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# THE BUDGET OF THE UNITED STATES GOVERNMENT



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**DEPARTMENT OF DEFENSE BUDGET  
FOR FISCAL YEARS 1992 AND 1993**



February 4, 1991

20101025274

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The Department of Defense extracts appropriate portions of the Budget of the United States Government (immediately following transmittal by the President to the Congress) for reprinting and distribution within the Department. This reprint is referred to as the "Department of Defense Extract" of the Budget of the United States Government.

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DEPARTMENT OF DEFENSE

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# BUDGET OF THE UNITED STATES GOVERNMENT



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## FISCAL YEAR 1992

## FOREWORD

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### GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in the tables, text, and charts of this volume may not add to the totals due to rounding.
3. Passage of the Omnibus Budget Reconciliation Act of 1990 in mid-November made preparation of the 1992 budget by the legal transmittal date of February 4th especially difficult. The President's 1992 budget had to comply with technically complex new spending caps, pay-as-you-go limits, and reforms of Federal credit programs. If, as a result, errors have been made, they will be corrected as soon as they are identified.

U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON 1991

For sale by the Superintendent of Documents, U.S. Government Printing Office Washington, D.C. 20402



# **PART ONE**

## **INTRODUCTION**

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### **I. THE BUDGET MESSAGE OF THE PRESIDENT**

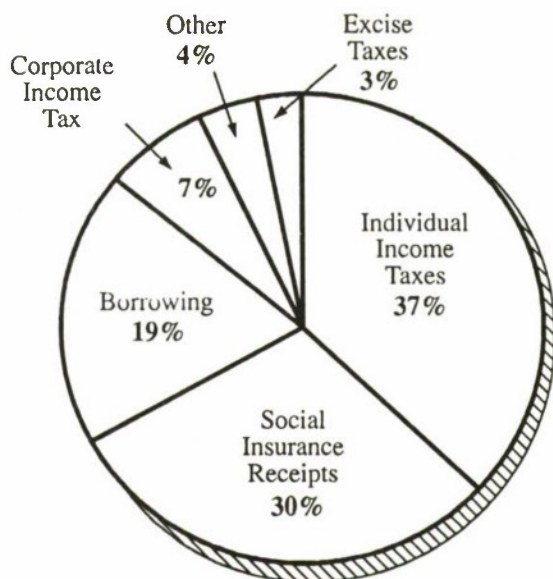
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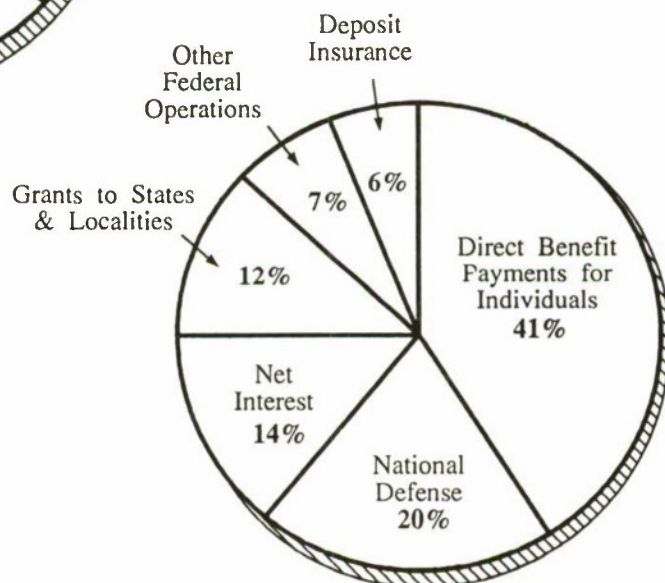
# THE FEDERAL GOVERNMENT DOLLAR

## FISCAL YEAR 1992 ESTIMATE

### Where It Comes From...



### Where It Goes...



### RECEIPTS, OUTLAYS, DEFICIT/SURPLUS UNDER THE PRESIDENT'S PROPOSED POLICY

(In billions of dollars)

	1990	1991	1992	1993	1994	1995	1996
Receipts .....	1,031.3	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3	1,560.7
Outlays .....	1,251.7	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
Surplus or Deficit (+/-) .....	-220.4	-318.1	-280.9	-201.5	-61.8	-2.9	+19.9

# I. THE BUDGET MESSAGE OF THE PRESIDENT

*To the Congress of the United States:*

I am pleased to present the *Budget of the United States Government for Fiscal Year 1992*.

The budget is consistent with the 5-year deficit reduction law enacted last fall. It recommends discretionary spending levels that fall within the statutory caps for defense, international, and domestic discretionary programs. It implements the entitlement savings and reforms enacted in the Budget Agreement. It conforms to the new pay-as-you-go requirements.

By holding the overall rate of growth of Federal Government spending to approximately 2.6 percent—below the inflation rate—the budget puts into effect the concept of a “flexible freeze,” which is an essential means of bringing the budget into long-term balance.

The longest period of peacetime economic expansion in history has been temporarily interrupted. We can, however, return to growth soon—and proceed on the path to a new era of expansion. With that goal in mind, the budget places special priority on policies that will enhance America’s potential for long-term economic growth, and that will give individuals the power to take advantage of the opportunity America uniquely offers.

To this end, I am again proposing tax incentives to increase savings and long-term investment.

On the spending side of the budget, the existence of a cap on domestic discretionary outlays rightly creates a competition for resources. Priorities must be set. This budget proposes that domestic investment be increased in the following key areas:

**Education and Human Capital.**—The budget proposes investments to prepare children better for school, to promote choice and excellence in our educational system, to improve math and science education, and to in-

crease the access of low-income Americans to higher education.

**Prevention and the Next Generation.**—The budget includes proposals to help reduce illness and death from preventable diseases, and to reverse the long-term trend of underinvestment in children.

**Research and Development and the Human Frontier.**—The budget recommends an increase of \$8.4 billion in the Federal investment in research and development, with special emphasis on basic research, high performance computing, and energy research and development. It proposes to extend permanently the tax credit for research and experimentation to encourage private sector R&D investment. In addition, the budget reflects the Administration’s continued commitment to expanding human frontiers in space and biotechnology.

**Transportation Infrastructure.**—The budget supports an expansion of the Federal Government’s investment in highways and bridges to over \$20 billion within 5 years, and proposes substantial increases to improve the condition of the Nation’s airports, to modernize the air traffic control system, and to continue to develop the transportation infrastructure for exploration and use of space.

**America’s Heritage and Environmental Protection.**—The budget includes increased funds for the expansion and improvement of America’s treasury of parks, forests, wildlife refuges, and other public lands; for the implementation of the Clean Air Act and other key environmental statutes; for the cleanup of pollution at various Federal facilities and at Superfund sites; and for protection and enhancement of coastal areas and wetlands.

**Choice and Opportunity.**—The budget provides funds to help give parents greater choice in child care, health care, education, and housing; the resources to allow *all* Americans, especially those with low incomes, to seize the opportunities that such choice provides; and a

Part One—3



proposal to establish Enterprise Zones to bring hope to our inner cities and distressed rural areas.

**Drugs and Crime.**—The budget further increases the Administration's investment in drug prevention, treatment, and law enforcement. And the budget substantially increases the resources available to help the Federal Bureau of Investigation fight crime, the Federal prosecutors prosecute criminals, and the Federal prison system accommodate those convicted of crimes.

To make such investments possible, the budget includes recommendations to terminate or reduce Federal investment in certain low-return programs, and proposes reforms to slow the continuing growth of mandatory entitlement programs and to increase fairness in the distribution of the benefits these programs provide.

In addition, the budget contains a new proposal to fund various programs now carried out by the States through a comprehensive block grant. The States are continuing to develop new and innovative ways to deliver services more effectively. The budget not only highlights several of these innovations; it proposes to reinforce and build upon them.

The budget contains several proposals that reflect my commitment to managing govern-

ment better. These include measures to improve accountability, to reduce waste, to reform regulation, to employ risk management budgeting in addressing threats to health and safety, and to set clear objectives and measure performance in meeting them.

Finally, consistent with the statutory caps enacted last year, the budget provides the resources necessary to maintain national security, and to better advance American interests abroad. As the budget goes to press, the timing of the resolution of the multinational coalition's efforts to reverse the aggression in the Persian Gulf is uncertain. For this reason, the budget reflects only a placeholder for Operation Desert Shield. A supplemental request for the incremental costs of Desert Shield, which includes Desert Storm, will be forwarded to the Congress in the coming weeks.

The priority investments embodied in this budget will help America prepare for the requirements and opportunities presented by a rapidly changing world. I look forward to working with the Congress in developing a budget that lays the groundwork for a brighter future, protects our national interests, and helps create the conditions for long-term economic growth and prosperity.

GEORGE BUSH

FEBRUARY 4, 1991

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## **II. DIRECTOR'S INTRODUCTION AND OVERVIEW TABLES**

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Part One-5

## II. DIRECTOR'S INTRODUCTION AND OVERVIEW TABLES

### A SOMBER MOMENT—BUT WITH HOPE FOR A NEW ORDER

Last year's budget was published in an historical context that bordered on the euphoric. Its introduction noted:

State-centered, command-and-control systems seem to be decomposing.... Liberated celebrants have cheered the opening of the Berlin wall and the decline of communist dictators. So too have liberated Panamanians celebrated the fall of the dictator in near-by Panama....

This is not small stuff. It is another giant leap of the human spirit yearning to breathe free.

The introduction, then, went on to lament:

Yet this great historical shift has been almost trivialized in its translation into public debate about the budget. The issue has been framed as: "How big is the 'peace dividend'?"—and, in effect, "How can I get mine?"

This year's budget goes to press at a more somber moment, when the fragility of peace has again been made painfully evident. In August, a militaristic dictator brutally invaded a peaceful neighbor. He refused to conform to international norms established by the United Nations. He destabilized a region that is vital to the global economy—a region which, for too long, has been the victim of conflict.

As a result, suffering has increased within the region and throughout the world. Innocent people have been hurt. Economies have weakened. Allied military action has been undertaken as a last resort to enforce the resolutions of the United Nations. The early action has gone well. But precious lives have been lost. The poignant human costs of protecting freedom and the civilized rule of law have again been made clear.

Yet, although the moment is somber, there is cause for hope.

The liberation of Kuwait has begun. But of more far-reaching significance is this: With U.S. leadership, the global response to the

Iraqi invasion has the potential to set a favorable precedent for the post-Cold-War era—what the President has termed a New World Order.

At home, the Iraqi invasion of Kuwait has caused obvious economic difficulties. Oil prices were driven up for several months. Long-term interest rates reflected a risk premium. In the face of uncertainty, consumers and investors have understandably held back. The resulting economic slow-down has taken its toll. And the problem of the fiscal deficit has thus been compounded by the effects of the crisis in the Gulf.

Yet in this somber domestic picture, too, there is cause for hope. The move toward satisfactory resolution of the Gulf crisis is unequivocally positive for the domestic economy. And the residual fiscal crisis, though regrettable, has the potential to foster—even to accelerate—domestic reform. Within the framework of the 1990 Budget Agreement, constructive reforms can be framed. Though less grand than a New World Order, steps toward a new domestic order can continue to be advanced—at least at the margin of practicable change.

It is in this spirit that the new budget is presented.

This introduction:

- reviews the deficit outlook;
- outlines a reform agenda; and
- discusses the need for a new conception of "program life cycles"—within the framework of the 1990 Budget Act.

### THE DEFICIT OUTLOOK—WORSE BEFORE BETTER

The new budget is for fiscal years 1992 and beyond. For each of these years, the consolidated deficit estimate promises to be better

Part One-7



than the year before. The projected deficit goes down by \$37 billion from 1991 to 1992. It reaches balance by 1996. (See Table II-1.) As a percent of GNP, it declines from 5.7 percent (near the recent high of 6.3 percent in 1983) to roughly 1 percent in the mid-1990s. The *longer-term* trend is favorable by several different measures of "the deficit." (See Chart II-1). But the inescapable reality of the *near term* is: the deficit outlook is not good.

The consolidated deficit for the current fiscal year, 1991, is estimated at \$318 billion. This

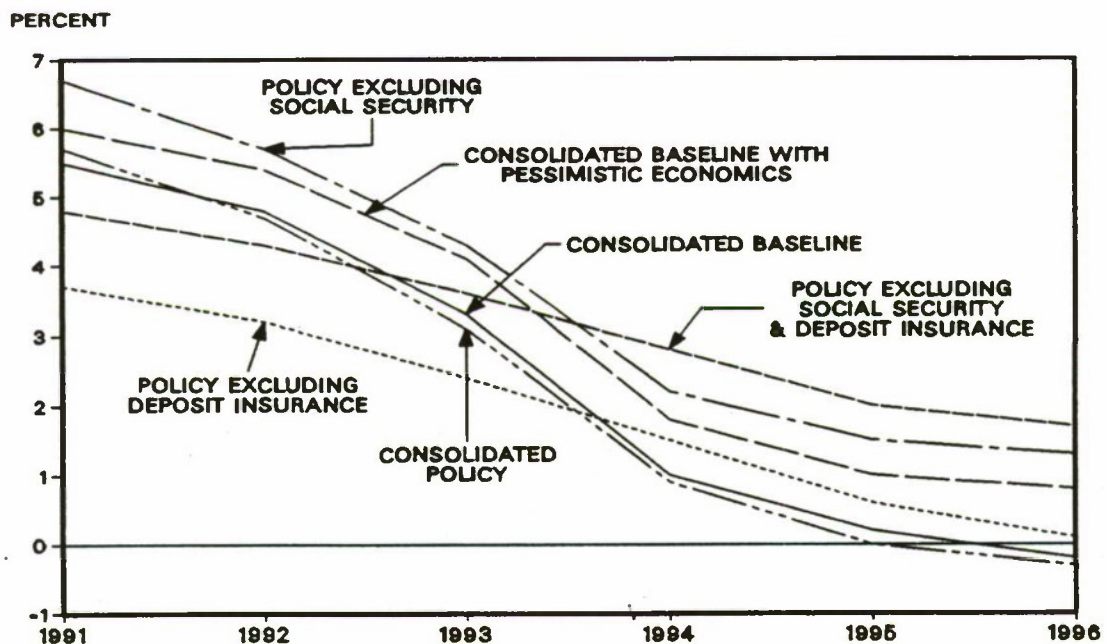
includes \$30 billion in budget authority and \$8 billion in outlays (net of foreign contributions) as a placeholder for the incremental costs of Operation Desert Shield. This does not fully cover the additional costs of actual combat, however. With substantial foreign contributions, the adverse financial effects on the United States should be mitigated. But neither full costs nor total contributions can be reliably estimated as the budget goes to press.

Even without the full net costs of Desert Shield (which includes Desert Storm), this

Table II-1. **DEFICIT ESTIMATES, 1991-1996**  
(In billions of dollars)

	1991	1992	1993	1994	1995	1996
Consolidated Baseline .....	-310.3	-284.9	-212.3	-67.5	-12.1	14.1
Consolidated Baseline with pessimistic economics .....	-336.1	-326.0	-262.1	-126.3	-75.3	-61.4
Consolidated Policy .....	-318.1	-280.9	-201.5	-61.8	-2.9	19.9
Policy excluding Social Security .....	-378.6	-343.3	-274.9	-151.1	-106.8	-101.9
Policy excluding Deposit Insurance .....	-206.6	-192.8	-157.3	-99.9	-45.3	-10.0
Policy excluding Social Security and Deposit Insurance .....	-267.1	-255.2	-230.7	-189.2	-149.1	-131.8

Chart II-1. **DEFICITS AS A PERCENT OF GNP**



1991 deficit estimate represents a substantial deterioration relative to the 1990 deficit of \$220 billion. It is worse than was estimated last summer, by both the Administration and the Congressional Budget Office, during the Budget Summit negotiations. And it is far worse than the baseline deficit estimated a year ago.

The two largest elements of this deterioration for 1991—each far greater than all others combined—are:

- an increase of \$105.5 billion in estimated outlays for thrift and bank insurance (part of which is due to a change in accounting treatment); and
- a decrease of \$87 billion in estimated receipts (principally due to a weaker economy).

The longest period of peacetime economic growth has been interrupted. Revised economic assumptions now reflect two consecutive quarters of negative real growth—the fourth quarter of calendar year 1990 and the first quarter of calendar year 1991. (See Table III-1)

This temporary economic downturn was not assumed last year by the Administration or by most outside economists. Indeed, it was not the result of ordinary causes. It did not start as a turn of the “business cycle.” Inventories were relatively low. And it was not a correction for “overheating.”

Among the principal causes of the weaker economy were a combination of the following:

- *monetary policy*, which for an extended period (roughly two years) remained on the tighter side of its target range—not seeking to halt real growth, but slowing growth out of concern for inflation and dollar weakness;
- the “*credit crunch*”—as the banking system (both banks and regulators) struggled to react to the S&L experience, new capital requirements, problems in the real estate market, and fears of a more general slowdown; and,
- perhaps most significantly, the multiple adverse economic and psychological effects of the *crisis in the Gulf* (as noted above).

The return to healthy economic growth—and the associated improvement in the deficit—assumes, and probably requires:

- improvement in all three areas—the Gulf, the financial system, and monetary policy;
- adoption of the growth-oriented policies noted in the President’s Message and discussed further below; and
- full implementation of the 1990 Budget Agreement—which reduces the previous baseline deficit by \$72.9 billion for 1992 and \$138.1 billion for 1995.

As always, there is a risk that these are excessively hopeful assumptions. But with the new Budget Agreement, the risk is arguably lower than in previous years.

Prior to enactment of the Agreement’s procedural reforms, there were incentives for the Administration to err in the direction of rosy projections. There were related incentives for the Congress first to criticize these projections (visibly) and then to adopt the same projections (invisibly). Now, these perverse incentives have been reduced.

For this and other reasons, the Administration’s projections are closer to mainstream thinking. The calendar year 1991 real growth forecast is almost identical to the current consensus forecast of the “Blue Chip” economic experts, and is actually below that of the Congressional Budget Office (CBO). The long-term growth forecast, although higher than that of CBO, is nonetheless below America’s post-World-War-II average. Thus, the deficit outlook presented here may be judged to be more credible than in the past.

Unfortunately, however, this does not necessarily mean that it is correct. Even in the best of times, macroeconomics is a highly fallible “science.” (Macroeconomists are often closer to each other than to reality.) And as this budget goes to press, there are crucial unknowns: the timing and character of events necessary to resolve the crisis in the Gulf. These are fundamentally relevant uncertainties. Much will turn on them.

So Chapter III, “Economic Assumptions and Sensitivities,” bears special attention. It discusses the extent to which the deficit outlook



should be modified if one wishes to use different economic assumptions.

## **REFORMIST STEPS—TOWARD A NEW DOMESTIC ORDER**

Whatever one's economic assumptions, America nonetheless can—and must—continue its historic mission: protecting freedom, accelerating innovation, assuring fairness, increasing growth and opportunity, while limiting the expansion of intrusive and inefficient government. The President's 1992 budget limits the growth of Federal spending to 2.6 percent—less than the inflation rate. Within this limit, it nonetheless helps advance the process of American renewal. The budget proposes reform measures in each of the following domestic areas:

### **(1) Education Reform**

The United States spends more per student on education than almost every other country on earth. Yet, the average performance of American elementary and secondary school students on internationally administered tests is disgracefully low. The performance is below that of America's major trading partners. It falls consistently near the bottom. The current system unnecessarily holds young people back, holds workers back, and holds the Nation back. Clearly, more of the same cannot be acceptable.

