | -988    | -906    | -1,247  |
| <b>Presidio Trust</b>   |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |         |         |         |         |         |
| Presidio Trust:   |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 303 BA | 23             | 21       | 21      | 21      | 22      | 22      | 23      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 46             | 44       | 41      | 42      | 43      | 44      | 45      |
| Outlays .....   | O      | 78             | 77       | 92      | 79      | 63      | 65      | 66      |
| Presidio Trust (gross) .....  | BA     | 69             | 65       | 62      | 63      | 65      | 66      | 68      |
|   | O      | 78             | 77       | 92      | 79      | 63      | 65      | 66      |
| Change in uncollected customer payments from Federal sources .....  | BA     | 4              |          |         |         |         |         |         |
| Offsetting collections from Federal sources .....                   |        | -11            | -10      | -10     | -10     | -10     | -11     | -11     |
| Offsetting collections from non-Federal sources .....               |        | -39            | -34      | -31     | -32     | -32     | -33     | -34     |
| Total Presidio Trust (net) .....                                    | BA     | 23             | 21       | 21      | 21      | 23      | 22      | 23      |
|   | O      | 28             | 33       | 51      | 37      | 21      | 21      | 21      |
| <b>Railroad Retirement Board</b>                                    |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |        |                |          |         |         |         |         |         |
| Federal windfall subsidy:   |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 601 BA | 146            | 132      | 119     | 121     | 124     | 126     | 130     |
| Outlays .....   | O      | 142            | 132      | 119     | 121     | 124     | 126     | 130     |
| Federal payments to the railroad retirement accounts:               |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 601 BA | 336            | 444      | 397     | 414     | 425     | 443     | 463     |
| Outlays .....   | O      | 336            | 444      | 397     | 414     | 425     | 443     | 463     |
| <i>Trust funds</i>  |        |                |          |         |         |         |         |         |
| Railroad unemployment insurance trust fund:                         |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 603 BA | 104            | 107      | 100     | 99      | 95      | 94      | 95      |
| Spending authority from offsetting collections, mandatory .....     | BA     | 30             | 26       | 26      | 25      | 25      | 25      | 25      |
| Outlays .....   | O      | 129            | 136      | 126     | 124     | 120     | 119     | 120     |
| Railroad unemployment insurance trust fund (gross) .....            | BA     | 134            | 133      | 126     | 124     | 120     | 119     | 120     |
|   | O      | 129            | 136      | 126     | 124     | 120     | 119     | 120     |



**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        | 2008   |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| Offsetting collections from non-Federal sources .....               |          | -30            | -26      | -26    | -25    | -25    | -25    | -25    |
| Total Railroad unemployment insurance trust fund (net) .....        | BA       | 104            | 107      | 100    | 99     | 95     | 94     | 95     |
|   | O        | 99             | 110      | 100    | 99     | 95     | 94     | 95     |
| Rail industry pension fund:   |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 601 BA   | 104            | 104      | 107    | 109    | 111    | 113    | 117    |
| Appropriation, mandatory .....                                      | BA       | 4,836          | 19,775   | 3,343  | 2,489  | 2,503  | 2,533  | 2,568  |
| Spending authority from offsetting collections, discretionary ..... | BA       | 5              | 5        | 5      | 5      | 5      | 5      | 5      |
| Outlays .....   | O        | 4,923          | 19,876   | 3,751  | 2,603  | 2,619  | 2,652  | 2,690  |
| Rail industry pension fund (gross) .....                            | BA       | 4,945          | 19,884   | 3,455  | 2,603  | 2,619  | 2,651  | 2,690  |
|   | O        | 4,923          | 19,876   | 3,751  | 2,603  | 2,619  | 2,652  | 2,690  |
| Offsetting collections from Federal sources .....                   |          | -5             | -5       | -5     | -5     | -5     | -5     | -5     |
| Total Rail industry pension fund (net) .....                        | BA       | 4,940          | 19,879   | 3,450  | 2,598  | 2,614  | 2,646  | 2,685  |
|   | O        | 4,918          | 19,871   | 3,746  | 2,598  | 2,614  | 2,647  | 2,685  |
| National railroad retirement investment trust:                      |          |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 601 BA   | 2              | 7        | 43     | 3,774  | 3,885  | 4,034  | 4,201  |
| Outlays .....   | O        | 2              | 7        | 43     | 3,765  | 3,877  | 4,025  | 4,190  |
| Supplemental annuity pension fund:                                  |          |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 601 BA   | 82             |          |        |        |        |        |        |
| Outlays .....   | O        | 87             |          |        |        |        |        |        |
| Railroad social security equivalent benefit account:                |          |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 601 BA   | 2,181          | 3,700    | 2,386  | 2,458  | 2,342  | 2,427  | 2,518  |
| Authority to borrow, mandatory .....                                | BA       | 3,154          | 3,252    | 3,284  | 3,317  | 3,341  | 3,361  | 3,389  |
| Outlays .....   | O        | 5,326          | 6,957    | 5,651  | 5,763  | 5,673  | 5,778  | 5,895  |
| Total Railroad social security equivalent benefit account .....     | BA       | 5,335          | 6,952    | 5,670  | 5,775  | 5,683  | 5,788  | 5,907  |
|   | O        | 5,326          | 6,957    | 5,651  | 5,763  | 5,673  | 5,778  | 5,895  |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 482            | 576      | 516    | 535    | 549    | 569    | 593    |
|   | O        | 478            | 576      | 516    | 535    | 549    | 569    | 593    |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 10,463         | 26,945   | 9,263  | 12,246 | 12,277 | 12,562 | 12,888 |
|   | O        | 10,432         | 26,945   | 9,540  | 12,225 | 12,259 | 12,544 | 12,865 |
| Deductions for offsetting receipts:                                 |          |                |          |        |        |        |        |        |
| Intrafund transactions .....  | 601 BA/O | -5,149         | -21,586  | -4,027 | -6,597 | -6,291 | -6,582 | -6,690 |
| Proprietary receipts from the public .....                          | 909 BA/O |                | -566     | -896   | -996   | -1,015 | -1,015 | -1,012 |
| Total Trust funds .....   | BA       | 5,314          | 4,793    | 4,340  | 4,653  | 4,971  | 4,965  | 5,186  |
|   | O        | 5,283          | 4,793    | 4,617  | 4,632  | 4,953  | 4,947  | 5,163  |
| Interfund transactions .....  | 601 BA/O | -336           | -444     | -397   | -414   | -425   | -443   | -463   |
| Total Railroad Retirement Board .....                               | BA       | 5,460          | 4,925    | 4,459  | 4,774  | 5,095  | 5,091  | 5,316  |
|   | O        | 5,425          | 4,925    | 4,736  | 4,753  | 5,077  | 5,073  | 5,293  |