In coordination with the Nation's Governors, the President has initiated an ambitious national reform effort. Consistent with that reform effort, the budget gives special emphasis to increased investment in child care (including almost \$10 billion in tax credits and \$732 million for the new child care block grant), Head Start (\$2.1 billion), compensatory education (\$6.4 billion), mathematics and science education (\$1.9 billion), and the measurement of results.

To accelerate the more basic reforms that are necessary, the budget provides \$690 million for a new Educational Excellence Act. And, perhaps most importantly, it encourages increased parental choice through: demonstration grants, greater flexibility for States, an information clearinghouse, and a new incentive fund for States and localities that

adopt choice-oriented certificate programs. Greater choice would help foster a more market-like system and hold schools more accountable for performance. It is only with performance-based choice that more fundamental reform is likely to be achieved. (See Chapters IV.A. and V.A.)

### **(2) Research and Development**

America's long-term position internationally and the potential for improvement in life at home depend fundamentally upon investment in a strong R&D base. Unfortunately, short-term claims and pressures often tend to drive out long-term investment. R&D is especially vulnerable in both the public and private sectors. Since the 1960s, investment in civilian R&D, particularly, has experienced a troublesome decline as a percent of GNP. To counter these tendencies, the President's budgets have sought to protect and increase R&D investment—without having the government cross the line into the problematic area of "industrial policy."

This budget proposes to make the R&D tax credit permanent in order to encourage more private R&D; while it also increases the direct Federal investment to \$76 billion for 1992—up \$8.4 billion to the highest level ever. Basic research would increase to \$13 billion, with pathbreaking efforts that range from high-energy physics to what promises to be one of the most important and far-reaching research projects in human history: the Human Genome Project. In applied civilian R&D, exciting investments range from materials processing, to biotechnology, to high-speed rail transport and electric battery technology, to high performance computing. This investment in R&D unquestionably has the potential—in time—to bring radical improvement in the quality of human life across-the-board. (See Table II-2 and Chapter IV.C.)

### **(3) Financial Sector Reform**

The S&L crisis was a central focus of reform last year. This year, public attention has begun to shift to the risks associated with banks. While the analogy with S&Ls is not appropriate, there unquestionably are risks. From a budgetary perspective, they are reflected in the baseline projection for the Bank Insurance Fund. In the absence of remedial



**Table II-2. ENHANCING RESEARCH AND DEVELOPMENT AND EXPANDING THE HUMAN FRONTIER—HIGHLIGHTS**

(Dollar amounts in millions)

	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
<b>Basic Research</b>				
Doubling the NSF budget .....	2,316	2,722	+406	+18
Increasing Basic Biomedical Research at NIH .....	4,634	4,968	+334	+7
Human Genome Project .....	135	169	+35	+26
Agricultural Research Initiative .....	73	125	+52	+71
Superconducting Super Collider .....	243	534	+291	+120
<b>Applied Research</b>				
High Performance Computing and Communications .....	489	638	+149	+30
Energy R&D .....	676	903	+227	+34
Advanced Manufacturing and Materials .....	1,316	1,310	-6	—
HIV/AIDS .....	1,152	1,210	+58	+5
Moving Fusion Energy from Science to Engineering .....	275	337	+62	+23
Aeronautics R&D .....	482	543	+61	+13
Expanding R&D at the National Institute of Standards and Technology .....	215	248	+33	+15
Maintaining National Security: Defense R&D .....	37,783	43,247	+5,464	+14
<b>Expanding the Geographic Frontier: Space Exploration</b>				
Space Transportation Infrastructure .....	4,801	5,517	+716	+15
Space Science .....	1,774	2,141	+367	+21
Mission to Planet Earth (Global Change) .....	954	1,186	+232	+24
Mission From Planet Earth .....	2,199	2,470	+271	+12
Expanding the Human Frontier through Biotechnology .....	3,788	4,107	+319	+8

legislative action, the Fund balance would turn negative in 1992. (See Chapter VIII.A.)

But the issues involved are far broader than merely the accounting status of the Bank Insurance Fund. Financial markets have become global. So has competition in financial services. Technological advances have changed both the character of services and of service-providers. Yet, the legal and regulatory framework attempting to govern the American financial service sector has not adapted. It is outdated—as will be many American competitors if the framework is not modernized.

With this problem in clear view, the President is proposing a comprehensive reform of both deposit insurance and the legal-regulatory framework governing the financial services sector. (See associated Treasury study.)

#### (4) Incentives for Saving and Investment

In the past decade, significant tax bills have been enacted at the rate of almost one per year—including historic tax reform. On bal-

ance, the tax system has been radically improved. As a general matter, both the tax system and the taxpayer deserve a rest. Still, there is one area that continues to merit further reform: the need to strengthen incentives for saving and long-term investment.

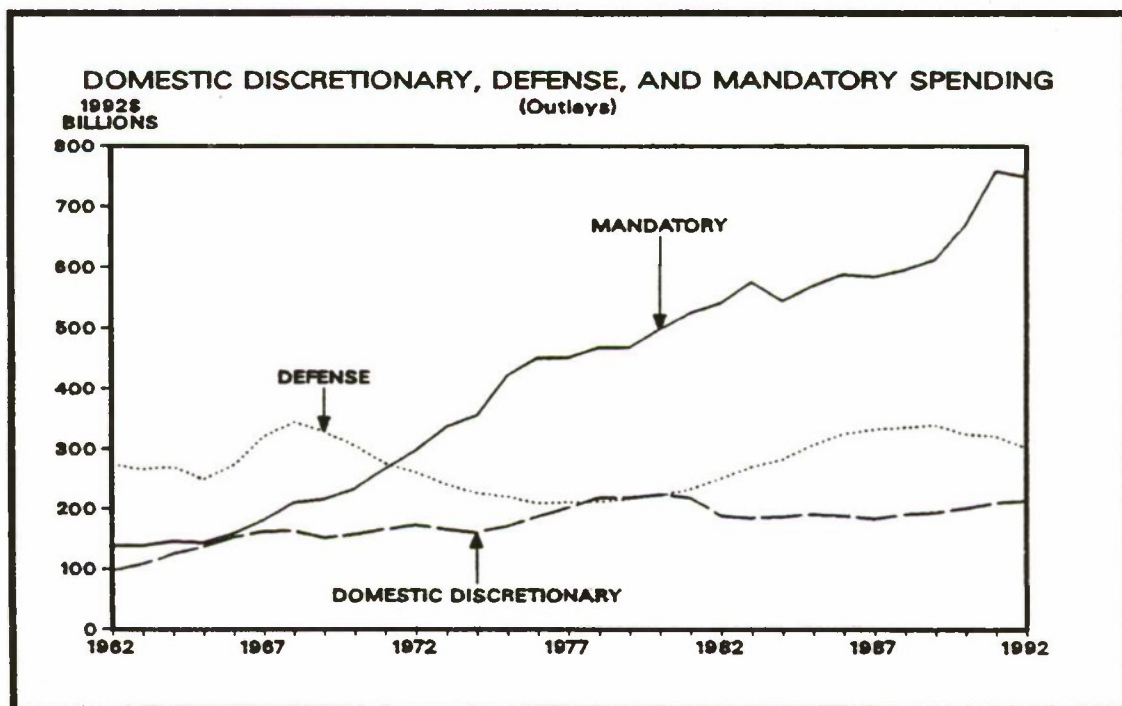
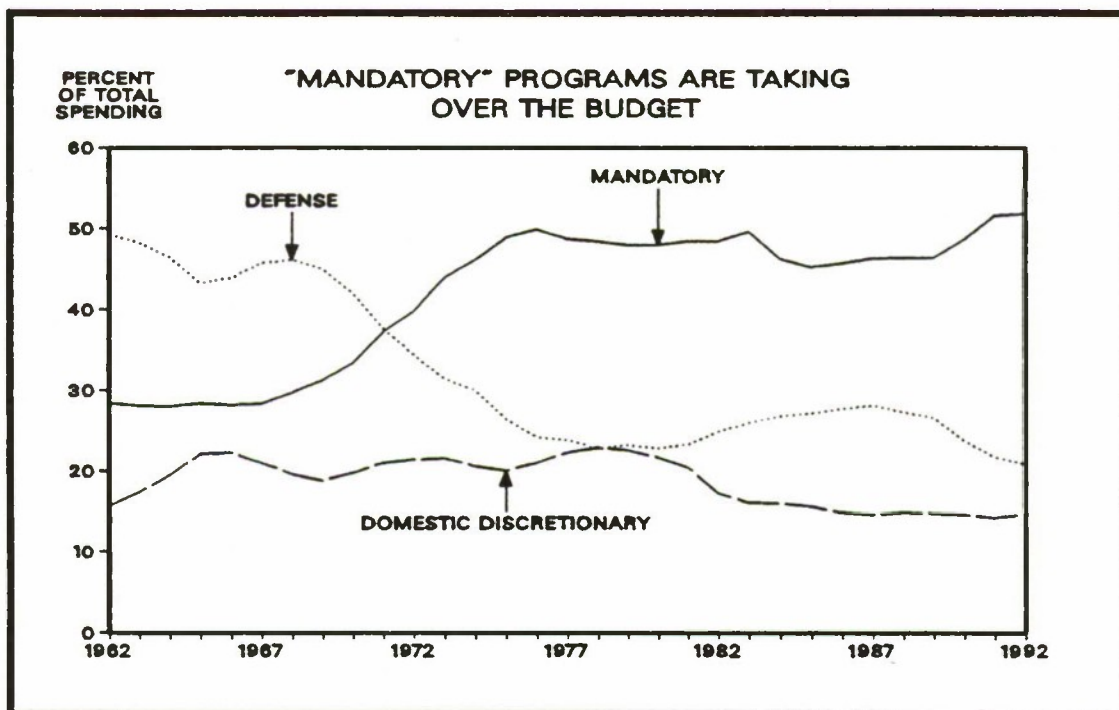
Accordingly, the President's budget proposes incentives to encourage: family savings, homeownership, longer-term investment, and investment in Enterprise Zones. (See Chapter X and the related discussion of pay-as-you-go requirements in Chapter XIV.)

#### (5) "Entitlement" Reform

In looking at the changing composition of the Federal budget since the 1960s, two trends stand out:

- First, the budget is being taken over by so-called "mandatory" or "entitlement" programs. These are largely transfer payments, which are not now subject to annual appropriation. They have grown from 28 percent of the budget in President Ker-

Chart II-2.



nedy's administration to nearly 52 percent today. (See Chart II-2).

- Second, within the "mandatory" total, funding for the non-poor has increased far more than for the poor. (See Chart II-3.)

No serious effort to address the deficit can ignore the 52 percent of the budget comprised by "mandatory" programs. That is why the 1990 Budget Act included measures to reduce the growth of "mandatories" by \$100 billion over five years. But that is still not enough.

Accordingly, this budget proposes to reduce "mandatories" by another \$47 billion over five years. (See Table II-9.) In addition, the budget reflects an important new emphasis for reform: increasing fairness in the distribution of benefits, reducing subsidies for those who do not need them.

In particular the budget proposes to: reduce the subsidy of Medicare "Part B" premiums for individuals with annual incomes over \$125,000; restructure higher education assistance to serve the needy better; reallocate school lunch subsidies to increase benefits for

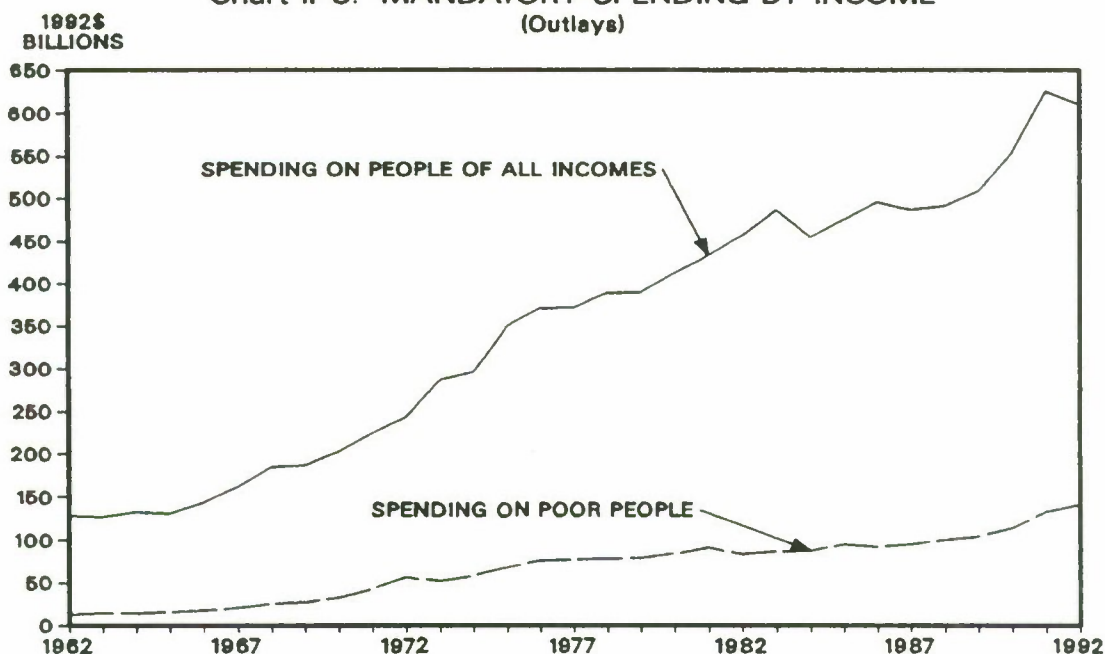
those with greater need; standardize benefits to increase payments to survivors of lower-ranking military personnel; and limit farm subsidies for individuals with non-farm income over \$125,000. (See Chapter V.C.)

#### (6) Health System Reform

Although the American health system leads the world in research and in many specialized areas, its general performance is not yet satisfactory. Its costs continue to grow faster than both inflation and the economy. Total national expenditures on health now claim 13.5 percent of GNP. Federal health spending is over 15 percent of the budget. This enormous and rising claim on resources comes at the expense of what might otherwise be the expansion of services for those who do not have fair or adequate access to the health system. And notwithstanding the huge expenditures, indicators such as infant mortality and preventable death and disease remain unnecessarily high.

The American health system is a hybrid—partly government-managed, partly private, partly in-between; partly a model of excellence,

**Chart II-3. MANDATORY SPENDING BY INCOME**  
(Outlays)





and partly a disgrace. The challenge of reform is complex. Comprehensive reform plans abound. But none is a certain remedy, and some threaten to cause as many problems as they would cure. None is likely to be implemented quickly.

For the coming year, the Administration will continue to advance reform in manageable steps—implementing last year's expansion of access to Medicaid and the reform of Medicare's physician payment system, while also accelerating reform in two new areas:

- *Malpractice reform.* The budget proposes new Federal financial incentives for States to adopt model malpractice reform measures. This can help reduce both the direct costs of malpractice insurance and the indirect costs of "defensive medicine"—while expanding the availability of medical services and increasing attention to appropriate standards of care.
- *Investment in Prevention.* The budget proposes to fund a concerted effort—through both education and increased investment in preventive services—to stop avoidable health problems before they start. In doing so, it gives special emphasis to programs affecting children—and to prenatal care, infant nutrition, cancer screening, injury control, smoking cessation and other matters of personal responsibility. (See Tables II-3 and II-4, and see Chapter IV.B.)

### (7) Drug Abuse Reduction

One of the most troubling breakdowns of personal responsibility is reflected in drug abuse. In the 1970s and 1980s, the problem grew to near-epidemic proportions. The President advanced the first National Drug Control Strategy in September 1989. Several recent studies have shown encouraging results. Cocaine use seems to have declined significantly from levels in the mid-1980s. But the drug abuse problem is far from solved.

Accordingly, the budget continues to increase the resources allocated to the National Drug Control Strategy. For 1992, the Federal share increases by \$1.1 billion to \$11.7 billion (80 percent higher than when the President took office). The increase in these resources is dis-

tributed to all elements of the Strategy. (See Chapter V.B.)

### (8) Housing Reform

American public policy reflects a long-standing commitment to the importance of investment in housing. But the results have been mixed—and clearly unsatisfactory for many of the poorest Americans. Part of the problem has been conceptual: too great an emphasis on direct governmental ownership and management; too little emphasis on opportunities for poor people to benefit from choice and homeownership.

The budget reflects a reformist shift in concepts: It proposes to fund fully (\$2.1 billion in 1992) the new HOPE program—creating opportunities for tenant management and ownership. It requests a 38 percent increase in vouchers for low income people—to increase their power in the marketplace. And, on the tax side: it would permit the use of Individual Retirement Accounts by young families and first-time homebuyers; and it would offer special incentives for investment in Enterprise Zones—a refundable tax credit for wages, expensing of investor purchases of new corporate stock, and a zero capital gains rate for investment in tangible property within Enterprise Zones. (See Chapter V.A.)

### (9) Transportation Infrastructure Investment

The Nation's transportation systems are fundamental to both economic productivity and the quality of life. And the stresses upon these systems continue to mount. While attending to important limits on the Federal role and responsibility, the 1992 budget makes a major contribution to expansion and improvement of the transportation infrastructure:

- Annual obligations of the Highway Trust Fund would be increased to \$16 billion in 1992 and to more than \$20 billion by 1996. In seeking to reauthorize the Federal highway program, the Administration would simplify and strengthen the existing program—establishing a new National Highway System, giving States greater flexibility with a new block grant program, and allowing more innovative financing with private participation. In addition, the

**Table II-3. SPENDING ON SELECTED PROGRAMS SERVING CHILDREN  
INCREASES 9.5 PERCENT IN 1992**

(In millions of dollars)

	1990	1991	1992 Proposed
<b>Nutrition:</b>			
WIC .....	2,126	2,350	2,573
Child Nutrition .....	4,887	5,577	6,066
Other Nutrition .....	7,985	9,138	9,825
<b>Health:</b>			
Targeted Infant Mortality .....	—	<sup>1</sup> 34	139
Medicaid .....	8,200	10,300	12,000
Community/Migrant Health .....	227	238	238
Immunizations .....	187	218	258
Maternal/Child Health .....	554	<sup>1</sup> 554	554
Other Health .....	222	264	266
<b>Education and Social Services:</b>			
Head Start .....	1,552	1,952	2,052
Handicapped Education .....	2,055	2,467	2,730
Compensatory Education .....	5,368	6,225	6,424
Educational Excellence Act (proposed) .....	—	—	490
Precollege Math and Science Education .....	333	515	661
Child Care Block Grant .....	—	732	732
Foster Care .....	1,375	2,611	2,186
Social Security .....	8,375	9,048	9,716
Supplemental Security Income .....	1,261	3,531	2,497
Aid to Families with Dependent Children and Child Support .....	12,165	14,008	15,162
Other Education and Social Services .....	2,453	2,642	2,352
Refundable Tax Credits .....	6,287	6,941	9,973
<b>Total Children's Funding .....</b>	<b>65,612</b>	<b>79,345</b>	<b>86,851</b>

<sup>1</sup> Reflects HHS' plans to reprogram \$34 million from MCH Block Grant to Targeted Infant Mortality in 1991. Overall resources supporting this initiative will total \$57 million in 1991 and \$171 million in 1992, including funds from other public health grants.