**Securities and Exchange Commission**

Federal funds

**General and Special Funds:**

Salaries and expenses:

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary .....                                  | 376 BA | -29    |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 471    | 569    | 842    | 858    | 875    | 894    | 917    |
| Outlays .....   | O      | 478    | 586    | 874    | 853    | 873    | 891    | 914    |
| Salaries and expenses (gross) .....                                 | BA     | 442    | 569    | 842    | 858    | 875    | 894    | 917    |
|   | O      | 478    | 586    | 874    | 853    | 873    | 891    | 914    |
| Offsetting collections from Federal sources .....                   |        | -1     | -1     | -1     | -1     | -1     | -1     | -1     |
| Offsetting collections from non-Federal sources .....               |        | -1,013 | -1,332 | -1,542 | -1,837 | -2,171 | -1,142 | -1,173 |
| Total Salaries and expenses (net) .....                             | BA     | -572   | -764   | -701   | -980   | -1,297 | -249   | -257   |
|   | O      | -536   | -747   | -669   | -985   | -1,299 | -252   | -260   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  | 2002<br>actual | estimate |      |      |      |      |      |
|--|----------------|----------|------|------|------|------|------|
|  |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| <b>Public Company Accounting Oversight Board</b>                           |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |
| Public Company Accounting Oversight Board:                                 |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 376 BA         | 24       | 58   | 79   | 82   | 86   | 90   |
| Outlays .....  | O              | 24       | 58   | 79   | 82   | 86   | 90   |
| <b>Standard Setting Body</b>   |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |
| Standard setting body:   |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 376 BA         | 19       | 27   | 28   | 28   | 29   | 29   |
| Outlays .....  | O              | 19       | 27   | 28   | 28   | 29   | 29   |
| <b>Smithsonian Institution</b>   |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |
| Salaries and expenses:   |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 421      | 435  | 477  | 486  | 496  | 507  |
| Spending authority from offsetting collections, discretionary .....        | BA             | 1        |      |      |      |      |      |
| Outlays .....  | O              | 401      | 447  | 474  | 486  | 494  | 506  |
| Salaries and expenses (gross) .....  | BA             | 422      | 435  | 477  | 486  | 496  | 507  |
|  | O              | 401      | 447  | 474  | 486  | 494  | 506  |
| Change in uncollected customer payments from Federal sources .....         | BA             | -1       |      |      |      |      |      |
| Total Salaries and expenses (net) .....                                    | BA             | 421      | 435  | 477  | 486  | 496  | 507  |
|  | O              | 401      | 447  | 474  | 486  | 494  | 506  |
| Facilities capital:  |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 98       | 93   | 90   | 91   | 93   | 96   |
| Outlays .....  | O              | 95       | 88   | 96   | 94   | 96   | 94   |
| Operations and maintenance, JFK Center for the Performing Arts:            |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 19       | 16   | 17   | 17   | 18   | 18   |
| Outlays .....  | O              | 18       | 16   | 17   | 18   | 18   | 18   |
| Construction, JFK Center for the Performing Arts:                          |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 19       | 18   | 16   | 16   | 16   | 17   |
| Outlays .....  | O              | 15       | 21   | 25   | 17   | 16   | 17   |
| Salaries and expenses, National Gallery of Art:                            |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 71       | 78   | 89   | 90   | 93   | 94   |
| Spending authority from offsetting collections, discretionary .....        | BA             | 1        |      |      |      |      |      |
| Outlays .....  | O              | 72       | 78   | 88   | 92   | 93   | 95   |
| Salaries and expenses, National Gallery of Art (gross) .....               | BA             | 72       | 78   | 89   | 90   | 93   | 94   |
|  | O              | 72       | 78   | 88   | 92   | 93   | 95   |
| Change in uncollected customer payments from Federal sources .....         | BA             | -1       |      |      |      |      |      |
| Total Salaries and expenses, National Gallery of Art (net) .....           | BA             | 71       | 78   | 89   | 90   | 93   | 94   |
|  | O              | 72       | 78   | 88   | 92   | 93   | 95   |
| Repair, restoration, and renovation of buildings, National Gallery of Art: |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 14       | 16   | 12   | 12   | 12   | 13   |
| Outlays .....  | O              | 10       | 17   | 17   | 13   | 17   | 13   |
| Salaries and expenses, Woodrow Wilson International Center for Scholars:   |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA         | 8        | 8    | 9    | 9    | 9    | 10   |
| Outlays .....  | O              | 8        | 8    | 9    | 9    | 9    | 10   |
| Total Federal funds Smithsonian Institution .....                          | BA             | 650      | 664  | 710  | 721  | 737  | 755  |
|  | O              | 619      | 675  | 726  | 729  | 743  | 768  |
| <b>State Justice Institute</b>   |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |                |          |      |      |      |      |      |
| State Justice Institute: salaries and expenses:                            |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 752 BA         | 3        |      |      |      |      |      |
| Outlays .....  | O              | 7        | 1    |      |      |      |      |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual | estimate |        |        |        |        | 2008   |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2003     | 2004   | 2005   | 2006   | 2007   |        |
| <b>Tennessee Valley Authority</b>                                   |          |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |          |                |          |        |        |        |        |        |
| <b>Public Enterprise Funds:</b>                                     |          |                |          |        |        |        |        |        |
| Tennessee Valley Authority fund                                     |          |                |          |        |        |        |        |        |
| (Energy supply):  |          |                |          |        |        |        |        |        |
| (Authority to borrow, mandatory) .....                              | 271 BA   | 320            | 320      |        |        |        |        |        |
| (Spending authority from offsetting collections, mandatory) .....   | BA       | 6,837          | 6,636    | 7,007  | 7,412  | 7,629  | 7,489  | 7,519  |
| (Outlays) .....   | O        | 7,152          | 6,956    | 7,031  | 7,421  | 7,638  | 7,499  | 7,529  |
| Tennessee Valley Authority fund (gross) .....                       | BA       | 7,157          | 6,956    | 7,007  | 7,412  | 7,629  | 7,489  | 7,519  |
|   | O        | 7,152          | 6,956    | 7,031  | 7,421  | 7,638  | 7,499  | 7,529  |
| Offsetting collections from Federal sources .....                   |          | -72            | -82      | -82    | -83    | -83    | -83    | -84    |
| Offsetting collections from non-Federal sources .....               |          | -6,959         | -6,986   | -7,196 | -7,459 | -7,697 | -7,904 | -8,047 |
| Total (Energy supply) (net) .....                                   | BA       | 126            | -112     | -271   | -130   | -151   | -498   | -612   |
|   | O        | 121            | -112     | -247   | -121   | -142   | -488   | -602   |
| (Area and regional development):                                    |          |                |          |        |        |        |        |        |
| (Outlays) .....   | 452 O    | 3              | 1        | 1      |        |        |        |        |
| Total Tennessee Valley Authority fund .....                         | BA       | 126            | -112     | -271   | -130   | -151   | -498   | -612   |
|   | O        | 124            | -111     | -246   | -121   | -142   | -488   | -602   |
| Total Federal funds Tennessee Valley Authority .....                | BA       | 126            | -112     | -271   | -130   | -151   | -498   | -612   |
|   | O        | 124            | -111     | -246   | -121   | -142   | -488   | -602   |
| <b>United Mine Workers of America Benefit Funds</b>                 |          |                |          |        |        |        |        |        |
| <i>Trust funds</i>  |          |                |          |        |        |        |        |        |
| United Mine Workers of America combined benefit fund:               |          |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 551 BA   | 200            | 194      | 161    | 150    | 141    | 132    | 123    |
| Outlays .....   | O        | 200            | 194      | 161    | 150    | 141    | 132    | 123    |
| United Mine Workers of America 1992 benefit plan:                   |          |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 551 BA   | 14             | 14       | 14     | 14     | 14     | 14     | 14     |
| Outlays .....   | O        | 14             | 14       | 14     | 14     | 14     | 14     | 14     |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 214            | 208      | 175    | 164    | 155    | 146    | 137    |
|   | O        | 214            | 208      | 175    | 164    | 155    | 146    | 137    |
| Interfund transactions .....  | 551 BA/O | -90            | -56      | -59    | -55    | -52    | -50    | -47    |
| Total United Mine Workers of America Benefit Funds .....            | BA       | 124            | 152      | 116    | 109    | 103    | 96     | 90     |
|   | O        | 124            | 152      | 116    | 109    | 103    | 96     | 90     |
| <b>United States Enrichment Corporation Fund</b>                    |          |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |          |                |          |        |        |        |        |        |
| <b>Public Enterprise Funds:</b>                                     |          |                |          |        |        |        |        |        |
| United States Enrichment Corporation Fund:                          |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....     | 271 BA   | 19             | 71       | 75     | 79     | 83     | 88     | 92     |
| United States Enrichment Corporation Fund (gross) .....             | BA       | 19             | 71       | 75     | 79     | 83     | 88     | 92     |
| Offsetting collections from interest on Federal securities .....    |          | -19            | -71      | -75    | -79    | -83    | -88    | -92    |
| <b>United States Holocaust Memorial Museum</b>                      |          |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |          |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |          |                |          |        |        |        |        |        |
| Holocaust Memorial Museum:  |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 808 BA   | 36             | 39       | 40     | 41     | 41     | 42     | 44     |
| Spending authority from offsetting collections, discretionary ..... | BA       | 9              | 9        | 9      | 9      | 9      | 10     | 10     |
| Outlays .....   | O        | 46             | 45       | 45     | 52     | 50     | 51     | 53     |
| Holocaust Memorial Museum (gross) .....                             | BA       | 45             | 48       | 49     | 50     | 50     | 52     | 54     |
|   | O        | 46             | 45       | 45     | 52     | 50     | 51     | 53     |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2003     | 2004 | 2005 | 2006 | 2007 | 2008 |
| Offsetting collections from non-Federal sources ..... |    | -9             | -9       | -9   | -9   | -9   | -10  | -10  |
| Total Holocaust Memorial Museum (net) .....           | BA | 36             | 39       | 40   | 41   | 41   | 42   | 44   |
|   | O  | 37             | 36       | 36   | 43   | 41   | 41   | 43   |