**Table II-4. THE BUDGET PROVIDES INCREASES FOR PROGRAMS  
FOCUSED ON PREVENTION AND THE NEXT GENERATION**

(Obligations in millions of dollars)

	1991 Enacted	1992 Proposed	Percent Increase
Childhood immunization .....	218	258	+18.3
Infant Mortality Initiative .....	7,335	8,011	+9.2
(Targeted Infant Mortality Initiative—non-add) .....	57	171	+300.0
Breast and Cervical Cancer Prevention .....	269	410	+52.4
Smoking Cessation .....	90	97	+7.8
Physical Fitness and Diet .....	122	139	+13.9
Accident and Injury Prevention .....	1,683	1,907	+13.3
Access to Preventive Health Care .....	5,410	6,026	+11.4
Family Planning .....	399	420	+5.3
Lead Poisoning Prevention .....	8	41	+412.5
Substance Abuse Prevention .....	1,442	1,515	+5.1



**Table II-5. SELECTIONS FROM THE REFORM AGENDA—  
WITHIN THE FLEXIBLE FREEZE FRAMEWORK<sup>1</sup>**

Area	Highlights
<b>(1) Education Reform:</b>	<ul style="list-style-type: none"> <li>• Long-term national goals—with Governors</li> <li>• Special funding emphasis on early childhood (\$87 billion)</li> <li>• Parental choice—new incentive fund (\$200 million)</li> <li>• Educational Excellence Act (\$690 million)</li> <li>• Higher education funding reform</li> <li>• Math/Science improvement program (\$1.9 billion)</li> </ul>
<b>(2) Research and Development:</b>	<ul style="list-style-type: none"> <li>• Record level for R&amp;D (\$76 billion)</li> <li>• Record level for basic research (\$13 billion)</li> <li>• Human Genome Project</li> <li>• Increased emphasis on applied civilian R&amp;D (e.g., materials processing, biotechnology, high-performance computing)</li> </ul>
<b>(3) Financial Sector Reform:</b>	<ul style="list-style-type: none"> <li>• Deposit insurance reform</li> <li>• Recapitalization of Bank Insurance Fund</li> <li>• Comprehensive reform of legal and regulatory structure to modernize financial services sector</li> </ul>
<b>(4) Incentives for Saving and Investment:</b>	<ul style="list-style-type: none"> <li>• Enterprise Zones</li> <li>• Family Savings Account</li> <li>• IRA withdrawal for first-home buyers</li> <li>• Capital gains modification for longer-term investment</li> </ul>
<b>(5) Entitlement Reform:</b>	<ul style="list-style-type: none"> <li>• \$47 billion savings over 5 years</li> <li>• Increased fairness/reduced subsidies for wealthy</li> </ul>
<b>(6) Health System Reform:</b>	<ul style="list-style-type: none"> <li>• Physician payment reform</li> <li>• Malpractice reform</li> <li>• Increased investment in prevention (prenatal care, infant nutrition, cancer screening, education for personal responsibility, child care)</li> </ul>
<b>(7) Drug Abuse Reduction:</b>	<ul style="list-style-type: none"> <li>• National Drug Control Strategy</li> <li>• \$1.1 billion increase—to record \$11.7 billion (Federal share)</li> </ul>
<b>(8) Housing Reform:</b>	<ul style="list-style-type: none"> <li>• Full funding for HOPE (\$2.1 billion in 1992)</li> <li>• 38 percent increase in vouchers</li> <li>• IRA withdrawal for first-home buyers</li> <li>• Enterprise Zones (refundable wage credit, expensing for new stock, zero capital gains rate)</li> </ul>
<b>(9) Transportation Infrastructure Investment:</b>	<ul style="list-style-type: none"> <li>• New highway program (new National Highway System and new block grant)</li> <li>• Major increase in Highway Trust Fund obligations (over \$20 billion by 1996)</li> <li>• NASPLAN modernization</li> <li>• Space transportation systems (Shuttle, ASRM, ALS, NASP)</li> </ul>
<b>(10) Government Management Reform:</b>	<ul style="list-style-type: none"> <li>• Budget process reform</li> <li>• Regulatory reform</li> <li>• Accounting systems reform</li> <li>• High-Risk Area targeting</li> <li>• Terminations: 238 programs and 3,591 projects</li> </ul>
<b>(11) "States as Laboratories":</b>	<ul style="list-style-type: none"> <li>• Demonstrations and waivers</li> <li>• Evaluation of natural experiments</li> <li>• \$15 billion program turn-over to States (fully funded)</li> </ul>

<sup>1</sup> Proposed total governmental spending for 1992 is 2.6 percent greater than 1991 (i.e., growth is less than the inflation rate).



budget proposes funding for major technological advances in high-speed rail and "smart cars/smart highways," which could help relieve the stress on the current system. (See Chapter IV.D.)

- The budget would continue to modernize the national airspace system ("NASPLAN")—increasing funding for Federal Aviation Administration facilities, equipment, and systems by 29 percent, to \$2.7 billion.
- Within the budget for space exploration and development, there is funding for the space shuttle, a new advanced solid rocket motor (ASRM), a new advanced launch system (ALS), and a national aerospace plane (NASP). As the use of space becomes increasingly relevant, these essential elements of the space transportation system should be better understood—and funded—as a vital part of America's infrastructure investment. (See Chapter IV.C.)

#### (10) Governmental Management Reform

Any 1.4 trillion-dollar-per-year enterprise (e.g., the Federal Government) is bound to show signs of failure in one place or another. But the public is demanding; and respect for governmental performance remains understandably low. There is much room for management improvement.

Discontent with government is often visible (and deemed to be newsworthy). The less glamorous issues of management improvement typically are not. Nonetheless, management reform continues to be advanced:

- *Budget process reform.* The Administration is implementing the important and valuable reforms of the 1990 Budget Agreement—enforceable spending caps, "pay-as-you-go," and credit reform. Beyond these, the Administration continues to seek the line-item veto, joint (not concurrent) budget resolutions, biennial budgeting, and a balanced budget Constitutional amendment. (See Chapter IX.D.)
- *Regulatory reform.* The principles of regulatory reform continue to be advanced through the President's Competitiveness Council and the Office of Information and Regulatory Affairs—and through broader application of Risk Management Budgeting. (See Chapter IX.C.)
- *Accounting reform and oversight.* The budget continues to expand its analysis and presentation of "Hidden Liabilities." (See Chapter VIII.) The Administration is implementing the new Chief Financial Officers legislation—improving accounting standards, financial reporting systems, and audits. The budget explicitly identifies High-Risk Areas of vulnerability to fraud, waste, and abuse. And, as appropriate, the Administration is engaging special teams in the effort to reduce these vulnerabilities. (See Chapter IX.A.)
- *Reducing waste and improving returns on investment.* This is not only a problem of accountancy and oversight, as suggested above. It is also a problem requiring greater program evaluation and a willingness to terminate outdated or ineffective programs and projects. (See Chapter IX.B.) The problem, however, goes beyond conventional matters of accounting and evaluation—as discussed further below.

#### PROGRAM LIFE-CYCLES—AND STATES AS LABORATORIES

Clearly, the government has a need and a responsibility to improve the return on investment of Federal dollars. And improved accounting, analysis, and evaluation have an important role to play in this effort. But beyond these rather technical issues, there are larger structural issues that also require attention.

Fortunately, the 1990 Budget Act creates a framework that can encourage a more basic reform perspective.

The discussion of Entitlement Reform (above) has highlighted the budgetary "take-over" by mandatory programs—and the tendency of such programs increasingly to benefit the non-poor. The pay-as-you-go reforms may serve not only to restrain the further expansion of "mandatories." They should also encourage greater anti-poverty efficiency in the design of such programs.

With respect to discretionary programs, the effect of budget process reforms may be an even more direct increase in attention to pro-

gram efficiency, effectiveness, and return on investment. This should be a natural outgrowth of the existence of fixed, enforceable caps on discretionary spending. With unequivocal limits on available resources, competition on the merits should increase.

As one begins to think about returns on investment, it is perhaps interesting to consider how much Federal spending might be considered "investment" at all. This question involves highly arguable definitional issues.

If one puts defense aside, and looks at how much nondefense spending is oriented toward longer-term investment (returns accruing over a period greater than five years), one finds that expenditures for short-term benefits clearly dominate. Long-term investments have been declining as a percent of GNP. (See Chart II-4.) This is, in part, a reflection of the budgetary "takeover" by transfer payments to individuals ("mandatories").

But even if one focuses only on domestic discretionary programs (*i.e.*, excluding mandatories), one finds that longer-term in-

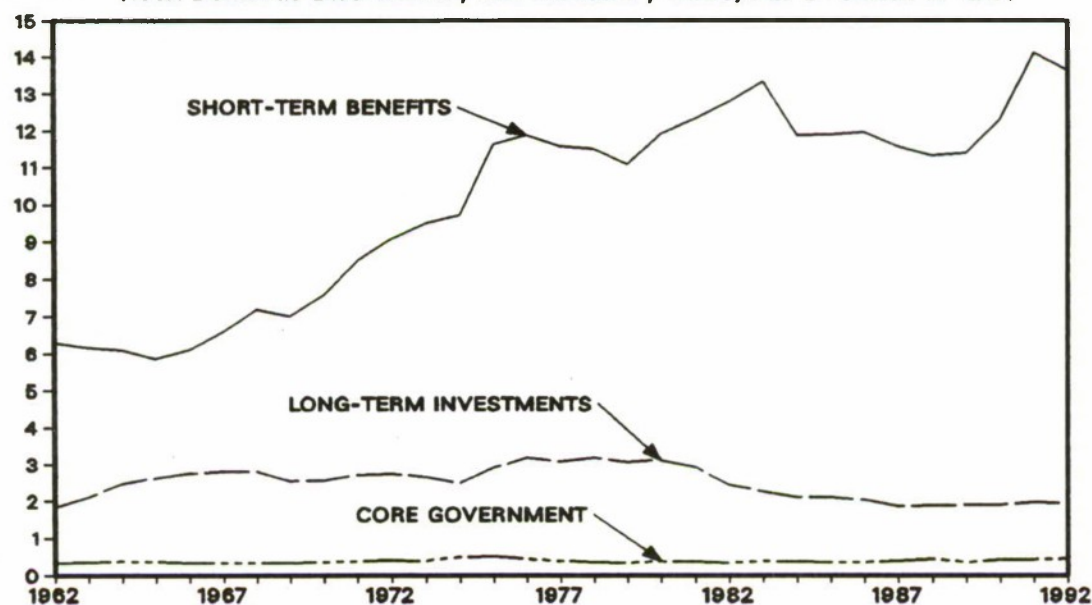
vestments have been decreasing as a share of domestic discretionary spending. (See Chart II-5.) The President's budget seeks to correct this trend by increasing investment in R&D, prevention, early childhood, and transportation infrastructure—areas with higher return.

The expectation of a possible shift toward investment in programs with higher return may, of course, prove to be no more than a request and a hope. The existing domestic discretionary program structure has, to date, proven to be rather rigid. Reform will require a new flexibility and a new dynamic.

In the past, domestic discretionary programs often came into existence to address one alleged "urgent priority" or another. The urgency may have derived from a transitory emergency, a desire for "demonstration," or a perceived need for Federal leadership in areas where States and localities were slow to recognize or accept responsibility. As an abstract matter, this rationale may have been legitimate.

**Chart II-4. CORE GOVERNMENT, LONG-TERM INVESTMENTS, AND SHORT-TERM BENEFITS**

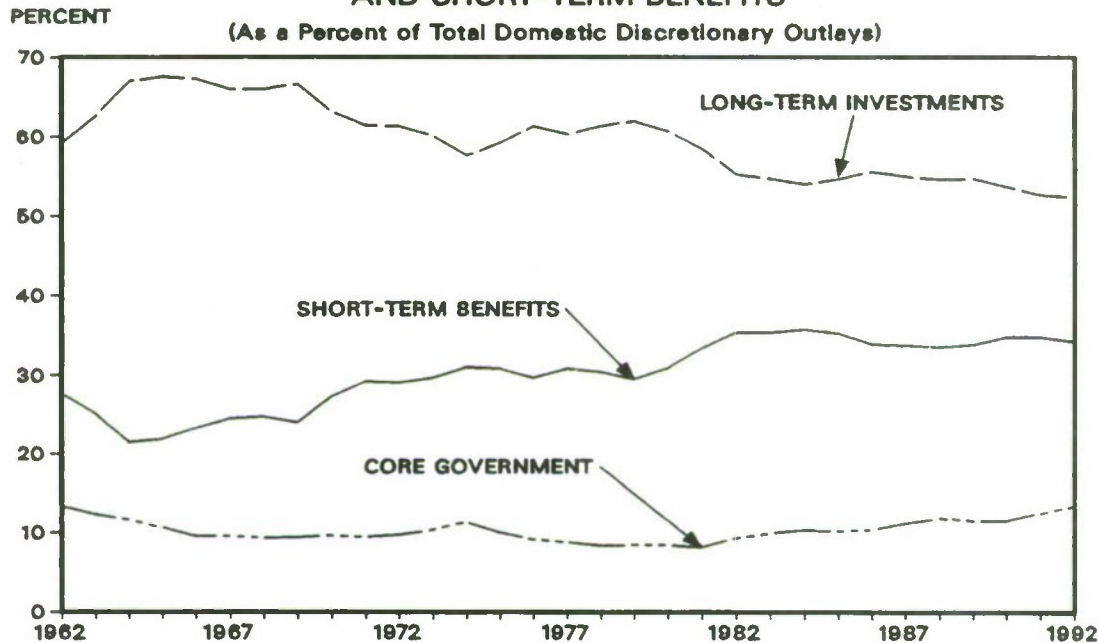
PERCENT (Total Domestic Discretionary and Mandatory Outlays as a Percent of GNP)



NOTE: Long-term investments and short-term benefits include spending on both people and physical investments.



**Chart II-5. CORE GOVERNMENT, LONG-TERM INVESTMENTS, AND SHORT-TERM BENEFITS**



NOTE: Long-term investments and short-term benefits include spending on both people and physical investments.

Once in existence, however, programs have tended to become fixtures in the budget. There is, in practice, little evidence of a program life-cycle—other than a move toward immortality.

In a world of fixed spending caps, there will be no room for emerging priorities if the programs-of-old remain immortal. To allow adaptation to shifting priorities, there will have to be a more dynamic concept of program life-cycles:

- Some programs and projects will have to die. This should be the case, for example, when a program (whether demonstration or not) has proven a failure, or when the urgency of a past priority has been overtaken by events. It should also be the case when a demonstration has proven a success and is, therefore, available for replication and funding through other sources. In applying these principles, this budget proposes the outright termination of 238 specific domestic discretionary programs and 3,591 specific projects. These terminations would save \$4.6 billion in

budget authority in 1992. (See Chapter IX.B.)

- Some programs should decline. This should be the case when their relative priority is judged to have decreased. This budget proposes declines of \$8.3 billion in budget authority from an additional 109 domestic discretionary programs. These programs were funded at a total of \$27.4 billion in 1991. Reasons for proposed reductions are presented in Chapter IX.B.
- Some programs should increase. The reductions and terminations noted above help finance program increases in areas judged to merit higher priority or improved return on investment. 250 domestic discretionary programs are specifically recommended for increases totaling \$17.8 billion. (See Table B-6 in Chapter IX.B and the associated detail in Chapter XIII.)
- Some programs should be consolidated and turned over to the States—funded in more flexible form. Programs appropriate for such turnover may be selected from two



broad categories: those whose purposes are judged by States to be of continuing value, but whose relative funding priority at the Federal level is declining; and those which seem, in any case, to be appropriate for flexible management by the States.

*The President has established a target of \$15 billion in program turnovers for the States.* A list of possible turnover candidates totaling over \$20 billion is at Table II-9. The actual selection of programs for turnover would have to be authorized by the Congress—in consultation with the Administration and the Governors. (After the actual selection is determined, the current distribution of such programs by State would be calculated. The Administration would then propose to replace these programs with a single consolidated block grant to the States. The formula for this new block grant would approximate the same distribution to the individual States as they would receive under the present program structure—seeking to assure that no State would be harmed by the move to a new, consolidated block grant.)

The value of this turn-over approach is as follows. It allows the Federal Government to reduce overhead. It allows States to manage a pool of financial resources more flexibly. It moves power and decisionmaking closer to the people. And it reenforces another reformist theme of this Administration: appreciation and encouragement of “States as Laboratories.”

This last point is especially important. The American Federal system has within it an enormous power for innovation: the natural variation and experimentation among the States. For too long, this potential has been under-appreciated at the Federal level. Nonetheless, the reality is that some of the most interesting examples of innovation are being set by the States—in areas ranging from educational choice, to enterprise zones, to health cost control,

welfare reform, and transportation finance. (See Chapter VI.)

The Administration seeks to reenforce this natural power of the States—and to help build upon it.

In sum, the opportunities for constructive reform are many. (See Table II-5.) Incentives for choice, innovation, and improved performance can be advanced in education. Investment in path-breaking R&D can be increased. The financial service sector can be modernized. Tax incentives for saving and long-term investment can be strengthened. The budgetary “takeover” by “mandatory” programs can be slowed; and the benefits of entitlements can be better targeted for the needy. The problems of the health system can be alleviated, to some degree, by physician payment reform, malpractice reform, and an emphasis on prevention. The National Drug Control Strategy can be carried forward aggressively to its next stage. The approach to housing can be improved by greater emphasis on choice, homeownership, and Enterprise Zones. Stresses on the transportation infrastructure can be relieved. And the government itself can be managed better—through budget process reform, accounting reform, program evaluation, regulatory reform, and reenforcement of the innovative power of “States as laboratories.”

These reforms can all be accommodated within the “flexible freeze” (with total spending growing at less than the inflation rate) and within the limits of the 1990 Budget Act.

If these reform measures are adopted—and assuming satisfactory resolution of the Gulf crisis in the not-too-distant future—the economy can not only return to economic growth. It can move on toward a new record for economic expansion as America advances to the 21st century.