**United States Institute of Peace**

*Federal funds*

**General and Special Funds:**

Operating expenses:

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 153 | BA | 15 | 16 | 17 | 17 | 18 | 18 | 19 |
| Outlays .....                      |     | O  | 15 | 16 | 17 | 17 | 18 | 18 | 19 |

**United States-Canada Alaska Rail Commission**

*Federal funds*

**General and Special Funds:**

Contribution to United States-Canada Alaska Rail Commission:

|                                    |     |    |   |   |  |  |  |  |  |
|------------------------------------|-----|----|---|---|--|--|--|--|--|
| Appropriation, discretionary ..... | 401 | BA | 2 |   |  |  |  |  |  |
| Outlays .....                      |     | O  |   | 4 |  |  |  |  |  |

**Vietnam Education Foundation**

*Federal funds*

**General and Special Funds:**

Vietnam debt repayment fund:

|                                |     |    |   |   |   |   |   |   |   |
|--------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, mandatory ..... | 154 | BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                  |     | O  | 1 | 2 | 5 | 5 | 5 | 5 | 5 |

**Summary**

**On-Budget**

|   |     |      |        |         |        |        |        |        |        |
|---|-----|------|--------|---------|--------|--------|--------|--------|--------|
| <b>Federal funds:</b>                             |     |      |        |         |        |        |        |        |        |
| (As shown in detail above) .....                  |     | BA   | 14,719 | 14,386  | 14,076 | 14,410 | 14,212 | 15,304 | 16,175 |
|   |     | O    | 12,732 | 14,540  | 13,663 | 13,278 | 12,086 | 13,358 | 13,794 |
| <b>Deductions for offsetting receipts:</b>        |     |      |        |         |        |        |        |        |        |
| <b>Intrafund transactions</b> .....               |     |      |        |         |        |        |        |        |        |
|   | 154 | BA/O | -3     | -7      | -5     | -5     | -5     | -5     | -5     |
|   | 601 | BA/O | -252   | -269    | -269   | -269   | -269   | -269   | -281   |
|   | 908 | BA/O | -22    | -85     | -107   | -129   | -153   | -178   | -204   |
| <b>Proprietary receipts from the public</b> ..... |     |      |        |         |        |        |        |        |        |
|   | 155 | BA/O | -810   | -3,524  | -113   | -115   | -117   | -120   | -123   |
|   | 306 | BA/O | -1     | -2      | -1     | -1     | -1     | -1     | -1     |
|   | 376 | BA/O | -22    | -22     | -22    | -22    | -22    | -22    | -22    |
|   | 602 | BA/O | -96    | -94     | -82    | -86    | -87    | -88    | -90    |
|   | 908 | BA/O | -52    | -35     | -32    | -32    | -32    | -32    | -32    |
| <b>Offsetting governmental receipts</b> .....     |     |      |        |         |        |        |        |        |        |
|   | 276 | BA/O | -476   | -499    | -546   | -556   | -568   | -580   | -595   |
|   | 376 | BA/O | .....  | -43     | -85    | -107   | -110   | -115   | -120   |
| <b>Total Federal funds</b> .....                  |     |      |        |         |        |        |        |        |        |
|   |     | BA   | 12,985 | 9,806   | 12,814 | 13,088 | 12,848 | 13,894 | 14,702 |
|   |     | O    | 10,998 | 9,960   | 12,401 | 11,956 | 10,722 | 11,948 | 12,321 |
| <b>Trust funds:</b>                               |     |      |        |         |        |        |        |        |        |
| (As shown in detail above) .....                  |     | BA   | 11,210 | 27,784  | 10,118 | 13,092 | 13,122 | 13,412 | 13,708 |
|   |     | O    | 11,228 | 27,777  | 10,344 | 12,998 | 13,053 | 13,370 | 13,669 |
| <b>Deductions for offsetting receipts:</b>        |     |      |        |         |        |        |        |        |        |
| <b>Intrafund transactions</b> .....               |     |      |        |         |        |        |        |        |        |
|   | 601 | BA/O | -5,149 | -21,586 | -4,027 | -6,597 | -6,291 | -6,582 | -6,690 |
| <b>Proprietary receipts from the public</b> ..... |     |      |        |         |        |        |        |        |        |
|   | 452 | BA/O | -3     | -3      | -3     | -3     | -3     | -3     | -3     |
|   | 909 | BA/O | .....  | -566    | -896   | -996   | -1,015 | -1,015 | -1,012 |
| <b>Total Trust funds</b> .....                    |     |      |        |         |        |        |        |        |        |
|   |     | BA   | 6,058  | 5,629   | 5,192  | 5,496  | 5,813  | 5,812  | 6,003  |
|   |     | O    | 6,076  | 5,622   | 5,418  | 5,402  | 5,744  | 5,770  | 5,964  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account                                       |          | 2002<br>actual | estimate      |               |               |               |               |               |
|---|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |          |                | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
| Interfund transactions                        | 452 BA/O | -3             | -3            | -3            | -3            | -3            | -3            | -3            |
|   | 502 BA/O | -2             | -2            | -4            | -4            | -4            | -4            | -4            |
|   | 506 BA/O |                | -75           | -120          | -122          | -125          | -127          | -131          |
|   | 551 BA/O | -90            | -56           | -59           | -55           | -52           | -50           | -47           |
|   | 601 BA/O | -336           | -444          | -397          | -414          | -425          | -443          | -463          |
|   | 602 BA/O |                | -1            | -1            | -1            | -1            | -1            | -1            |
|   | 752 BA/O | -7             | -7            | -7            | -7            | -7            | -7            | -7            |
| Total Other Independent Agencies (on-budget)  | BA       | <b>18,605</b>  | <b>14,847</b> | <b>17,415</b> | <b>17,978</b> | <b>18,044</b> | <b>19,071</b> | <b>20,049</b> |
|   | O        | 16,636         | 14,994        | 17,228        | 16,752        | 15,849        | 17,083        | 17,629        |
| <b>Off-Budget</b>                             |          |                |               |               |               |               |               |               |
| Federal funds:                                |          |                |               |               |               |               |               |               |
| (As shown in detail above)                    | BA       | <b>3,071</b>   | <b>51</b>     | <b>877</b>    | <b>751</b>    | <b>927</b>    | <b>1,545</b>  | <b>695</b>    |
|   | O        | -651           | -4,238        | -3,045        | -3,664        | -988          | -906          | -1,247        |
| Total Other Independent Agencies (off-budget) | BA       | <b>3,071</b>   | <b>51</b>     | <b>877</b>    | <b>751</b>    | <b>927</b>    | <b>1,545</b>  | <b>695</b>    |
|   | O        | -651           | -4,238        | -3,045        | -3,664        | -988          | -906          | -1,247        |
| Total Other Independent Agencies              | BA       | <b>21,676</b>  | <b>14,898</b> | <b>18,292</b> | <b>18,729</b> | <b>18,971</b> | <b>20,616</b> | <b>20,744</b> |
|   | O        | 15,985         | 10,756        | 14,183        | 13,088        | 14,861        | 16,177        | 16,382        |