RICHARD DARMAN  
DIRECTOR,  
OFFICE OF MANAGEMENT AND BUDGET

**Table II-6. SPENDING, REVENUE, AND DEFICIT, 1991-1996**  
(Dollar amounts in billions)<sup>1</sup>

	1991			1992			1993			1994			1995			1996		
	Dollars	Dollars	% Change	Dollars	Dollars	% Change	Dollars	Dollars	% Change	Dollars	Dollars	% Change	Dollars	Dollars	% Change	Dollars	Dollars	% Change
<b>Spending:</b>																		
Discretionary:																		
Defense .....	307.8	300.4	-2.4	293.3	-2.4	287.6	-1.9	289.2	0.5	293.8	1.6							
International .....	18.7	19.6	4.7	20.4	4.2	21.5	5.1	21.8	1.3	22.0	0.9							
Domestic .....	199.8	212.0	6.1	223.2	5.3	228.9	2.6	231.7	1.2	238.5	2.9							
Subtotal, discretionary .....	526.3	532.1	1.1	536.9	0.9	538.0	0.2	542.7	0.9	554.2	2.1							
Mandatory .....	686.2	707.5	3.1	705.3	-0.3	673.5	-4.5	713.8	6.0	775.6	8.7							
Interest .....	197.0	206.3	4.7	212.0	2.8	215.5	1.6	213.8	-0.8	211.0	-1.3							
Total spending .....	1,409.6	1,445.9	2.6	1,454.2	0.6	1,427.1	-1.9	1,470.3	3.0	1,540.8	4.8							
Total revenues .....	1,091.4	1,165.0	6.7	1,252.7	7.5	1,365.3	9.0	1,467.3	7.5	1,560.7	6.4							
Consolidated deficit .....	318.1	280.9	-	201.5	-	61.8	-	2.9	-	-19.9	-							
<b>Memorandum</b>																		
Deposit insurance (included above):																		
Resolution Trust Corporation .....	84.6	76.1	-	34.3	-	-47.6	-	-45.7	-	-32.0	-							
Bank Insurance Fund .....	15.9	9.7	-	8.0	-	6.8	-	0.9	-	0.6	-							
FSLIC Resolution Fund .....	11.1	3.3	-	2.8	-	2.2	-	2.7	-	1.5	-							
Savings Association Insurance Fund and Other .....	-*	-1.0	-	-0.8	-	0.4	-	-0.3	-	*	-							
Subtotal, Deposit insurance .....	111.5	88.1	-	44.2	-	-38.1	-	-42.3	-	-29.9	-							
Desert Shield (placeholder, included above) .....	8.2	4.6	-	0.8	-	0.4	-	-	-	-	-							
Social Security (included above):																		
Operating surplus .....	40.3	38.7	-	45.3	-	56.6	-	65.5	-	77.2	-							
Interest .....	20.2	23.7	-	28.0	-	32.8	-	38.3	-	44.6	-							
Total .....	60.4	62.4	-	73.3	-	89.3	-	103.9	-	121.8	-							

<sup>1</sup> Percent change measures change from previous year.

\* \$50 million or less.



Table II-7. RECEIPTS MEASURES, 1991-1996

(In millions of dollars)

	1991	1992	1993	1994	1995	1996
Enhance long-term investment <sup>1</sup> .....	400	3,000	1,700	900	1,800	1,700
Extend HI coverage to State and local employees <sup>2</sup> .....	—	1,125	1,537	1,545	1,548	1,544
Improve retail compliance with alcohol special occupational taxes <sup>2</sup> .....	—	43	43	9	9	9
Increase IRS enforcement funding .....	—	35	133	176	180	184
Extend tax deadlines for Desert Shield (placeholder) participants .....	-38	21	6	—	—	—
Extend railroad UI reimburseable status <sup>2</sup> .....	-10	2	10	8	-1	-1
Increase HUD land sales fee .....	—	*	*	*	*	*
Extend abandoned mine reclamation fees .....	—	—	—	—	—	260
Extend R&E credit .....	—	-500	-1,000	-1,300	-1,600	-1,800
Extend R&E allocation rules .....	—	-346	-264	—	—	—
Establish family savings accounts .....	—	-300	-800	-1,300	-1,800	-2,300
Extend health insurance deduction for self-employed .....	—	-120	-239	—	—	—
Extend low-income housing credit .....	—	-59	-215	-305	-337	-337
Extend targeted jobs credit .....	—	-56	-100	-64	-29	-20
Establish enterprise zones .....	—	-50	-160	-310	-520	-750
Waive excise tax for certain early withdrawals from IRAs .....	—	-50	-70	-100	-110	-110
Extend business energy credits .....	—	-30	-17	4	2	1
Double and restore adoption deduction .....	—	—	-3	-3	-3	-3
Extend highway trust fund taxes <sup>2</sup> .....	—	—	—	—	—	-2,722
Total effect on receipts .....	352	2,715	561	-740	-861	-4,345
Total effect on receipts with enhance long-term investment at zero .....	-48	-285	-1,139	-1,640	-2,661	-6,045

\* \$500,000 or less.

<sup>1</sup>The proposal to enhance long-term investment is shown as estimated by the Treasury Department's Office of Tax Analysis (OTA). Because the methodological differences among OTA, Congressional estimators, and outside experts have not yet been resolved, totals are presented with the Administration's estimate and with a zero (neutral) entry for the proposal.

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

Table II-8. DEFICIT IMPACT OF ADMINISTRATION PAY-AS-YOU-GO PROPOSALS

(In billions of dollars)

	1991	1992	1993	1994	1995	1991-95
Deficit impact of Administration pay-as-you-go proposals:						
Direct spending (see Table II-8) .....	-0.1	-6.3	-9.3	-9.0	-11.0	-35.8
Receipts:						
Extenders (selected) .....	*	1.1	1.8	1.7	2.0	6.6
Long-term investment incentive <sup>1</sup> .....	-0.4	-3.0	-1.7	-0.9	-1.8	-7.8
All other .....	*	-0.8	-0.6	0.2	0.9	-0.3
Total, receipts .....	-0.4	-2.7	-0.4	0.9	1.0	-1.5
Total, receipts with long-term investment incentive at zero .....	*	0.3	1.3	1.8	2.8	6.3
Total, net deficit impact .....	-0.5	-9.0	-9.8	-8.1	-9.9	-37.3
Total, net deficit impact with long-term investment incentive at zero .....	-0.1	-6.0	-8.1	-7.2	-8.1	-29.5

\* \$50 million or less.

<sup>1</sup>The proposal to enhance long-term investment is shown as estimated by the Treasury Department's Office of Tax Analysis (OTA). Because the methodological differences among OTA, Congressional estimators, and outside experts have not yet been resolved, totals are presented with the Administration's estimates and with a zero (neutral) entry for this proposal.



Table II-9. PROPOSED POLICY CHANGES IN MANDATORY PROGRAMS

(Outlays; in millions of dollars)

	1992	1993	1994	1995	1996
<b>Department of Agriculture</b>					
Commodity Credit Corporation: reduce subsidies to those with off-farm income over \$125,000 .....	-36	-90	-90	-90	-90
Crop Insurance: increase farmer responsibility for premium payments .....	-77	-167	-164	-152	-146
Food Safety and Inspection Service: seek reimbursement from industries for certain overtime activities .....	-50	-50	-50	-50	-50
Food Stamps: effect of increased child support enforcement .	—	-10	-20	-30	-34
Miscellaneous User Fees: increase fees for recreation and grain inspection and establish fees for agricultural marketing .....	-29	-32	-32	-33	-34
Rural Electrification Administration: continue shift from direct to guaranteed loans .....	-13	-38	-59	-74	-67
<b>Department of Education</b>					
Guaranteed Student Loans: net impact of reducing the number of loans that default by: improving eligibility screening of schools; enhancing procedures for default collection; requiring risk sharing and increasing loan limitations .....	-102	-173	-229	-282	-289
<b>Department of Energy</b>					
Elk Hills Naval Petroleum Reserve: lease production rights	-1,191	139	120	113	95
Power Marketing Administrations: revise the level and schedule of the PMAs' debt repayments to the Federal Government .....	-377	-382	-406	-417	-402
Strategic Petroleum Reserve: delay required purchase of petroleum until 1992 and 1993 <sup>1</sup> .....	36	86	—	—	—
<b>Department of Health and Human Services</b>					
Family Support: improve the child support enforcement system .....	-120	-129	-142	-163	-179
Foster Care: limit the Federal Government's payment of administrative costs to only those required to provide benefits to low-income children .....	-210	-290	-352	-405	-452
Medicaid: net impact of allowing States to expand medically-needy eligibility for pregnant women and children; strengthening medical child support enforcement; and the impact of Medicare proposals .....	25	75	75	90	95
<b>Medicare:</b>					
<b>Clinical Labs:</b>					
Apply 2% update for 1992 and 1993, only for those below payment caps .....	-20	-50	-70	-80	-90
Restore 20% co-insurance, identical to all other Part B services .....	-450	-800	-900	-1,020	-1,160
Subtotal, clinical labs .....	-470	-850	-970	-1,100	-1,250
Coordinated Care Initiative: Begin a Medicare coordinated care initiative whose costs would be largely offset by: applying home health limits by discipline and establishing a uniform disabled/ESRD secondary payor threshold .....	-130	25	40	70	195

<sup>1</sup>The SPR proposal saves \$123 million in outlays for 1991.

**Table II-9. PROPOSED POLICY CHANGES IN MANDATORY PROGRAMS—  
Continued**

(Outlays; in millions of dollars)

	1992	1993	1994	1995	1996
<b>Durable Medical Equipment (DME):</b>					
Adjust enteral/parenteral fee schedule .....	-10	-15	-15	-15	-15
Refine DME/oxygen payment methods, in part to reflect increased use of less-expensive oxygen delivery services .....	-35	-85	-105	-130	-135
Subtotal, medical equipment .....	-45	-100	-120	-145	-150
<b>High-Income Beneficiaries: Reduce Federal Medicare subsidy for high-income beneficiaries (over \$125,000 AGI) ..</b>	-41	-169	-245	-323	-426
<b>Hospitals:</b>					
Adjust indirect medical education add-on payment factor from 7.65% to 4.4% in 1992, phasing down to 3.2% in 1996 .....	-1,045	-1,385	-1,705	-2,080	-2,500
Eliminate duplicate payments for hospital-based non-physician practitioners by adjusting hospital payment update factor .....	-10	-10	-10	-10	-10
Include payment for certain post-hospital services in Medicare hospital payment .....	-30	-40	-50	-50	-60
Limit graduate medical education per-resident payment, and encourage training of primary care physicians .....	-140	-160	-190	-230	-260
Place Medicare hospital update on a January 1 cycle ....	-670	-930	-1,320	-1,450	-1,540
Subtotal, hospitals .....	-1,895	-2,525	-3,275	-3,820	-4,370
<b>Outpatient Departments (OPDs): Pay a uniform rate for outpatient services, whether performed in doctors' offices or OPDs .....</b>	-50	-100	-125	-150	-175
<b>Physicians:</b>					
Eliminate double payment for physician collection of lab specimens .....	-10	-20	-20	-20	-25
Establish a single fee for anesthesia services .....	-80	-150	-170	-200	-230
Establish a single fee for assistants at surgery .....	-50	-80	-90	-100	-110
Revise 1991 Medicare volume performance standard to correct error .....	—	-90	-150	-190	-220
Revise Medicare economic index to reflect better data and new methodology .....	-30	—	—	—	—
Use efficient rate for radiology and diagnostic tests .....	—	-10	-15	-20	-20
Subtotal, physicians .....	-170	-350	-445	-530	-605
<b>Other:</b>					
Effect of Medicare proposals on HI premiums .....	17	20	26	30	33
Eliminate return-on-equity payments for proprietary skilled nursing facilities .....	-50	-70	-60	-60	-70
Establish a uniform payment policy for Medicare covered drugs .....	-10	-30	-30	-40	-40
Recalculate payments for physical and respiratory therapy, based on newer data .....	-10	-10	-15	-15	-20
Subtotal, other .....	-53	-90	-79	-85	-97
Subtotal, Medicare .....	-2,854	-4,159	-5,219	-6,083	-6,878
<b>Supplemental Security Income: collect SSI over-payments and charge States certain administrative fees .....</b>	-96	-159	-250	-250	-240

Table II-9. **PROPOSED POLICY CHANGES IN MANDATORY PROGRAMS—Continued**

(Outlays; in millions of dollars)

	1992	1993	1994	1995	1996
<b>Department of Housing and Urban Development</b>					
Federal Housing Administration: reduce FHA multifamily insurance claims through: improved underwriting, monitoring, and servicing; removal of legislative restraints on defaulted property sales; and the proposed Low-Income Resident Economic Empowerment program .....	-564	-1,062	-1,024	-860	-1,269
Government National Mortgage Association: exempt GNMA from VA's formula for acquiring foreclosed property producing savings for VA-guaranteed loans acquired by GNMA .....	-45	-38	-25	-20	-19
<b>Department of the Interior</b>					
Arctic National Wildlife Refuge: lease oil and gas exploration rights .....	—	-1,901	-1	-1,201	-1
<b>Department of Labor</b>					
Trade Adjustment Assistance: repeal TAA benefits for workers unemployed due to competition from imports .....	-114	-193	-204	-200	-194
<b>Department of Treasury</b>					
Coinage Profit Fund: finance numismatic and bullion coin operations for the United States Mint .....	-94	—	—	—	—
<b>Department of Veterans Affairs</b>					
Veterans Compensation and Pension: standardize Dependency and Indemnity Compensation payments; increase pension eligibility requirements and extend several expiring provisions of OBRA .....	-17	-433	-391	-354	-320
Veterans Home Loans: raise fee and require down payment for multiple use of loan guaranty benefit; improve formula used to acquire foreclosed property and extend expiring OBRA fee increase .....	-308	-242	-202	-178	-160
Veterans Readjustment Benefits: target eligibility for vocational rehabilitation to veterans with higher rated disabilities and eliminate step-children from eligibility for training and education benefits .....	-12	-32	-31	-31	-31
Veterans Third Party Medical Recoveries: extend several expiring provisions of OBRA .....	—	—	-225	-255	-274
<b>Environmental Protection Agency</b>					
Pesticide Reregistration Fee: remove existing cap on amount that may be collected from any one registrant .....	-3	-3	-3	-3	-3
<b>Other Agencies</b>					
Corps of Engineers: expand existing user fees for day use of developed recreational sites .....	-20	-20	-20	-20	-20
Postal Service: require the Postal Service to pay a larger share of the costs for health benefits and cost-of-living adjustments for post-1971 retired postal employees and their survivors .....	-198	-198	-198	-198	-198
Railroad Retirement Board: reflects net impact of conforming rail security benefits with social security benefits and requiring the rail pension to finance 25% of the windfall benefits .....	145	142	141	139	137
Other .....	8	15	17	20	24
Total, outlay savings .....	-6,316	-9,344	-8,984	-10,987	-10,999



**Table II-10. POTENTIAL BLOCK GRANT PROGRAMS**  
(In millions of dollars)

Department/Programs	Enacted				Proposed							
	1991		1992		1993		1994		1995		1996	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
<b>Education:</b>												
Impact aid payments .....	781	815	620	695	620	651	620	624	620	620	620	620
Supplemental education opportunity grants .....	520	404	347	498	347	352	347	347	347	347	347	347
Chapter 2 block grant .....	449	533	449	465	449	445	449	449	449	449	449	449
Public library services programs	143	155	35	115	35	71	35	35	35	35	35	35
<b>Environmental Protection Agency:</b>												
Construction grants .....	2,083	2,345	1,900	2,195	1,200	2,082	600	1,883	—	1,482	—	1,025
<b>Health and Human Services:</b>												
State welfare administrative expenses for Medicaid, AFDC, and Food Stamps .....	5,178	5,167	5,878	5,867	6,453	6,440	7,062	7,048	7,701	7,686	8,366	8,349
Social services block grant .....	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Low-income home energy assistance program .....	1,610	1,669	1,025	991	875	796	625	552	475	393	375	287
<b>Housing and Urban Development:</b>												
Selected public and subsidized housing programs .....	5,512	3,185	4,789	3,805	4,837	4,484	4,897	4,685	4,961	5,036	5,026	4,968
Community development block grants .....	3,200	3,073	2,920	3,097	2,920	3,061	2,920	2,906	2,920	2,914	2,920	2,915
<b>Justice:</b>												
Byrne Memorial State and local law enforcement assistance program .....	490	342	490	421	490	475	490	481	490	484	490	491
<b>Total .....</b>	<b>22,766</b>	<b>20,488</b>	<b>21,253</b>	<b>20,949</b>	<b>21,026</b>	<b>21,657</b>	<b>20,845</b>	<b>21,810</b>	<b>20,798</b>	<b>22,246</b>	<b>21,428</b>	<b>22,286</b>

**Table II-11. PROPOSED OUTLAYS, BY AGENCY**  
(In billions of dollars)

Agency	1991 <sup>1</sup>			1992		
	Discretionary	Mandatory	Total	Discretionary	Mandatory	Total
<b>Cabinet Agencies:</b>						
Agriculture .....	11.6	43.9	55.4	12.5	43.2	55.7
Commerce .....	2.9	-0.1	2.8	2.9	-0.1	2.8
Defense—Civil .....	3.4	23.0	26.4	3.5	24.7	28.2
Defense—Military .....	288.3	-0.8	287.5	283.8	-0.7	283.0
Education .....	18.8	6.1	24.8	20.5	7.0	27.5
Energy .....	16.0	-2.4	13.5	17.4	-2.5	14.9
Health and Human Services .....	27.8	458.4	486.3	28.7	496.6	525.3
Housing and Urban Development .....	21.8	1.7	23.5	23.4	0.9	24.3
Interior .....	6.6	-0.2	6.4	6.7	-0.2	6.5
Justice .....	7.7	1.0	8.7	9.0	1.0	10.0
Labor .....	8.8	25.7	34.5	9.2	25.5	34.8
State .....	4.0	0.3	4.3	4.2	0.3	4.5
Transportation .....	30.5	0.2	30.8	31.6	0.3	31.9
Treasury .....	8.8	268.3	277.1	9.6	289.0	298.6
Veterans Affairs .....	13.9	17.5	31.3	14.7	18.1	32.8
<b>Major Agencies:</b>						
Deposit Insurance Accounts .....	0.1	111.4	111.5	—	88.1	88.1
Environmental Protection Agency .....	5.9	-0.1	5.8	6.1	-0.2	5.9
General Services Administration .....	0.9	-0.1	0.8	0.9	-0.1	0.7
National Aeronautics and Space Administration .....	13.5	—	13.5	14.7	—	14.7
Office of Personnel Management .....	0.2	35.0	35.2	0.2	36.8	37.0
Small Business Administration .....	0.5	—	0.5	0.5	-0.2	0.3
<b>Other Agencies:</b>						
Executive Office of the President .....	0.3	—	0.3	0.3	—	0.3
Funds Appropriated to the President .....	11.8	-0.5	11.3	12.7	-0.7	12.0
Judicial Branch .....	1.9	0.2	2.1	2.2	0.1	2.3
Legislative Branch .....	2.2	0.3	2.5	2.6	0.4	3.0
Other Independent Agencies .....	10.3	4.0	14.2	9.4	4.6	14.0
Allowances .....	8.2	—	8.2	4.7	—	4.7
Undistributed offsetting receipts .....	—	-109.4	-109.4	—	-118.0	-118.0
<b>Total Outlays .....</b>	<b>526.3</b>	<b>883.3</b>	<b>1,409.6</b>	<b>532.1</b>	<b>913.8</b>	<b>1,445.9</b>

<sup>1</sup> Includes impact of supplementals and rescissions.