**ALLOWANCES**  
(In millions of dollars)

| Account   |    | 2002<br>actual | estimate |      |                    |                    |                  |                  |
|---|----|----------------|----------|------|--------------------|--------------------|------------------|------------------|
|   |    |                | 2003     | 2004 | 2005               | 2006               | 2007             | 2008             |
| <b>Allowances</b>   |    |                |          |      |                    |                    |                  |                  |
| <i>Federal funds</i>  |    |                |          |      |                    |                    |                  |                  |
| <b>General and Special Funds:</b>   |    |                |          |      |                    |                    |                  |                  |
| Corrections to meet FY03 policy   |    |                |          |      |                    |                    |                  |                  |
| (Criminal justice assistance):  |    |                |          |      |                    |                    |                  |                  |
| (Appropriation, discretionary)  | BA |                | -1,261   |      |                    |                    |                  |                  |
| (Outlays)   | O  |                | -757     |      |                    |                    |                  |                  |
| Total Corrections to meet FY03 policy   | BA |                | -1,261   |      |                    |                    |                  |                  |
|   | O  |                | -757     |      |                    |                    |                  |                  |
| Repeal of anti-dumping provision:   |    |                |          |      |                    |                    |                  |                  |
| Appropriation, discretionary  | BA |                |          | -230 | -230               | -230               | -230             | -230             |
| Outlays   | O  |                |          | -230 | -230               | -230               | -230             | -230             |
| Adjustment to certain pass-through accounts to reflect projected Presidential policy: |    |                |          |      |                    |                    |                  |                  |
| Appropriation, discretionary  | BA |                | -400     | -288 | -293               | -299               | -306             | -314             |
| Outlays   | O  |                | -368     | -297 | -293               | -298               | -305             | -313             |
| Spectrum relocation fund:   |    |                |          |      |                    |                    |                  |                  |
| Spending authority from offsetting collections, mandatory                             | BA |                |          |      | <sup>B</sup> 1,250 | <sup>B</sup> 1,250 |                  |                  |
| Outlays   | O  |                |          |      | <sup>B</sup> 200   | <sup>B</sup> 400   | <sup>B</sup> 500 | <sup>B</sup> 600 |
| Spectrum relocation fund (gross)  | BA |                |          |      | 1,250              | 1,250              |                  |                  |
|   | O  |                |          |      | 200                | 400                | 500              | 600              |
| Offsetting collections from non-Federal sources                                       |    |                |          |      | -1,250             | -1,250             |                  |                  |
| Total Spectrum relocation fund (net)  | BA |                |          |      |                    |                    |                  |                  |
|   | O  |                |          |      | -1,050             | -850               | 500              | 600              |
| Contingencies for:  |    |                |          |      |                    |                    |                  |                  |
| Relatively uncontrollable programs:   |    |                |          |      |                    |                    |                  |                  |
| Appropriation, discretionary  | BA |                |          | 0    |                    |                    |                  |                  |
| Outlays   | O  |                |          | 0    |                    |                    |                  |                  |
| Other requirements:   |    |                |          |      |                    |                    |                  |                  |
| Appropriation, discretionary  | BA |                |          | 0    |                    |                    |                  |                  |
| Outlays   | O  |                |          | 0    |                    |                    |                  |                  |
| Total Federal funds Allowances  | BA |                | -1,661   | -518 | -523               | -529               | -536             | -544             |
|   | O  |                | -1,125   | -527 | -1,573             | -1,378             | -35              | 57               |