**Table II-12. DISCRETIONARY PROPOSALS, BY APPROPRIATIONS SUBCOMMITTEES**  
(In millions of dollars)

Appropriations Subcommittee	1991 Enacted		1991 Proposed		1992 Proposed		1992 Proposed Less 1991 Enacted	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
<b>Domestic Discretionary</b>								
Commerce, Justice, State and Judiciary .....	13,941	14,311	13,981	14,339	15,686	15,927	1,745	1,616
District of Columbia .....	568	575	568	575	536	536	-32	-39
Energy and Water .....	9,062	8,607	9,062	8,607	9,830	9,132	768	525
Interior .....	12,758	11,816	12,758	11,816	12,068	12,214	-690	398
Labor, HHS, and Education .....	55,972	54,074	56,197	54,269	56,003	57,352	31	3,278
Legislative Branch .....	2,158	2,165	2,158	2,165	2,664	2,597	506	432
Rural Development, Agriculture, and Related Agencies .....	8,845	8,901	8,856	8,914	10,204	9,674	1,360	773
Transportation .....	12,498	29,842	12,498	29,842	14,560	31,067	2,062	1,225
Treasury, Postal Service and General Government ...	11,872	10,772	11,872	10,772	10,807	11,241	-1,065	469
Veterans Affairs, HUD, and Independent Agencies ...	60,265	58,549	60,198	58,516	64,914	62,195	4,649	3,646
Allowances .....	—	—	—	—	97	97	97	97
Total Domestic Discretionary .....	187,939	199,612	188,147	199,814	197,370	212,032	9,431	12,419
<b>Defense Discretionary</b>								
Defense .....	268,994	281,393	265,681	280,611	270,866	275,474	1,872	-5,919
Energy and Water, Function 050 .....	10,955	10,355	11,578	10,513	11,780	11,443	825	1,089
Military Construction .....	8,410	7,939	8,290	7,928	8,143	8,366	-267	427
Commerce, Justice, State and Judiciary .....	225	166	225	166	225	178	—	12
Veterans Affairs, HUD and Independent Agencies ...	335	336	335	336	337	339	3	2
Total Defense Discretionary .....	288,919	300,189	286,109	299,554	291,351	295,800	2,432	-4,389
Allowance for Desert Shield (placeholder) .....	—	—	14,000	8,200	—	4,611	—	4,611
Total Defense Discretionary with Allowance for Desert Shield (placeholder) .....	288,919	300,189	300,109	307,754	291,351	300,411	2,432	222
<b>International Discretionary</b>								
Commerce, Justice, State, and Judiciary .....	4,279	4,632	4,379	4,715	5,402	4,906	1,123	274
Foreign Operations .....	14,869	12,855	14,730	12,897	27,311	13,578	12,441	723
Labor, HHS and Education .....	8	9	8	9	9	9	1	—
Rural Development, Agriculture, and Related Agencies .....	981	1,097	1,011	1,120	1,301	1,120	320	23
Total International Discretionary .....	20,137	18,593	20,129	18,740	34,022	19,613	13,885	1,021
Total Discretionary .....	496,995	518,394	508,385	526,308	522,744	532,056	25,749	13,662



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### **III. ECONOMIC ASSUMPTIONS AND SENSITIVITIES**

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Part One-29

### III. ECONOMIC ASSUMPTIONS AND SENSITIVITIES

#### INTRODUCTION

The economic expansion that began in November 1982—the longest peacetime period of continuous growth—has been interrupted. Iraq's invasion of Kuwait and the heightened uncertainties that ensued hurt consumer confidence and contributed to a curtailment of spending. That tipped the balance in the final months of the year from slow economic growth to contraction.

The current downturn is widely forecast to be shorter and shallower than the average postwar recession which lasted 11 months with a real GNP decrease of 2.6 percent. The more favorable outcome expected this time reflects the absence of cyclical imbalances and inflationary pressures. Energy conservation has made the economy much less vulnerable to oil shocks than it was in the 1970s. Barring a sustained surge in the price of oil, the economy should stabilize and turn toward recovery within the next few months.

#### RECENT DEVELOPMENTS

Real GNP, which grew at a 1.4 percent annual rate in the third quarter of 1990, declined in the fourth. The exact extent of the drop will not be known until this spring when final data for the quarter are available, but the decrease appears to have been substantial. Consumer spending, business fixed investment and housing construction fell, largely in response to the growing uneasiness about the future.

Businesses curtailed production and employment in order to avoid an unwanted buildup of inventories. Industrial production was reduced 2 percent from the third to the fourth quarter, with cutbacks widespread across industries. The Nation's payrolls were trimmed by 420,000 workers, about ½ percent. By December, the total unemployment rate reached 6.0 percent, 0.5 percentage point above the third quarter average, but was still low by historical standards.

An initial burst of inflation brought on by the surge in oil prices following the Iraqi invasion has given way to more moderate rises in recent months as oil prices have retreated. After increasing at a nearly 10 percent annual rate in August-September, the Consumer Price Index slowed to a 3.7 percent rate in November and December. Crude oil prices, which reached \$40 per barrel at their height in October, fell below \$30 early this year. Outside of the energy sector, inflation has been subdued recently.

Money growth decelerated sharply in 1990, with the M2 and M3 aggregates barely exceeding the lower limits of the Federal Reserve's target ranges. In the last 3 months of the year, both aggregates were virtually unchanged. M2 adjusted for inflation, often a leading indicator of economic activity, fell 3 percent from its peak in December 1989. To alleviate the decline in economic activity, the Federal Reserve lowered the Federal funds rate from 8¼ percent in July 1990 to around 6¾ percent at the beginning of this year. The discount rate was cut by ½ percentage point in December 1990.

The 3-month Treasury bill rate dropped about 1¼ percentage points from July to the beginning of 1991 to reach 6.5 percent. At the longer end of the maturity spectrum, the 10-year Treasury note rate declined only slightly over the period, primarily because of uncertainties related to tensions in the Persian Gulf. In early 1991, banks cut the prime rate ½ percentage point to 9.5 percent.

#### ECONOMIC ASSUMPTIONS

**Short-Term Prospects.**—The Administration's economic assumptions, developed jointly by the Council of Economic Advisers, the Treasury and the Office of Management and Budget, show a resumption of economic growth in the near future, with the pace accelerating into 1992. From the fourth quarter of 1990 to the fourth quarter of 1991, real GNP is

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Table III-1. ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Actual 1989	Assumptions						
		1990 <sup>a</sup>	1991	1992	1993	1994	1995	1996
<b>Major economic indicators:</b>								
Gross national product, percent change, fourth quarter over fourth quarter:								
Current dollars .....	5.6	4.5	5.3	7.5	7.1	6.8	6.5	6.4
Constant (1982) dollars .....	1.8	0.0	0.9	3.6	3.4	3.2	3.0	3.0
GNP deflator (percent change, fourth quarter over fourth quarter) .....	3.7	4.5	4.3	3.8	3.6	3.5	3.4	3.3
Consumer Price Index (percent change, fourth quarter over fourth quarter) <sup>1</sup> .....	4.5	6.3	4.3	3.9	3.6	3.5	3.4	3.3
Unemployment rate, total (fourth quarter) <sup>2</sup> .....	5.3	5.8	6.6	6.5	6.0	5.7	5.2	5.1
<b>Annual economic assumptions:</b>								
Gross national product:								
Current dollars:								
Amount .....	5,201	5,465	5,689	6,095	6,536	6,990	7,451	7,931
Percent change, year over year ..	6.7	5.1	4.1	7.1	7.2	7.0	6.6	6.4
Constant (1982) dollars:								
Amount .....	4,118	4,152	4,140	4,267	4,415	4,560	4,699	4,840
Percent change, year over year ..	2.5	0.8	-0.3	3.1	3.5	3.3	3.1	3.0
Incomes:								
Personal income .....	4,384	4,644	4,856	5,182	5,524	5,887	6,259	6,655
Wages and salaries .....	2,573	2,700	2,802	3,006	3,235	3,467	3,703	3,950
Corporate profits before tax .....	308	300	294	335	379	419	447	484
Price level:								
GNP deflator:								
Level (1982 = 100), annual average .....	126.3	131.6	137.4	142.8	148.0	153.3	158.6	163.8
Percent change, year over year ..	4.1	4.2	4.4	3.9	3.6	3.5	3.4	3.3
Consumer Price Index: <sup>1</sup>								
Level (1982-84 = 100), annual average .....	122.6	129.1	135.8	141.2	146.4	151.6	156.8	162.0
Percent change, year over year ..	4.8	5.3	5.2	4.0	3.7	3.5	3.4	3.3
Unemployment rate, total, annual average <sup>2</sup> .....								
Federal pay raises, January (percent)	4.1	3.6	4.1	4.2	4.7	4.3	4.1	4.0
Interest rates (percent):								
91-day Treasury bills <sup>3</sup> .....	8.1	7.5	6.4	6.0	5.8	5.6	5.4	5.3
10-year Treasury notes .....	8.5	8.5	7.5	7.2	6.8	6.6	6.4	6.3

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

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

<sup>3</sup> Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation.

<sup>a</sup> Based on data available as of mid-December 1990.

projected to rise only 0.9 percent, with most of the gain in the second half of the year. The slow growth is projected to push the total unemployment rate to the neighborhood of 6½ percent for much of the year. Faster real growth of 3.6 percent during 1992 is expected

to put the unemployment rate back on a downward path (Table III-1).

The assessment that the downturn will be mild and soon turn toward recovery is based on several factors. *First, the economy entered*



*this period of weakness in relatively healthy condition. Unlike previous cyclical peaks, it was not overheated last year: growth had already slowed to well below a sustainable pace, inflation and interest rates had not spiked, and business inventories remained in line with final sales. With few of the imbalances that typically arise at the end of an expansion, there is little need for a long period of decline while excesses are eliminated.*

*Second, the precipitous loss of consumer confidence since July was due to an external development, the Persian Gulf crisis, rather than internal weakness. Confidence can be restored quickly if it becomes evident that there will not be a replay of the previous oil shocks.*

*Third, a recovery in interest-sensitive sectors such as housing, consumer durables and business investment is likely as a consequence of the fall in interest rates in recent months. Moreover, economic activity will be supported by an improvement in the trade balance. The 12 percent depreciation of the dollar during 1990 has made domestically produced goods more competitive on world markets. In addition, faster growth abroad will further boost U.S. exports relative to imports.*

*Finally, the rate of inflation is likely to decline in 1991 and 1992, reflecting a return to pre-crisis oil prices, the weaker labor market, and greater excess capacity.*

Table III-2 shows a range of estimates for economic variables related to saving, investment and foreign trade, as required by the Omnibus Trade and Competitiveness Act of 1988. The merchandise trade balance and current account are expected to improve consider-

ably in 1992 due to the continuing favorable impact on the Nation's competitive position of the dollar's decline during 1990 and relatively faster growth abroad. As a result, net foreign investment in the United States will be reduced. Net domestic saving and net private domestic investment in 1992 are projected to be around the levels of 1990 as declines during the period of sluggish activity in 1991 are offset by subsequent increases as rapid growth resumes.

It is difficult to gauge the effect of Federal Government borrowing from the public on interest rates and exchange rates as required by the Act. Both are influenced by many factors besides Government borrowing in a complicated process involving supply and demand of credit and public perceptions of fiscal and monetary policy here and abroad. The proposals in this budget are not expected to exert a substantial independent influence on exchange rates.

**Long-Term Assumptions.**—Real GNP growth is assumed to be about 3 percent annually by 1995–1996, accompanied by gradual declines in inflation and interest rates. The growth projection is based on a slowing in the growth of the labor force, offset by faster growth of labor productivity. The civilian labor force is assumed to rise about 1.3 percent per year toward the end of the projection period, slightly less than its average of the last four years. Labor productivity is assumed to increase at an annual rate of 1.9 percent per year at that time, up from the 1.3 percent of the last expansion.

Table III-2. SAVING, INVESTMENT, AND TRADE BALANCE

(In billions of dollars)

	1990 actual	1992 estimate
Merchandise trade balance .....	-102	-75 to -95
Current account balance .....	-96	-65 to -85
Net foreign investment .....	-88	-60 to -80
Net domestic saving (excluding Federal saving) <sup>1</sup> .....	256	240 to 260
Net private domestic investment .....	185	180 to 200

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

The productivity gain is predicated on the adoption of sound fiscal and monetary policies that foster a higher rate of capital formation.

### THE BUDGET OUTLOOK UNDER ALTERNATIVE ASSUMPTIONS

Because there is considerable uncertainty surrounding any economic projection, it is useful to consider how the budget deficit would be affected if economic performance differed from the assumptions underlying the budget. Two such alternatives are examined in this section.

The "higher growth" alternative allows for the possibility that the economy will pass through the next six years without a significant downturn in economic activity. Following a one-quarter decline in real GNP in the fourth quarter of 1990, real economic growth resumes in 1991 at a faster pace than in the budget assumptions. Real GNP rises 1.3 percent over the four quarters of 1991 and 3.8 percent during 1992 (Table III-3). This alternative might occur with a quick rebound in consumer confidence and spending or a strong performance of U.S. exports in early 1991.

GNP in this alternative is assumed to grow 3.2 percent per year in 1995-1996 compared with 3.0 percent in the budget. Inflation and interest rates are also assumed to be somewhat higher.

The 1992 deficit is \$6.9 billion lower with the high growth path than in the budget; by 1996 the deficit is \$30.3 billion less (Table III-4). The effect of faster economic growth and higher inflation on receipts outweighs the effect of higher inflation and interest rates on outlays.

In the "lower growth" alternative, the economy experiences a sharp and lengthy downturn in 1990-1991. The banking sector is assumed to be severely affected in this scenario, with a prolonged period of high losses and increasing insolvencies. This alternative might arise if confidence falls even further as the economy weakens. Economic growth following this recession is slower than in the budget, rising only 2.6 percent in 1996. Interest rates and inflation are somewhat lower in this alternative because of weaker demand.

The deficit is \$40.4 billion higher in 1992 on the lower growth path. This includes an

Table III-3. ALTERNATIVE ECONOMIC ASSUMPTIONS

(Calendar years)

	1991	1992	1993	1994	1995	1996
Percent increase, fourth quarter over fourth quarter:						
Real GNP:						
Budget assumptions .....	0.9	3.6	3.4	3.2	3.0	3.0
Higher growth .....	1.3	3.8	3.6	3.4	3.2	3.2
Lower growth .....	-1.3	3.5	3.3	2.9	2.7	2.6
GNP deflator:						
Budget assumptions .....	4.3	3.8	3.6	3.5	3.4	3.3
Higher growth .....	4.5	4.2	4.1	4.0	3.9	3.8
Lower growth .....	4.1	3.6	3.4	3.3	3.2	3.1
Total unemployment rate: <sup>1</sup>						
Budget assumptions .....	6.7	6.6	6.2	5.8	5.4	5.1
Higher growth .....	6.5	6.4	6.0	5.6	5.2	5.0
Lower growth .....	7.1	6.9	6.5	6.1	5.7	5.4
91-day Treasury bill rate: <sup>1</sup>						
Budget assumptions .....	6.4	6.0	5.8	5.6	5.4	5.3
Higher growth .....	6.7	6.5	6.4	6.2	6.0	5.9
Lower growth .....	6.2	5.7	5.5	5.3	5.2	5.1

<sup>1</sup> Annual average, percent.



Table III-4. **BUDGET EFFECTS OF ALTERNATIVE ASSUMPTIONS**

(Differences from budget; in billions of dollars)

	1991	1992	1993	1994	1995	1996
<b>Higher growth:</b>						
Receipts .....	3.3	10.7	20.3	30.6	42.4	54.9
Outlays .....	0.1	3.8	10.1	13.7	19.1	24.6
Deficit reduction (-) .....	-3.2	-6.9	-10.2	-16.9	-23.3	-30.3
<b>Lower growth:</b>						
Receipts .....	-13.4	-30.8	-40.2	-48.1	-57.8	-69.0
Outlays:						
BIF .....	10.6	8.6	8.3	8.5	1.5	-1.4
Other .....	1.5	1.0	0.5	0.6	2.2	3.8
Total outlays .....	12.1	9.6	8.8	9.1	3.7	2.4
Deficit increase (+) .....	25.5	40.4	49.0	57.2	61.5	71.4

\$8.6 billion increase in the FDIC Bank Insurance Fund (BIF) outlays. A tentative estimate would put additional BIF outlays at \$36 billion over the next 6 years. The deteriorating health of depository institutions is discussed in Chapter VIII.A., "Recognizing and Reducing Federal Underwriting Risks." By 1996, the deficit would be \$71.4 billion higher in this lower growth alternative.

### STRUCTURAL vs. CYCLICAL DEFICIT

The OBRA reforms succeeded in putting the structural deficit on a declining path. This improvement, however, has been obscured by temporary factors.

The downturn in the economy has raised unemployment and caused GNP to fall below its high employment level. The decline in eco-

nomic activity has also caused the budget deficit to increase. Table III-5 divides the deficit into a cyclical component and a noncyclical structural component. On this calculation, cyclical factors account for \$45 billion of the 1992 deficit, up from \$5 billion in 1990.

Assuming that, by 1996, the total unemployment rate will have returned to 5.2 percent—its level in the second quarter of 1990—the cyclical portion of the deficit will be \$2 billion, while the structural portion will be a \$22 billion surplus. Although the cyclical deficit is virtually eliminated by 1996, the downturn has a lingering effect on the structural portion. Because of the additional debt incurred while the unemployment rate exceeds 5.2 percent, interest costs are permanently higher. These additional interest payments amount to \$13

Table III-5. **ADJUSTED STRUCTURAL DEFICIT**

(In billions of dollars)

	1990	1991	1992	1993	1994	1995	1996
Consolidated surplus or deficit (-) ...	-220	-318	-281	-202	-62	-3	20
Cyclical component .....	5	37	45	34	22	11	2
Structural surplus or deficit (-) .....	-215	-281	-236	-168	-40	8	22
Deposit insurance outlays .....	58	111	88	44	-38	-42	-30
Adjusted structural deficit .....	-157	-170	-148	-124	-78	-34	-8



billion in 1996. Without them, the structural surplus would be \$35 billion.

Outlays for deposit insurance of thrifts and banks, as well as the receipts from sales of assets of failed financial institutions, are "one-time only" transactions that will not be repeated once the problems of thrifts and banks are resolved. Moreover, the near-term outlays are partly balanced by future offsetting collections when the Government disposes of the assets it has acquired. The underlying deficit is not affected by such transactions. Removing deposit insurance from the deficit calculation reduces the 1992 deficit by \$88 billion, and adds \$30 billion to the 1996 deficit.

The consolidated deficit shows a large \$61 billion increase between 1990 and 1992 and a very rapid improvement over the succeeding four years. *Subtracting both the cyclical component and deposit insurance from the consolidated deficit yields an adjusted structural deficit that declines gradually between 1991 and 1996.*

### IMPACT OF ECONOMIC CHANGES ON THE DEFICIT

Recent economic developments and changes in the economic assumptions from the 1991 budget for 1991-1995 have a large negative impact on the deficit (Tables III-6 and III-7). On balance, changes from the 1991 budget assumptions are estimated to have raised the deficit by about \$71 billion in 1991, and by \$109 billion in 1995. Receipts are \$49 billion lower in 1991 and \$43 billion lower in 1995. The much weaker economy in 1991 keeps the level of real GNP in subsequent years below that assumed in last year's budget. Outlays are higher in all years as a result of increased costs for unemployment-sensitive programs and higher interest costs associated with higher interest rates and a larger outstanding Federal debt. The enlargement of the deficit is ameliorated somewhat by slightly higher inflation, which adds more to receipts than to outlays. Changes in policies and technical reestimates, including the increased cost to resolve thrift and bank insolvencies, are not included in these figures.