**ALLOWANCES—Continued**  
(In millions of dollars)

| Account  | 2002<br>actual | estimate  |           |           |           |           |           |
|--|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |                | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      |
| <b>Summary</b>   |                |           |           |           |           |           |           |
| Federal funds:   |                |           |           |           |           |           |           |
| Total Allowances .....   | BA .....       | -1,661    | -518      | -523      | -529      | -536      | -544      |
|  | O .....        | -1,125    | -527      | -1,573    | -1,378    | -35       | 57        |
| <b>Totals</b><br>(In millions of dollars)                          |                |           |           |           |           |           |           |
| Account  | 2002<br>actual | estimate  |           |           |           |           |           |
|  |                | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      |
| <b>Budget Totals</b>   |                |           |           |           |           |           |           |
| Federal funds:   |                |           |           |           |           |           |           |
| (As shown in detail above) .....                                   | BA             | 1,575,605 | 1,643,391 | 1,734,640 | 1,840,284 | 1,937,915 | 2,031,762 |
|  | O              | 1,516,067 | 1,640,454 | 1,731,511 | 1,832,762 | 1,916,858 | 1,996,863 |
| Deductions for offsetting receipts:<br>(As shown in detail above): |                |           |           |           |           |           |           |
| Intrafund transactions .....                                       | BA/O           | -6,647    | -20,803   | -22,536   | -24,505   | -26,040   | -27,789   |
|  |                |           | J 23      | J 72      | J 115     | J 129     | J 112     |
| Proprietary receipts from the public .....                         | BA/O           | -30,606   | -36,574   | -28,441   | -28,044   | -28,854   | -29,802   |
|  |                |           | B 149     | B 121     | B 17      | B 83      | B 129     |
| Offsetting governmental receipts .....                             | BA/O           | -3,987    | -4,932    | -3,418    | -3,516    | -3,599    | -3,692    |
|  |                |           | B -1,398  | B -1,490  | B -1,588  | B -1,692  | B -1,804  |
|  |                |           | J -63     | J -4      | J -8      | J -8      | J -8      |
| (Undistributed by agency):   |                |           |           |           |           |           |           |
| Other undistributed offsetting receipts .....                      | 959 BA/O       | -1        | -80       | -200      | -8,200    | -8,100    | -4,300    |
|  | BA/O           |           |           |           | B -10     | B -25     | B 1,450   |
| Interfund transactions:  |                |           |           |           |           |           |           |
| Other interest .....   | 908 BA/O       | -1        |           |           |           |           |           |
| Rents and royalties on the Outer Continental Shelf .....           | 953 BA/O       | -5,024    | -4,300    | -3,989    | -4,495    | -5,155    | -5,344    |
| Sale of major assets .....   | 954 BA/O       |           |           |           | -323      |           |           |
| Other undistributed offsetting receipts .....                      | 959 BA/O       |           |           |           | B -2,402  | B -2      | B -202    |
| Undistributed Federal Intrafund                                    |                |           |           |           |           |           |           |
| Employer share, employee retirement (on-budget) .....              | 951 BA/O       |           | -7,656    | -8,374    | -8,880    | -9,437    | -10,029   |
|  |                |           |           |           |           |           |           |
| Total deductions .....   | BA/O           | -46,266   | -74,236   | -68,167   | -81,741   | -82,596   | -81,167   |
|  |                |           |           |           |           |           |           |
| Federal fund totals .....  | BA             | 1,529,339 | 1,569,155 | 1,666,473 | 1,758,543 | 1,855,319 | 1,950,595 |
|  | O              | 1,469,801 | 1,566,218 | 1,663,344 | 1,751,021 | 1,834,262 | 1,915,696 |
| Trust funds:   |                |           |           |           |           |           |           |
| (As shown in detail above) .....                                   | BA             | 482,703   | 514,307   | 501,188   | 525,850   | 563,889   | 595,071   |
|  | O              | 472,822   | 508,909   | 496,188   | 519,393   | 566,520   | 589,624   |
| Deductions for offsetting receipts:<br>(As shown in detail above): |                |           |           |           |           |           |           |
| Intrafund transactions .....                                       | BA/O           | -5,149    | -21,587   | -4,028    | -6,598    | -6,292    | -6,583    |
| Proprietary receipts from the public .....                         | BA/O           | -38,581   | -42,185   | -44,995   | -45,830   | -47,485   | -49,483   |
|  |                |           |           |           | J 35      | J 12      |           |
| Offsetting governmental receipts .....                             | BA/O           | -8        | -13       | -17       | -17       | -17       | -17       |
|  |                |           |           |           |           |           |           |
| Total deductions .....   | BA/O           | -43,738   | -63,785   | -49,040   | -52,410   | -53,782   | -56,083   |
|  |                |           |           |           |           |           |           |
| Trust fund totals .....  | BA             | 438,965   | 450,522   | 452,148   | 473,440   | 510,107   | 538,988   |
|  | O              | 429,084   | 445,124   | 447,148   | 466,983   | 502,738   | 533,541   |
| Interfund transactions (-):  |                |           |           |           |           |           |           |
| Interest received by on-budget trust funds .....                   | 902 BA/O       | -76,494   | -73,901   | -75,589   | -78,229   | -81,730   | -85,495   |
|  |                |           | J -24     | J 57      | J 37      | J 35      | J 27      |
| Employer share, employee retirement (on-budget) .....              | 951 BA/O       | -33,489   | -32,247   | -33,740   | -35,351   | -36,981   | -38,481   |
|  |                |           | B 3,490   | B 2,658   | B 2,851   | B 2,873   | B 3,065   |
| Applied by agency above .....                                      | BA/O           | -133,589  | -136,380  | -155,954  | -154,218  | -161,128  | -168,656  |
|  |                |           |           |           |           |           |           |
| Total interfund transactions .....                                 | BA/O           | -243,572  | -239,062  | -262,568  | -264,910  | -276,931  | -289,540  |
|  |                |           |           |           |           |           |           |
| <b>Budget totals</b> Δ .....                                       | BA             | 1,724,732 | 1,780,615 | 1,856,053 | 1,967,073 | 2,088,495 | 2,200,043 |
|  | O              | 1,655,313 | 1,772,280 | 1,847,924 | 1,953,094 | 2,060,069 | 2,159,697 |