**Table III-6. COMPARISON OF ECONOMIC ASSUMPTIONS IN THE 1991 AND 1992 BUDGETS**

(Calendar years; dollar amounts in billions)

	1990	1991	1992	1993	1994	1995
<b>Nominal GNP:</b>						
1991 budget assumptions <sup>1</sup> .....	5,544	5,958	6,391	6,830	7,270	7,713
1992 budget assumptions .....	5,465	5,689	6,095	6,536	6,990	7,451
<b>Real GNP (percent change):<sup>2</sup></b>						
1991 budget assumption .....	2.6	3.3	3.2	3.1	3.0	3.0
1992 budget assumptions .....	—	0.9	3.6	3.4	3.2	3.0
<b>GNP deflator (percent change):<sup>2</sup></b>						
1991 budget assumption .....	4.2	4.1	3.8	3.5	3.2	2.9
1992 budget assumptions .....	4.5	4.3	3.8	3.6	3.5	3.4
<b>Interest rate on 91-day Treasury bills (percent):</b>						
1991 budget assumptions .....	6.7	5.4	5.3	5.0	4.7	4.4
1992 budget assumptions .....	7.5	6.4	6.0	5.8	5.6	5.4
<b>Total unemployment rate (percent):</b>						
1991 budget assumptions .....	5.4	5.3	5.2	5.1	5.0	5.0
1992 budget assumptions .....	5.4	6.7	6.6	6.2	5.8	5.4

<sup>1</sup> Adjusted for July 1990 revisions.

<sup>2</sup> Fourth quarter to fourth quarter.

Table III-7. EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(In billions of dollars)

	1991	1992	1993	1994	1995
Budget totals under 1991 budget economic assumptions and 1992 budget policies:					
Receipts .....	1,140.8	1,228.2	1,323.0	1,422.3	1,510.1
Outlays .....	1,388.0	1,408.8	1,405.9	1,368.7	1,404.0
Surplus or Deficit (-) .....	-247.2	-180.6	-82.9	53.6	106.1
Changes due to economic assumptions:					
Receipts .....	-49.4	-63.2	-70.3	-57.0	-42.8
Outlays:					
Inflation .....	5.0	9.5	11.9	14.0	15.5
Unemployment .....	6.3	6.9	5.8	4.3	2.2
Interest rates .....	5.9	10.9	14.4	17.8	19.8
Interest on changes in borrowing .....	4.4	9.8	16.2	22.3	28.8
Total, outlays .....	21.6	37.1	48.3	58.4	66.3
Increase in deficit .....	71.0	100.3	118.6	115.4	109.1
Budget totals under 1992 budget economic assumptions and policies:					
Receipts .....	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3
Outlays .....	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3
Surplus or Deficit (-) .....	-318.1	-280.9	-201.5	-61.8	-2.9

### SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

Both receipts and outlays are powerfully affected by changes in economic conditions. This sensitivity seriously complicates budget planning because errors in economic forecasting lead to errors in the budget forecast. Many of the budgetary effects of changes in economic assumptions are fairly predictable, however, and rules of thumb embodying these relationships can be used to estimate how various changes in the economic assumptions would alter outlays, receipts, and the deficit. Table III-8 summarizes these rules of thumb.

These standard rules of thumb do not fully account for the budgetary impacts that are likely in an environment where many thrifts, banks, and other financial institutions are already under stress. In these circumstances, the impact on outlays of lower real GNP growth would be larger than shown in Table III-8. In the past, an average recession has been accompanied by a doubling in the rate of net charge-offs of nonperforming loans at banks,

leading to insolvencies. If the increase in charge-offs is greater than in past recessions, then the increase in Federal outlays to cover the liabilities of financial institutions would also be greater.

Table III-8 shows that if real GNP growth is lower by one percentage point in calendar 1991 only, and the unemployment rate rises by one-half percentage point, the 1991 deficit will be increased by \$5.9 billion. The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year 1991-1996 and the unemployment rate rises one-half point in each year. The levels of real and nominal GNP then are below the base case by a steadily growing percentage and the unemployment rate steadily rises compared with the base case. The deficit is \$117.8 billion higher than under the base case by 1996.

The effects of slower productivity growth are shown in a third example where real growth is one percentage point lower per year, while the unemployment rate is unchanged. In this



case, the estimated budget effects mount steadily over the years, but more slowly. The effect on the deficit reaches \$103 billion by 1996.

Joint changes in interest rates and inflation have a smaller effect on the deficit than equal percentage point changes in real GNP growth, because their effects on receipts and outlays are substantially offsetting. If the rate of inflation and the level of interest rates are higher by one percentage point in all years, the price level and nominal GNP 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 \$63.3 billion to outlays and \$78.5 billion to receipts in 1996, reducing the deficit by \$15.2 billion.

These estimates assume inflation adjustments with a 2-year lag to the ceilings for budget authority for discretionary programs in accordance with the procedures specified in the Budget Enforcement Act of 1990. They also assume that Congress would increase appropriations to the adjusted ceilings. The lag in-

volved in this adjustment to the ceiling for nominal budget authority results in a reduction in real outlays for discretionary programs when inflation is higher than was forecast in the Act, and an increase in real outlays when inflation is lower.

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

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

These rules of thumb hold the income share composition of GNP constant. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing income shares. These relationships are too complex, however, to reduce to simple rules.



**Table III-8. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS**  
(In billions of dollars)

Budget effect	1991	1992	1993	1994	1995	1996
<b>Real Growth and Employment</b>						
Effects of 1 percent lower real GNP growth in calendar year 1991 only, including higher unemployment: <sup>1</sup>						
Receipts .....	-5.2	-11.5	-13.9	-14.7	-15.4	-16.0
Outlays .....	0.7	3.9	4.5	5.8	7.5	8.7
Deficit increase (+) .....	5.9	15.4	18.4	20.5	22.9	24.7
Effects of a sustained 1 percent lower annual real GNP growth rate during 1991-1996, including higher unemployment: <sup>1</sup>						
Receipts .....	-5.2	-17.1	-32.0	-48.1	-66.0	-85.1
Outlays .....	0.7	4.6	9.9	15.2	24.4	32.7
Deficit increase (+) .....	5.9	21.7	41.9	63.3	90.4	117.8
Effects of a sustained 1 percent lower annual real GNP growth rate during 1991-1996, with no change in unemployment:						
Receipts .....	-5.1	-17.1	-32.2	-48.8	-67.5	-88.0
Outlays .....	0.1	1.0	2.8	5.7	10.5	15.2
Deficit increase (+) .....	5.2	18.1	35.0	54.5	78.0	103.2
<b>Inflation and Interest Rates</b>						
Effects of 1 percentage point higher rate of inflation and interest rates during calendar year 1991 only:						
Receipts .....	5.6	11.8	12.0	11.5	12.3	12.7
Outlays .....	4.6	11.0	10.1	11.0	11.4	11.5
Deficit increase (+) .....	-1.0	-0.8	-1.9	-0.5	-0.9	-1.2
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during 1991-1996:						
Receipts .....	5.6	18.2	31.9	45.9	61.7	78.5
Outlays .....	4.6	16.2	27.7	39.2	51.2	63.3
Deficit increase (+) .....	-1.0	-2.0	-4.2	-6.7	-10.5	-15.2
Effects of a sustained 1 percentage point higher interest rate during 1991-1996 (no inflation change):						
Receipts .....	0.7	1.9	2.4	2.6	2.9	3.1
Outlays .....	4.3	13.6	20.0	24.1	27.8	30.0
Deficit increase (+) .....	3.6	11.7	17.6	21.5	24.9	26.9
Effects of a sustained 1 percentage point higher rate of inflation during 1991-1996 (no interest rate change):						
Receipts .....	4.9	16.3	29.5	43.3	58.8	75.4
Outlays .....	0.3	2.8	8.0	15.6	24.5	34.7
Deficit increase (+) .....	-4.6	-13.5	-21.5	-27.7	-34.3	-40.7
<b>Interest Cost of Higher Federal Borrowing</b>						
Effect of \$100 billion additional borrowing during 1991 .....	2.7	7.6	7.9	8.3	8.8	9.0

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

# **PART TWO**

## **THEMES AND PRIORITIES**

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### **IV. INVESTING IN THE FUTURE**

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Part Two-1

Portions of sections IV.C and IV.E have been extracted and reprinted herein.

The entire section IV. may be referred to on pages Part Two-1 through Part Two-106 of the "Budget of the United States Government."

***Improving the Air Transport System—Aeronautics R&D.***—The goal of NASA's aeronautics research and technology program is based on a strategy that calls for developing a broad technology base in support of the commercial aviation industry; enhancing the safety and capacity of the national airspace system; and helping assure U.S. aeronautical superiority for national security. Aeronautics R&D has traditionally been a highly successful close cooperative effort between the Federal Government and the private sector.

Technologies are being pursued which offer major advances in vehicle performance and capabilities. Research efforts have been expanded in high-payoff areas associated with a broad range of future vehicle applications including subsonic and high-speed transport aircraft.

The budget proposes \$543 million for aeronautics R&D (excluding High Performance Computing), an increase of 13 percent over the 1991 enacted level. The budget proposal reflects the need to continue to address critical technology barriers to and strengthen technology development necessary for future aviation advances. Work in focused high-speed research has been expanded to include a focus on enabling propulsion materials necessary to develop future aircraft. In addition, the budget includes funding for a new program focused on advanced subsonic aircraft. This program will develop nondestructive evaluation technology to help ensure the safe operation of aging transport aircraft now in the National Airspace System and will also provide the technology base for application and certification of fly-by-light and power-by-wire control systems.

In addition to the work proposed above, the budget includes \$72 million as NASA's share of the joint NASA/Defense National Aerospace Plane Program (NASP). Defense will provide \$233 million in 1992. This program is focused on development of hypersonic technology leading to a future decision on a flight research vehicle.



### MAINTAINING NATIONAL SECURITY: DEFENSE R&D IN THE 1992 BUDGET

For all defense-related R&D, including R&D supported by the Departments of Defense and Energy, the budget proposes \$43 billion, an increase of over \$5 billion, or 14 percent, above 1991. Defense-related R&D will comprise 60 percent of overall Federal R&D funding in 1992.

**Department of Defense.**—A strong defense R&D program is a key element of United States national security strategy. This is underscored by the fact that R&D funding will grow from \$35 billion in 1991 to over \$40 billion in 1992 while the defense budget overall will decline in real terms. Not only does the Defense R&D program provide for the development of major weapon systems but it also provides important general benefits to U.S. technological capabilities.

**Technology Base.**—The budget proposes \$3.9 billion for the technology base—programs for basic and applied research that provide future defense options and that advance technologies with broad applications. It also helps guard against technological surprise by potential adversaries. Investment in the technology base provides a broad range of options for future military capabilities that may be necessary. It is essential for the U.S. to maintain the technological superiority in fielded weapon systems

and the commitment to development and exploitation of advanced technologies. Examples are anti-submarine technologies for detecting increasingly quiet submarines, improving torpedo warheads and delivery mechanisms, and developing nonconventional methods of acoustic detection. As discussed in the section of this chapter on high performance computing and communications, Defense will play a lead role in developing the technology to increase computer performance by several orders of magnitude. This continues the pathfinding efforts of the Department of Defense that have led to today's advanced parallel processors. In addition, DOD technology-base R&D programs have led to civilian applications. These include CATSCAN imaging technology for improved medical diagnosis, advanced structural materials for commercial aircraft (aluminum alloys and composites) and such common devices as microwave ovens. The basic research portion of the DOD technology base supports a wide range of scientific disciplines, including oceanography, materials, mathematics and biochemistry.

**Development.**—The budget proposes nearly \$37 billion for development programs, an increase of over \$5 billion, or 16 percent. Within this total, the budget proposes \$2.2 billion to fabricate prototype systems and subsystems that support defense missions. Some of these also have potential commercial applications. Defense will provide major support to SEMATECH, the semiconductor industry consortium, to advance the manufacturing of integrated circuits. In space, defense is providing significant support for the National Aerospace

Table C-11. MAINTAINING NATIONAL SECURITY

(Dollar amounts in millions)

Department	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Defense-military functions .....	35,176	40,479	+5,303	+15
Basic research .....	992	1,010	+17	+2
Applied research .....	2,754	2,861	+106	+4
Development .....	31,429	36,609	+5,180	+16
Energy-atomic energy defense programs .....	2,608	2,768	+161	+6
Total, Conduct of R&D .....	37,783	43,247	+5,464	+14



Plane Program and for development of a new space launch system.

The budget proposes nearly \$5 billion for preliminary work on subsystems and supporting technology for defense against ballistic missiles under the Strategic Defense Initiative. These efforts are directed toward a defense against limited attacks from anywhere in the world against U.S. territory, deployed U.S. forces or our allies.

The largest portion of Defense R&D funding is allocated to the development of a new generation of advanced weapons systems and improvements to currently-deployed systems. The budget proposes over \$29 billion for these activities. New weapons systems under development include the B-2 bomber, the Advanced Cruise Missile, the Advanced Tactical Fighter, the SSN-21 attack submarine and advanced armored vehicles. In addition, current systems, such as the M-1 tank, the F/A-18 fighter and the F-16 multi-role aircraft will be upgraded.

**Department of Energy.**—The budget proposes \$2.8 billion for Department of Energy (DOE) Atomic Energy Defense programs, an increase of \$161 million, or 6 percent over 1991. The largest component of these R&D activities is the research, development and testing of nuclear weapons. The budget proposes \$1.8 billion for that activity, including associated R&D facilities, an increase of \$27 million over 1991. The DOE nuclear weapons R&D program will increase efforts to improve the safety of nuclear weapons and to develop new technology to verify arms control treaties. In addition, the DOE weapons laboratories are increasing efforts to promote the transfer of non-sensitive defense-funded technology to the private sector. The budget proposes \$32 million to support for such technology transfer activities.

The environmental cleanup of atomic energy defense facilities is one of the fastest growing programs in DOE. Technology development activities play a major role in the clean-up effort, resolving major technical issues related to effective waste management and cleanup and advancing technologies to attain and maintain compliance with current laws and regulations. The budget proposes to increase this investment in technology development by 60 percent, from \$206 million in 1991 to \$330 million in

1992. The complete DOE environmental restoration and waste management program is discussed in detail in Chapter IV.E.

In addition, DOE develops nuclear reactor systems to power Naval vessels. The budget proposes \$678 million for Naval reactors R&D, an increase of \$26 million over 1991.

### ENCOURAGING INCREASED PRIVATE SECTOR R&D INVESTMENTS

The budget proposes permanent extension of the research and experimentation tax credit and a one-year extension of the tax rules governing the allocation of foreign and domestic R&D expenditures.

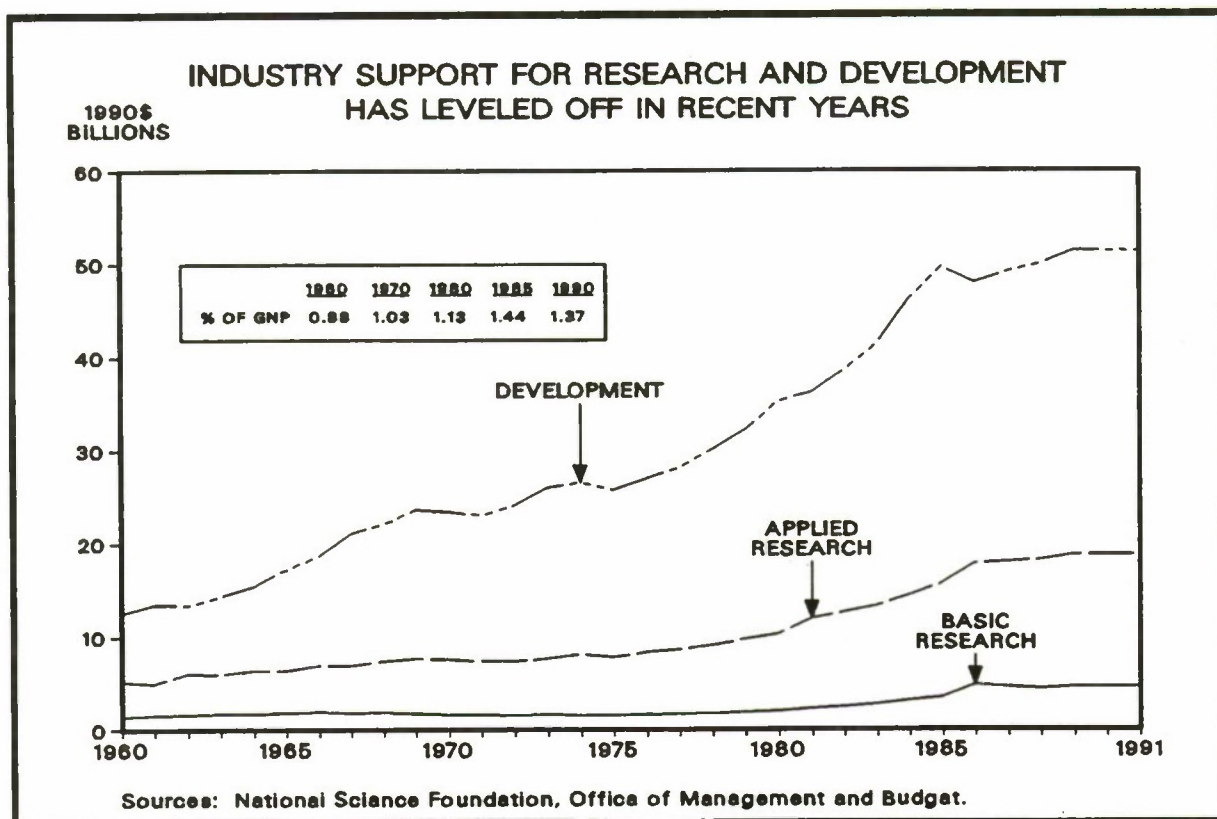
Industry is the largest supporter of R&D in the Nation, providing about 50 percent of the total national R&D investment. It also performs much of the R&D funded by the Federal Government. In total, over 70 percent of all R&D is performed by industry.

From the early 1960s through the mid-1980s, total real industrial R&D expenditures increased significantly, mostly in development. Since the mid-1980s, however, the rate of growth in industrial R&D spending has leveled off, dropping from a rate of 7 percent average annual percent real growth between 1980-1985 to 2 percent between 1985-1990. For 1990 and 1991, both the National Science Foundation and the Battelle Memorial Institute project that industrial R&D will, at best, keep pace with inflation. The tax incentives can help boost private R&D investment.

### R&E Tax Credit

The Research and Experimentation (R&E) tax credit was originally adopted in 1981 to encourage increased private R&D spending. The credit was never made permanent, but was renewed in 1986, 1988, 1989 and 1990 at a lower rate than originally granted. Reducing the rate of the credit, combined with reductions in corporate income tax rates and the actual calculation of the credit, have the effect of reducing the incentive effect of the original credit by more than 50 percent.

R&E tax credits prior to 1989 reduced the cost of increments to R&D for most qualifying firms by about 6 to 9 percent. In 1989 the incentives provided by the credit were im-



proved. The version of the R&E credit enacted in 1989, and extended in the 1990 Omnibus Budget Reconciliation Act, reduces, for most qualifying firms, the cost of increments to R&D by 20 percent. Bailey and Lawrence have estimated that this version of the R&E tax credit should increase corporate R&D spending in the 1990s by about 4 percent. Making the credit permanent would help reverse the recent trend toward leveling off of corporate R&D spending.

The budget proposes two changes in the tax code designed to provide additional incentives for industry to increase its R&D expenditures. The budget proposes to make the 20 percent R&E tax credit permanent by allowing 100 percent of total research expenses to be used for the computation of the credit for all years after December 31, 1990. In addition, the budget proposes to extend for one year the rules, as modified in 1989 and extended in the Omnibus Budget Reconciliation Act of 1990, for the allocation of foreign and domestic R&D expenditures for companies with foreign operations. The proposal would allow 100 per-

cent of U.S. expenditures to be covered rather than the current 75 percent. This proposal would apply to all tax years beginning after August 1, 1990, when the current rules expired.

### ENHANCING THE R&D INFRASTRUCTURE

Adequate research facilities and equipment are essential to the effectiveness of national research efforts—collectively an enterprise that supports the search for a basic understanding of nature, the missions of government agencies, the improvement of industrial products and processes, and the training of future generations of scientists and engineers. To sustain a strong national research capability and to enable expansion of research capacity, R&D infrastructure must be maintained and replenished.

#### Overview of Trends and Status of National R&D Infrastructure

The Federal Government directly funds the cost of facilities and equipment necessary for



the conduct of R&D at Federal facilities. Private industry and universities have primary responsibility for the R&D infrastructure under their respective jurisdictions. However, since the Federal Government does support basic research at universities, it provides substantial funding for university R&D facilities and equipment:

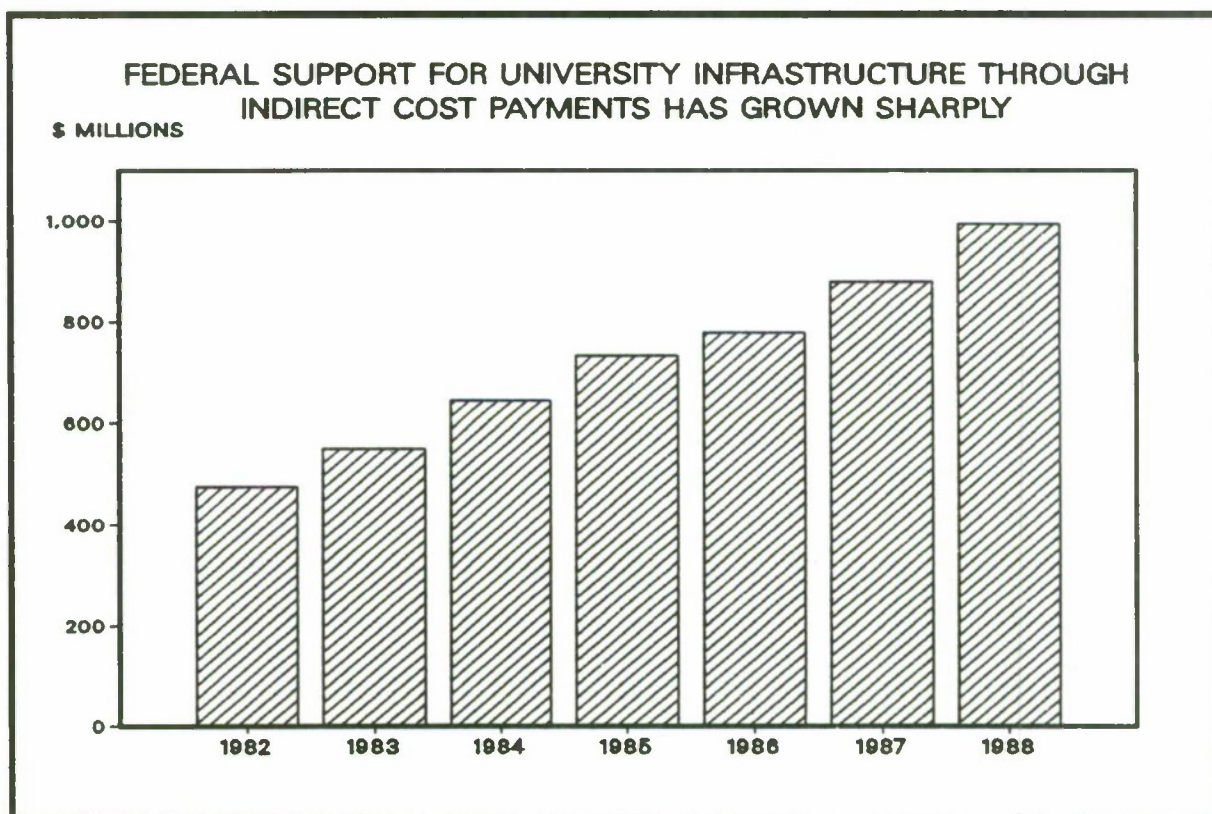
- For *new facilities and equipment*, Federal agencies provide direct funding where they are directly related to federally funded research.
- For *repair and renovation*, the Federal Government provides indirect funding, through the payments to universities of use and depreciation allowances for research facilities as part of the indirect costs associated with research grants.

**University Research Facilities.**—The National Science Foundation reported in its 1990 facilities survey that there were an estimated 116 million net assignable square feet (NASF) of science/engineering (S/E) research space at the Nation's 525 research-performing institu-

tions in 1990, representing 42 percent of the total 276 million NASF of S/E space at these institutions. (This figure excludes academically-administered Federally Funded Research and Development Centers (FFRDCs).) There were no significant changes from 1988 to 1990 either in the overall amount of academic research space or in its distribution among institution types or research disciplines.

**Federal Support for University Research Facilities.**—The Federal Government has provided a significant level of support for university research facilities. This includes direct support for facilities in support of federally funded research and indirect cost recoveries. In 1988–89, the latest period for which estimates are available, private institutions initiated \$738 million of new construction and public institutions initiated \$1.73 billion of new construction. The Federal Government provided an estimated 11 percent and 16 percent of these funds, respectively.

Expenditures for the repair and renovation of research facilities totalled an estimated \$1 billion in 1988–1989, with private institutions





accounting for one-third of this total (\$311 million). Direct Federal funding accounted for 9 percent of repair and renovation activity at private institutions, and 4 percent at public institutions.

Indirect Federal support for academic research facilities, through the recovery of use and depreciation charges and operations and maintenance charges on Federal grants, reached almost \$1 billion in 1988 (the latest year for which data are available). Almost 20 percent of these charges was for facility depreciation (which was then intended to be applied by the institutions to renovation or new construction). The remaining 80 percent was for recovery of operations and maintenance costs. Over the period 1982-1988, the level of indirect cost recoveries of facilities charges increased over 70 percent in real terms.

However, because indirect cost recoveries are generally credited to the general funds of the institutions, there is no way to determine if the use/depreciation recoveries were actually applied to research facility construction or repair.

The NSF survey reported an estimated \$12 billion in "needed, but unfunded capital projects" at universities. Each academic institution must provide a certification that its research facilities are adequate (to perform the research proposed) as a condition of accepting research grants. This backlog reported by NSF has not had an apparent effect on the ability of universities to accept Federal research funds. However, the perception of such a large "backlog" has led to increased calls from the institutions and many members of Congress for a major expansion of Federal support for academic research facilities. There has been Congressional action in two areas:

- "Earmarking" of Federal funds to construct new facilities at particular institutions. The Office of Science and Technology Policy, as part of its continuing evaluation of the state of university research facilities, estimates that about \$427 million was appropriated for such projects in 1991. (The issue of earmarking is discussed in more detail in a later section of this chapter.)

- Providing direct grants for academic research facilities repair and renovation through the National Science Foundation, funded at \$20 million in 1991.

The 1992 budget does not contain funding for either of these practices. Earmarking which does not involve merit review of any kind, is an inefficient use of scarce resources. Further, it has the effect of weakening the Nation's overall R&D effort. Funds earmarked for academic research facilities by Congress in 1991 and previous appropriations bills not only were without the benefit of merit-based review, but most often came at the expense of needed increases in support for academic researchers and in other key activities at Federal laboratories. The Administration will continue to support direct Federal funding for academic research facilities where such facilities are an integral part of merit-based, competitive research projects. For example, the budget proposes \$25 million for academic research facilities associated with the National Research Initiative of the Department of Agriculture.

Special programs for facilities repair and renovation are not warranted because the Federal Government directly supports only a small proportion (less than 10 percent) of this activity. Further, the large amounts of funds recovered as indirect costs represent a considerable, and continuing, investment in academic research facilities.

### 1992 BUDGET PROPOSALS FOR RESEARCH FACILITIES

The budget proposes nearly \$4 billion for construction, repair and modernization of R&D facilities and for major research equipment, an increase of \$464 million or 15 percent. The major increases in 1992 are due to the initiation of construction of the Superconducting Super Collider and the new instrumentation initiative in NSF. This initiative, funded at \$50 million in 1992, will provide state-of-the-art instrumentation to university researchers through a merit-based competitive process. The Federal funding will be matched 50:50 from non-Federal sources. In addition, although total funding for R&D facilities in the Department of Agriculture (USDA) is proposed to decline, there is a total of \$25 million for



**Table C-12. IMPROVING R&D FACILITIES**  
(Dollar amounts in millions)

Department or Agency	Budget Authority				Outlays			
	1991 Enacted	1992 Proposed	Dollar change	Percent change	1991 Enacted	1992 Proposed	Dollar change	Percent change
Energy .....	1,199	1,623	+424	+35	1,161	1,442	+281	+24
National Aeronautics and Space Administration .....	857	885	+28	+3	722	850	+128	+18
Defense-military .....	461	538	+76	+17	463	482	+19	+4
National Science Foundation .....	111	153	+42	+38	155	124	-32	-20
Agriculture .....	156	128	-27	-18	148	122	-26	-18
Health and Human Services .....	186	130	-56	-30	111	153	+42	+38
Other Agencies <sup>1</sup> .....	113	88	-24	-22	86	93	+7	+8
Total .....	3,082	3,545	+464	+15	2,845	3,264	+419	+15

<sup>1</sup>Includes the Departments of Transportation, Interior, Commerce, Veterans Affairs, Education, the Treasury, the Environmental Protection Agency, Smithsonian Institution, Tennessee Valley Authority, the Corps of Engineers and the Agency for International Development.

a facilities program associated with the USDA National Research Initiative.

### EARMARKING OF R&D FUNDING

The hallmark of the Federal Government's support for R&D has been the awarding of R&D grants and contracts through a competitive process. This merit-based approach is intended to maximize the potential return on these investments by selecting only the highest quality research for support.

This merit-based approach, however, has been increasingly eroded in recent years due to the Congressional practice of "earmarking", i.e., requiring that R&D funds be awarded to particular institutions or even to particular researchers. This practice is most visible in the area of new university buildings. However, the practice of earmarking is actually much more pervasive, reaching down to individual research projects.

As part of an ongoing study of the state of American science, the Office of Science and Technology Policy recently completed a detailed analysis of earmarking in the 1991 appropriation bills. The major findings of the study follow.

- The study identified 492 such earmarks, totaling \$810 million. Of these 325 (totaling \$182 million) were in Agriculture,

where specific earmarking by Congress has historically been customary.

- In other areas, R&D earmarking may be on the rise, with 48 separate actions in Energy and 20 to 30 each in Defense, Interior, General Services Administration (GSA), and the Environmental Protection Agency. In Defense, \$253 million was applied to R&D earmarks, which were exempted from a previously enacted legal requirement for competition. Also noteworthy is the \$61 million in a GSA appropriation for R&D facilities construction at 21 universities and other private institutions. Neither GSA nor the Treasury-Postal Appropriations subcommittee, where these items originated, normally have responsibility for such facilities.
- The R&D earmarks have put an extra burden of at least \$332 million on the R&D programs proposed in the President's 1991 budget, because the earmarks were made in programs where the overall funding level was the same or less than the President's 1991 request. The most serious impacts appear to be in Energy and Agriculture. The other \$475 million of R&D earmarks were covered, at least in part, by increases in the R&D accounts, which presumably means that a corresponding burden was applied elsewhere in the budget.



- At least 25 of the earmarks appear to call for the establishment of new centers, institutions, or other organizations. In most of these cases, continued Federal support in future years seems clearly implied. Thus, the 1991 earmarks have put a built-in burden on the 1992 and future budgets, an effect that will be compounded if additional earmarks are made in future years.

As the Office of Science and Technology Policy has noted, the study was based only on a review of the often meager information in

the Congressional reports and bills. Therefore, it did not identify the sponsorship of the earmarks and does not provide a basis for judgments on the merits of the earmarked items or on the motivations of the earmarking. A more in-depth case-by-case review, with agency or Congressional staff directly involved, would be needed to determine to what degree each earmark was (1) a response to advocacy by a particular institution; (2) a parochial initiative in Congress or by a Federal agency; or (3) a recognition by Congress of a significant national or programmatic need.

**Table C-13. CONGRESSIONAL EARMARKING OF R&D FACILITIES AND RESEARCH IN 1991 APPROPRIATIONS BILLS**

(Dollar amounts in millions)

Agency	Facilities		Research Projects		Total		Number	
	Number	Amount	Number	Amount	Number	Amount	In Law	Reports
Defense .....	8	107	20	147	28	253	16	12
Energy .....	15	104	33	81	48	186	16	32
Agriculture .....	54	97	271	85	325	182	—	325
Commerce .....	2	3	12	11	14	14	4	10
Interior .....	2	1	23	17	25	18	—	25
Health and Human Services .....	1	*	1	3	2	3	1	1
Education .....	—	—	5	8	5	8	5	—
General Services Administration ....	21	61	—	—	21	61	21	—
Environmental Protection Agency ..	4	37	16	30	20	67	1	19
National Aeronautics and Space Administration .....	4	18	—	—	4	18	1	3
<b>Total, All Agencies .....</b>	<b>111</b>	<b>428</b>	<b>381</b>	<b>382</b>	<b>492</b>	<b>810</b>	<b>65</b>	<b>427</b>

<sup>1</sup> Source: Office of Science and Technology Policy.

\* Less than \$500,000.

## EXPANDING THE GEOGRAPHIC FRONTIER: SPACE EXPLORATION IN THE 1992 BUDGET

The exploration of space provides tangible benefits to the Nation in the form of new materials, scientific and technological discoveries that will stimulate economic growth and improve life on Earth. Space also provides large intangible benefits to the Nation with activities that lift the spirit of people everywhere. Our will to explore the unknown frontier of space, both with robotic probes and manned

missions, is one measure of the vision and maturity of the Nation.

The key to the successful exploration of space is stable and sustainable funding of a balanced program of science, applications and manned space activities. The budget provides clear evidence of the President's continued commitment to his long-term space goals, and

Table C-14. **THE BUDGET CALLS FOR A 15 PERCENT INCREASE FOR MAJOR SPACE ACTIVITIES**

(Dollar amounts in millions)

Objective	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Space Transportation Infrastructure .....	4,801	5,517	+716	+15
Space Shuttle .....	4,737	5,167	+430	+9
New Launch System .....	64	350	+286	+447
NASA .....	24	175	+151	+629
Defense .....	40	175	+135	+337
Space Science .....	1,774	2,141	+367	+21
Mission to Planet Earth .....	954	1,186	+232	+24
NASA .....	652	773	+121	+18
Other Agencies .....	302	413	+111	+37
Mission From Planet Earth .....	2,199	2,470	+271	+12
Space Station Freedom .....	2,044	2,214	+170	+8
Space Exploration Initiative .....	155	256	+101	+65
NASA .....	37	94	+57	+154
Energy .....	100	142	+33	+30
Defense .....	9	20	+11	+122
Other NASA Programs <sup>1</sup> .....	4,600	5,157	+557	+12
Total, All Agencies .....	14,328	16,471	+2,143	+15
Total, NASA .....	13,868	15,721	+1,853	+13

<sup>1</sup> Includes funding for all other NASA activities including space research and technology, aeronautics, commercial programs, personnel, construction, and tracking.

to active American leadership in space science and exploration.

The budget proposes to allocate a total of \$15.7 billion for the National Aeronautics and Space Administration (NASA). This represents an increase of 13 percent over the 1991 enacted level. The strategy behind the 1992 budget has been guided in large part by the findings and recommendations of the Advisory Committee on the Future of the U.S. Space Program (the Advisory Committee). This Committee was asked to examine the goals, strategies and programs of the current civil space program and recommend changes where necessary. The budget provides increases for space activities, including research, development, and operations, to support critical elements of space transportation (that provides the enabling infrastructure for all other space activities), a robust program of space science, to meet two major "missions"—a Mission to Planet Earth" and a "Mission from Planet Earth".

### SPACE TRANSPORTATION INFRASTRUCTURE

The foundation of U.S. all space activities is space transportation. Without adequate transportation, no scientific or exploration activities would be possible. Over the last several years, it has become increasingly evident that the robustness and the flexibility of the U.S. space launch capability would not be sufficient to carry the Nation into the next century. At the present time, the U.S. has one manned space transportation vehicle, the Space Shuttle, and a fleet of expendable launch vehicles with a broad range of payload capability. Several classes of these expendable vehicles are provided on a commercial basis to the Federal Government to meet its needs. In addition, DOD owns a very large expendable launch vehicle, the Titan IV.

The strategy reflected in the budget is founded on two underlying principles: (1) enhance the reliability, operability and schedule



predictability of the Space Shuttle; and (2) begin now to develop new launch capability that will relieve the burden now being carried by the Shuttle;

**Space Shuttle.**—The budget recognizes the importance of the Shuttle to the entire civil space program. The Shuttle is the world's most versatile space transportation vehicle, with the capability to launch and retrieve satellites and to serve as an orbiting laboratory for micro-gravity and life sciences. However, the Shuttle is also complex and expensive to operate. Thus, its use should be limited to payloads that require manned presence or other unique Shuttle capabilities. This strategy recognizes the Shuttle for what it is—a precious resource that should be conserved—and should result in a planned level of activity that is both realistic and prudent.

As a consequence, the planned Shuttle flight rate has been established at 9 missions per year in 1992 and 1993, and 10 missions per year thereafter. This will allow Shuttle activity to increase from the current level, but will result in a more stable and attainable flight schedule, limit operational pressures on the system, reduce long-term risk exposure, and facilitate implementation of cost containment measures. These objectives are consistent with the recommendations of the Advisory Committee.

Even so, it is clear that the Shuttle will be essential to the civil space program for at least the next decade. Therefore, investments in R&D to maintain and improve the safety, reliability and performance of the Shuttle are of a high priority. These investments include:

- **The Advanced Solid Rocket Motor (ASRM).**—This program is intended to develop a newer, more capable, more reliable and safer generation of solid rockets. A new state-of-the-art ASRM production facility is under construction at Iuka, Mississippi. Advances in production learned from the ASRM are expected to be useful for solid rockets in other applications (e.g., new unmanned launch vehicles). The budget proposes \$350 million to continue the facility construction and motor development.