**Totals—Continued**  
(In millions of dollars)

| Account   |          | 2002<br>actual   | estimate         |                  |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |          |                  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             |
| <b>Off-Budget Totals</b>                                  |          |                  |                  |                  |                  |                  |                  |                  |
| Federal funds:  |          |                  |                  |                  |                  |                  |                  |                  |
| (As shown in detail above) .....                          | BA       | <b>3,071</b>     | <b>51</b>        | <b>877</b>       | <b>751</b>       | <b>927</b>       | <b>1,545</b>     | <b>695</b>       |
|   | O        | -651             | -4,238           | -3,045           | -3,664           | -988             | -906             | -1,247           |
| Trust funds:  |          |                  |                  |                  |                  |                  |                  |                  |
| (As shown in detail above) .....                          | BA       | <b>462,001</b>   | <b>479,974</b>   | <b>498,902</b>   | <b>517,570</b>   | <b>539,766</b>   | <b>565,926</b>   | <b>594,675</b>   |
|   | O        | 456,060          | 478,532          | 497,357          | 516,031          | 537,616          | 563,299          | 591,890          |
| Deductions for offsetting receipts:                       |          |                  |                  |                  |                  |                  |                  |                  |
| (As shown in detail above):                               |          |                  |                  |                  |                  |                  |                  |                  |
| Proprietary receipts from the public .....                | BA/O     | -83              | -82              | -83              | -84              | -86              | -88              | -90              |
| Trust fund totals .....                                   | BA       | <b>461,918</b>   | <b>479,892</b>   | <b>498,819</b>   | <b>517,486</b>   | <b>539,680</b>   | <b>565,838</b>   | <b>594,585</b>   |
|   | O        | 455,977          | 478,450          | 497,274          | 515,947          | 537,530          | 563,211          | 591,800          |
| Interfund transactions (-):                               |          |                  |                  |                  |                  |                  |                  |                  |
| Interest received by off-budget trust funds .....         | 903 BA/O | -76,819          | -83,576          | -88,698          | -96,769          | -106,122         | -116,995         | -129,253         |
| Employer share, employee retirement (off-budget) .....    | 952 BA/O | -9,292           | -9,493           | -10,023          | -10,794          | -11,482          | -12,159          | -13,043          |
| Applied by agency above .....                             | BA/O     | -13,553          | -13,046          | -14,007          | -14,415          | -15,344          | -16,645          | -18,156          |
| Total interfund transactions .....                        | BA/O     | -99,664          | -106,115         | -112,728         | -121,978         | -132,948         | -145,799         | -160,452         |
| <b>Off-Budget totals<math>\Delta</math></b> .....         | BA       | <b>365,325</b>   | <b>373,828</b>   | <b>386,968</b>   | <b>396,259</b>   | <b>407,659</b>   | <b>421,584</b>   | <b>434,828</b>   |
|   | O        | 355,662          | 368,097          | 381,501          | 390,305          | 403,594          | 416,506          | 430,101          |
| <b>Federal Government totals<math>\Delta</math></b> ..... | BA       | <b>2,090,057</b> | <b>2,154,443</b> | <b>2,243,021</b> | <b>2,363,332</b> | <b>2,496,154</b> | <b>2,621,627</b> | <b>2,753,335</b> |
|   | O        | 2,010,975        | 2,140,377        | 2,229,425        | 2,343,399        | 2,463,663        | 2,576,203        | 2,710,517        |

**Federal Government Totals**  
(In millions of dollars)

|   | 2003             |                  | 2004             |                  | 2005             |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | BA               | Outlays          | BA               | Outlays          | BA               | Outlays          |
| <b>Federal funds:</b>                     |                  |                  |                  |                  |                  |                  |
| Enacted, pending and initial requests:    |                  |                  |                  |                  |                  |                  |
| Appropriations .....                      | 1,637,244        | 1,635,740        | 1,722,381        | 1,717,651        | 1,821,607        | 1,814,325        |
| Proposed in this budget:                  |                  |                  |                  |                  |                  |                  |
| To be proposed separately:                |                  |                  |                  |                  |                  |                  |
| Legislative Proposals:                    |                  |                  |                  |                  |                  |                  |
| Subject to PAYGO <sup>(B)</sup> .....     | 4,319            | 2,128            | 5,703            | 8,006            | 13,066           | 13,369           |
| Not subject to PAYGO <sup>(J)</sup> ..... | 1,879            | -1,652           | 7,433            | 2,809            | 5,112            | 1,204            |
| Allowances .....                          |                  |                  |                  |                  | 1,250            | 200              |
| Deductions for offsetting receipts .....  | -74,345          | -74,345          | -66,958          | -66,958          | -77,963          | -77,963          |
| Subject to PAYGO <sup>(B)</sup> .....     | 149              | 149              | -1,277           | -1,277           | -3,885           | -3,885           |
| Not subject to PAYGO <sup>(J)</sup> ..... | -40              | -40              | 68               | 68               | 107              | 107              |
| <b>Total Federal funds</b> .....          | <b>1,569,206</b> | <b>1,561,980</b> | <b>1,667,350</b> | <b>1,660,299</b> | <b>1,759,294</b> | <b>1,747,357</b> |
| <b>Trust funds:</b>                       |                  |                  |                  |                  |                  |                  |
| Enacted, pending and initial requests:    |                  |                  |                  |                  |                  |                  |
| Appropriations .....                      | 994,361          | 987,521          | 993,056          | 986,590          | 1,034,677        | 1,026,715        |
| Proposed in this budget:                  |                  |                  |                  |                  |                  |                  |
| To be proposed separately:                |                  |                  |                  |                  |                  |                  |
| Legislative Proposals:                    |                  |                  |                  |                  |                  |                  |
| Subject to PAYGO <sup>(B)</sup> .....     |                  |                  | 6,103            | 6,030            | 10,108           | 10,076           |
| Not subject to PAYGO <sup>(J)</sup> ..... | -80              | -80              | 931              | 925              | -1,365           | -1,367           |
| Deductions for offsetting receipts .....  | -63,867          | -63,867          | -49,123          | -49,123          | -52,529          | -52,529          |
| Not subject to PAYGO <sup>(J)</sup> ..... |                  |                  |                  |                  | 35               | 35               |
| <b>Total Trust funds</b> .....            | <b>930,414</b>   | <b>923,574</b>   | <b>950,967</b>   | <b>944,422</b>   | <b>990,926</b>   | <b>982,930</b>   |
| Interfund transactions (-) .....          | -345,177         | -345,177         | -375,296         | -375,296         | -386,888         | -386,888         |
| <b>Federal Government totals</b> .....    | <b>2,154,443</b> | <b>2,140,377</b> | <b>2,243,021</b> | <b>2,229,425</b> | <b>2,363,332</b> | <b>2,343,399</b> |



**Federal Government Totals—Continued**  
(In millions of dollars)

|   | 2006             |                  | 2007             |                  | 2008             |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | BA               | Outlays          | BA               | Outlays          | BA               | Outlays          |
| <b>Federal funds:</b>                     |                  |                  |                  |                  |                  |                  |
| Enacted, pending and initial requests:    |                  |                  |                  |                  |                  |                  |
| Appropriations .....                      | 1,915,550        | 1,893,822        | 2,010,885        | 1,973,307        | 2,116,506        | 2,081,192        |
| Proposed in this budget:                  |                  |                  |                  |                  |                  |                  |
| To be proposed separately:                |                  |                  |                  |                  |                  |                  |
| Legislative Proposals:                    |                  |                  |                  |                  |                  |                  |
| Subject to PAYGO <sup>(B)</sup> .....     | 16,369           | 16,498           | 16,144           | 16,207           | 16,518           | 16,649           |
| Not subject to PAYGO <sup>(J)</sup> ..... | 5,673            | 5,150            | 6,278            | 5,943            | 6,631            | 6,361            |
| Allowances .....                          | 1,250            | 400              |                  | 500              |                  | 600              |
| Deductions for offsetting receipts .....  | -81,185          | -81,185          | -80,956          | -80,956          | -84,276          | -84,276          |
| Subject to PAYGO <sup>(B)</sup> .....     | -1,532           | -1,532           | -315             | -315             | -282             | -282             |
| Not subject to PAYGO <sup>(J)</sup> ..... | 121              | 121              | 104              | 104              | 74               | 74               |
| <b>Total Federal funds .....</b>          | <b>1,856,246</b> | <b>1,833,274</b> | <b>1,952,140</b> | <b>1,914,790</b> | <b>2,055,171</b> | <b>2,020,318</b> |
| <b>Trust funds:</b>                       |                  |                  |                  |                  |                  |                  |
| Enacted, pending and initial requests:    |                  |                  |                  |                  |                  |                  |
| Appropriations .....                      | 1,071,902        | 1,062,599        | 1,124,390        | 1,116,622        | 1,180,516        | 1,172,822        |
| Proposed in this budget:                  |                  |                  |                  |                  |                  |                  |
| To be proposed separately:                |                  |                  |                  |                  |                  |                  |
| Legislative Proposals:                    |                  |                  |                  |                  |                  |                  |
| Subject to PAYGO <sup>(B)</sup> .....     | 33,120           | 33,104           | 38,843           | 38,837           | 44,843           | 44,843           |
| Not subject to PAYGO <sup>(J)</sup> ..... | -1,367           | -1,567           | -2,236           | -2,536           | -3,237           | -3,508           |
| Deductions for offsetting receipts .....  | -53,880          | -53,880          | -56,171          | -56,171          | -58,892          | -58,892          |
| Not subject to PAYGO <sup>(J)</sup> ..... | 12               | 12               |                  |                  |                  |                  |
| <b>Total Trust funds .....</b>            | <b>1,049,787</b> | <b>1,040,268</b> | <b>1,104,826</b> | <b>1,096,752</b> | <b>1,163,230</b> | <b>1,155,265</b> |
| Interfund transactions (-) .....          | -409,879         | -409,879         | -435,339         | -435,339         | -465,066         | -465,066         |
| <b>Federal Government totals .....</b>    | <b>2,496,154</b> | <b>2,463,663</b> | <b>2,621,627</b> | <b>2,576,203</b> | <b>2,753,335</b> | <b>2,710,517</b> |

<sup>B</sup> Legislative proposal, subject to PAYGO.

<sup>J</sup> Legislative proposal, not subject to PAYGO.



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