- **Assured Shuttle Availability (ASA).**—With many operational systems, there is a need to establish a well-planned program that is structured to make continued improvements and to incorporate new technology where it is cost-effective to do so. Both the military services and commercial transport operators routinely provide for such programs for their fleets of aircraft and ships. Up to now, however, no such structured program has existed for the Shuttle. Improvements and upgrades were approved and funded on an ad hoc basis. The budget proposes \$122 million to initiate a new program, Assured Shuttle Availability (ASA), that will provide a formal funding mechanism and process for identifying and incorporating high-priority improvements into the Shuttle. Included in this activity will be the ongoing work to develop an Alternate Turbopump for the Shuttle main engine.

**New Launch System.**—The continued investment in the Shuttle is coupled with the recognition that a new launch system will be needed by the early part of the next century—for a range of payloads including Shuttle-sized and larger payloads up to and including a “heavy-lift” capability. More capable and more cost-effective space transportation systems will benefit all space programs, including national security, space science and space exploration. Future space exploration will require a new heavy-lift launch vehicle. In addition, a new launch system will provide a strong technology base for improvements in the capabilities, technology and cost-effectiveness of the U.S. commercial space sector.

The budget proposes \$175 million for NASA and \$175 million for DOD to continue advanced engine development and to initiate a program that will culminate in the development of a new space launch system. This new capability was recommended by Advisory Committee on the Future of the U.S. Space Program. It is expected that NASA and DOD will jointly manage and fund this program on a 50:50 basis. The program will involve development of both new propulsion systems and new vehicle systems. The two agencies will work together to develop a strategic plan, including budget, program and management options, for

**Table C-15. THE BUDGET INCLUDES FUNDING FOR 9 SHUTTLE FLIGHTS AND INVESTMENTS TO IMPROVE THE SHUTTLE**

(Dollar amounts in millions)

	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Space Shuttle .....	4,737	5,167	+430	+9
Space Shuttle operations .....	2,790	3,024	+234	+8
Advanced Solid Rocket Motor .....	401	350	-51	-13
Assured Shuttle Availability .....	—	122	+122	—
Production and Capability development .....	1,546	1,671	+125	+8
Expendable launch vehicle (ELV) services .....	229	342	+113	+49
Tracking and data acquisition .....	849	943	+94	+11
Total .....	5,815	6,452	+637	+11

proceeding with new vehicle development and will report to the National Space Council.

### SPACE SCIENCE

The budget proposes \$2.1 billion, an increase of 21 percent over 1991, for NASA's space science programs, including astronomy, life sciences, planetary exploration, Earth science (other than Mission to Planet Earth), materials research, and other space-based research and flight programs.

Several exciting flight programs have been launched in the past year, including the Galileo mission to Jupiter and the Magellan radar mapping mission to Venus. There are over 30 minor and major flight programs that are planned for launch over the next five years, including Mars Observer, the Advanced Communications Technology Satellite, the Gamma Ray Observer, and the Advanced X-Ray Astrophysics Facility.

The implementation of this broad research program is based on a long-range, prioritized strategic science plan that was developed in cooperation with NASA's external science advisory group and is consistent with recent recommendations of the Advisory Committee on the Future of the U.S. Space Program. These programs represent nearly 20 percent of the NASA budget total.

### MISSION TO PLANET EARTH: THE U.S. GLOBAL CHANGE RESEARCH PROGRAM

World leaders are taking an increased interest in the economics and social implications of global environmental changes, both natural and human-induced. In virtually all these issues, the salient feature is the significant scientific uncertainty associated with predicting the behavior of the coupled ocean-atmosphere-land Earth system. The potentially large costs associated with addressing environmental changes (e.g., "greenhouse effect", global climate change, and ozone depletion) require that policy decisions be based on adequate scientific knowledge.

To provide this knowledge, the U.S. Global Change Research Program (USGCRP) was initiated in the 1990 budget. The 1992 USGCRP budget again proposes a major expansion of this unprecedented interagency research effort. Funding for global change research will total \$1,186 million, a \$232 million, or 24 percent, increase over the 1991 enacted level. By 1992, funding for the USGCRP will have nearly doubled since 1990. These activities include a broad range of monitoring, modeling, and fundamental research efforts focused toward producing a predictive model of the Earth "system". The U.S. provides 50 percent of the estimated worldwide total of \$2 billion spent on global change research.



The USGCRP has been developed through the interagency Federal Coordinating Council on Science, Engineering and Technology's Committee on Earth and Environmental Sciences (CEES). The program is driven both by a prioritized science planning framework that has been endorsed by the U.S. and international scientific communities, and by key scientific questions related to global change policy issues such as the "greenhouse effect", global climate change, and ozone depletion.

To further ensure that the USGCRP continues to be relevant to policymakers, the CEES established a set of integrating themes (i.e., climate modeling, global water, carbon, and energy cycles, ecological systems, and sea level change) that were based on the recent Scientific and Impacts Assessments of the Intergovernmental Panel on Climate Change (IPCC). In order to improve the Earth system modeling capabilities and support the development and implementation of a comprehensive approach to greenhouse gas emission reductions, the IPCC assessments concluded that a significant reduction in scientific uncertainties would have to be achieved in the following areas:

- sources and sinks of greenhouse gases, which affect predictions of future concentrations;
- clouds and radiative balance, which strongly influence the magnitude of climate change at global and regional scales;
- oceans, which influence the timing and patterns of climate change;
- land-surface hydrology, which affect regional climate change and water availability;
- polar ice sheets, which affect predictions of global sea level changes; and
- ecological dynamics, which are impacted by and respond to climate change.

Using the science priorities and the integrating themes, the CEES developed a balanced and integrated research effort for resolving the highest priority scientific uncertainties. The space-based component of the USGCRP is comprised of NASA's Mission to Planet Earth (MTPE) which includes three elements:

- *Earth Observing System (EOS)*: EOS is a series of space platforms and remote sensing instruments for monitoring a variety of Earth processes, a large data management system, and support to individual researchers to analyze the data. Data collection will continue for a period of roughly 15 years. The Japanese and Europeans will make major contributions by developing instruments and platforms which are integral elements of the MTPE concept.
- *Precursors*: A variety of satellite and research programs that will be flown or undertaken in the next several years designed to improve our understanding of a broad variety of terrestrial, atmospheric, and oceans processes. These are important precursors to EOS but will not provide the critical simultaneity of data collection provided by EOS.
- *Earth Probes*: This series of very small, simple, and relatively inexpensive satellites will collect data on specific concerns: global ozone, ocean surfaces, and tropical rainfall. There will be five Earth Probe missions between the 1993-1997.

The Earth-based component of the USGCRP is composed of agency activities that support global or very large scale Earth-based observations (e.g., ship, aircraft, and ground-based research campaigns), and that support fundamental research on important geophysical processes. Many of these Earth-based programs are dependent on the data collected by MTPE or provide ground-based data needed to calibrate MTPE remote sensing instruments. The balance between global space-based observations, global Earth-based observations, and the process studies is essential to the ultimate development of an integrated Earth system model. Within the Earth-based component of the USGCRP:

- NSF and NOAA will provide the continental or global scale Earth-based observations by supporting international programs such as the World Ocean Circulation Experiment, the Global Energy and Water Experiment, Joint Global Ocean Flux Studies, and the Tropical Ocean-Global Atmosphere Program.

Table C-16. U.S. GLOBAL CHANGE RESEARCH PROGRAM

(Dollar amounts in millions)

Department or Agency	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
National Aeronautics and Space Administration .....	652	773	+121	+19
Earth Observing System .....	191	336	+145	+76
Remotely Piloted Aircraft .....	—	5	+5	—
Precursors/Earth Probes .....	461	432	-29	-6
National Science Foundation .....	87	119	+32	+37
Energy .....	66	77	+11	+17
Agriculture .....	39	53	+14	+36
Commerce (NOAA) .....	47	78	+31	+66
Interior .....	37	46	+9	+24
Environmental Protection Agency .....	22	26	+4	+18
Smithsonian .....	5	8	+3	+60
Defense .....	0	6	+6	—
Total, Budget Authority .....	954	1,186	+232	+24

- NSF, NOAA, NASA, DOE, DOI, EPA, USDA, Smithsonian, and DOD will all support the prioritized and important fundamental geophysical process studies and modeling efforts that are reflected in the USGCRP integrating themes.

In 1990, the National Academy of Sciences' National Research Council conducted a review of the USGCRP and endorsed it "as a sound national program to reduce the scientific uncertainties associated with global change issues." The NRC also was asked to examine many of the underlying EOS assumptions (i.e., the environmental parameters being collected, the need for data simultaneity, and the data management approach). For EOS, the NRC endorsed the science but suggested that other flight alternatives should be examined for some of the EOS remote sensing instruments. In response to this recommendation and similar recent recommendations made by the Advisory Committee on the Future of the U.S. Space Program, an external engineering review will be undertaken during 1991 to look at alternative approaches to flying EOS instruments.

One area that has received special emphasis is Arctic research, though U.S. activities in the Arctic go beyond the range of programs included in the USGCRP.

U.S. policy in the Arctic consists of four elements: protection of essential security interests; support for sound, rational development of the region; promotion of scientific research contributing to knowledge about the Arctic; and promotion of mutually beneficial international cooperation in the Arctic. Federal Arctic research is guided by a 5-year research plan developed by the Interagency Arctic Research Policy Committee (IARPC) (in consultation with the Presidentially-appointed Arctic Research Commission and other interested groups) and updated biennially.

The budget includes \$134 million for Arctic research, an increase of about \$12 million over the 1991 level. Activities included in the USGCRP account for approximately 50 percent of this increase. Within the total for 1992, \$60 million is proposed to implement the four integrated programs covering the western Arctic: oceans research, geodynamics, studies of the Bering Sea and land mass, and monitoring and data collection activities. Approximately \$6 million of this amount is for ship and aircraft support in five agencies, NSF, Transportation, NOAA, Interior, and DOD/Navy. These programs support bilateral and multilateral environmental, space, oceans, and social science agreements and cooperative activities.



Table C-17. UNDERSTANDING THE ARCTIC

(Dollar amounts in millions)

Category	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Resource development <sup>1</sup> .....	49	56	+7	+14
Arctic as laboratory <sup>2</sup> .....	48	50	+2	+4
National security <sup>3</sup> .....	25	28	+3	+12
Total .....	122	134	+12	+10

<sup>1</sup>Includes the Departments of Interior, Commerce, Agriculture, Energy, Transportation, State, and the Environmental Protection Agency.

<sup>2</sup>Includes the Department of Health and Human Services, and the National Aeronautics and Space Administration, the National Science Foundation, and the Smithsonian Institution.

<sup>3</sup>Includes the Department of Defense. The 1991 enacted level includes a one-time increase for Defense of about \$13 million specifically for upper atmosphere research and associated facilities, including the High Frequency Active Auroral Research Program (HAARP). For the purposes of comparison with 1992 levels, this funding has been excluded.

**Landsat.**—Acquisition of data from land remote sensing satellites is an important element in understanding global change. The Administration is committed to operating the Land Remote Sensing Satellites (Landsats 4 and 5) as long as they are the only operational Landsat satellites, and to completing the development and launch of the next satellite (Landsat 6). The budget proposes \$17 million within the Department of Commerce, sufficient to cover the operation of Landsats 4 and 5 through August of 1992 (when Landsat 6 is expected to become operational). Landsat 6 will be operated by, and at the expense of, the Earth Observing Satellite Company.

#### MISSION FROM PLANET EARTH: MANNED SPACE FLIGHT AND SPACE EXPLORATION

These activities include the Space Station Freedom and the space exploration initiative. Together these programs support the goal of expanding human presence and activity beyond Earth's orbit into the solar system. The strategy underlying these activities is composed of two major elements: (1) modify Space Station Freedom to focus on two principal objectives: life sciences and microgravity, and to reduce its operational complexity; and (2) support the "long pole" technology building blocks

that will be needed for future manned exploration of the solar system.

**Space Station Freedom.**—NASA is completing a major review of the design of Space Station Freedom (SSF). The functions of the Space Station will be focused primarily in two major areas: life sciences and microgravity research. The former will provide needed experience in studying the effects of weightlessness and radiation exposure, as a precursor to future missions to the Moon and Mars. The latter will provide the initial benefits from SSF and will lay the groundwork for a new spurt of commercial space activity.

It is expected that the reconfigured design will result in significant advantages over the current program:

- it will place the program on a more sustainable budget path;
- it will simplify the design and permit development in stages, holding closely to current schedules for early utilization;
- it will require less dependence on the Space Shuttle. The restructured program will require fewer Shuttle assembly flights in the near-term, and opportunities to use expendable launch vehicles to support operations will be investigated;

Table C-18. **SPACE STATION FREEDOM**

(Dollar amounts in millions)

	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Space Station Freedom:				
Research and Development (excluding FTS) .....	1,794	2,029	+235	+13
Flight Telerobotic Servicer <sup>1</sup> .....	106	(55)	(-51)	(-48)
Total, Research and Development .....	1,900	2,029	+129	+7
Facilities and Program Management .....	144	185	+41	+28
Total, Space Station Freedom .....	2,044	2,214	+170	+8

<sup>1</sup> Proposed to be moved in 1992 to Space Research and Technology.

- it will reduce the requirements for extra-vehicular activity (EVA) for assembly, operation, and maintenance, by more careful consideration of operational requirements in the design, and by emphasizing pre-launch integration and verification of flight systems.
- participation of the European Space Agency, Japan, and Canada will, of course, be continued.

The budget provides \$2,029 million for SSF development, an increase of 7 percent over the 1991 enacted level. This amount will support continued progress on development.

A major change has been made in the Flight Telerobotic Servicer (FTS) project. FTS was intended to be one of several systems that would provide early robotic assembly and servicing capability to the Space Station. However, the Space Station design review has revealed that the importance of having FTS available in the earliest stages of Space Station operations has been greatly diminished. FTS no longer represents a "critical path" item. Even so, the FTS robotic technologies, particularly the end-effector technologies, are of great importance in the long-term for the Space Station and the space program generally. Therefore, the budget proposes \$55 million to focus the FTS project on technology development, and proposes to move the FTS program to the Space Research and Technology area as part of a broader Automation and Robotics activity.

**Space Exploration Initiative.**—The President remains firmly committed to his long-term goal, articulated in 1989, of manned and unmanned exploration of the solar system. The budget reflects this commitment by proposing \$256 million, an increase of 65 percent, for exploration activities in NASA and the Department of Energy and for related activities in the Department of Defense. For 1992, the budget is based on a strategy of supporting activities focused on key, long-lead technologies that will be necessary for any future exploration endeavors. These technologies are: space surface nuclear power, space nuclear and conventional propulsion, and life sciences and life support technologies.

The technology strategy appears consistent with the evolving approach for space exploration under development by the Space Exploration Initiative Synthesis Group. In addition, the Synthesis Group will identify at least two fundamentally different exploration architectures. For the next few years, the Federal Government will develop these architectures in parallel with the technologies which can make exploration affordable. Only after the technology and architecture groundwork has been firmly laid, will the Administration propose specific new manned and unmanned exploration missions. This suite of exploration technologies will be expanded over time, consistent with the "go-as-you-pay" philosophy recommended by the Advisory Committee.

For space surface nuclear power, the budget proposes to continue the joint NASA/DOD/



DOE SP-100 program, and, in the Department of Energy, to conduct R&D concurrently on radioisotopic thermoelectric generators (RTGs). The focus of 1992 efforts will be on design studies and technology efforts directed at lunar operations using either SP-100 for higher power levels (10s to 100s of kilowatts) or RTGs for lower power levels. Nuclear rocket propulsion appears to offer significant advantages over conventional chemical propulsion, includ-

ing reduced trip times and reduced mass (thus lower cost). For life sciences and support technologies, the budget again proposes to initiate the Lifesat program. Lifesat will be a series of reusable satellites designed to carry living specimens into orbit, to monitor and study critical parameters such as radiation exposure, and to return the living specimens to Earth for analysis. First launch is planned for 1996.

## EXPANDING THE HUMAN FRONTIER THROUGH BIOTECHNOLOGY

Biotechnology holds great promise for new life-enhancing discoveries in the fields of medicine, foods, and environmental cleanup.

The budget proposes \$4,107 million for biotechnology R&D, an increase of \$319 million, or 8 percent, over 1991. Increasing the Federal investment in biotechnology R&D will spur further advances in this rapidly growing field. In addition, the Administration recently completed a comprehensive review of all other aspects of Federal Government policy affecting biotechnology. The results of this review will be released in a forthcoming report from the President's Council on Competitiveness. Much

of the material contained in this section is drawn from the forthcoming report.

### SIGNIFICANT ACHIEVEMENTS/NEW TRENDS

The biotechnology revolution began in the 1970s and 1980s when scientists learned new techniques to alter precisely the genetic constitution of living organisms. The newer, most innovative biotechnologies are tremendously diverse and include gene transfer, embryo manipulation and transfer, plant regeneration, and perhaps the most widely known, recombinant DNA technology (rDNA) or "genetic engineering."

**Table C-19. THE BUDGET PROPOSES AN 8 PERCENT INCREASE IN FEDERAL INVESTMENTS IN BIOTECHNOLOGY**

(Dollar amounts in millions)

Department or Agency	Budget Authority			
	1991 Enacted	1992 Proposed	Dollar change	Percent change
Health and Human Services .....	3,296	3,557	+261	+8
Agriculture .....	119	139	+20	+17
Energy .....	110	140	+30	+27
National Science Foundation .....	130	132	+2	+2
Defense .....	118	123	+5	+4
Other Agencies <sup>1</sup> .....	17	17	—	—
<b>Total, All agencies .....</b>	<b>3,788</b>	<b>4,107</b>	<b>+319</b>	<b>+8</b>
(Directly-related activities—non-add) .....	1,663	1,810	+147	+9
(Broader science-based activities—non-add) .....	1,998	2,144	+146	+7
(Scale-up activities—non-add) .....	25	32	+7	+28

<sup>1</sup>Includes the Department of Veterans Affairs and the Environmental Protection Agency.

American researchers developed much of the basic science of biotechnology and the United States continues to lead in the commercialization of most emerging biotechnology products. The new techniques have spawned an industry that has seen rapid growth. Since 1975, more than 400 start-up firms active in biotechnology have been founded. In addition, more than 200 established firms have diversified into biotechnology and there are more than 200 supply firms that support biotechnology with materials, equipment and services in the U.S. alone. Just a decade and a half after its beginnings, the U.S. biotechnology industry produced pharmaceuticals, diagnostic tests, and agricultural products worth close to \$2 billion.

### **Human Health**

Biotechnology enables the identification, development and manufacture of disease-fighting substances and provides new techniques for delivering medicines to diseased parts of the body. Remarkable new medicines based on biotechnology are beginning to appear daily. The Food and Drug Administration (FDA) has approved a biotechnology-based vaccine for preventing hepatitis B and eleven other drugs for treating various diseases. More than 1000 clinical trials of new drugs and biologics are underway. A majority of these are for cancer or cancer-related conditions and more than 15 percent are for AIDS or HIV-related conditions. In addition, molecular genetics and biotechnology techniques have enabled the development of a new generation of methods for identifying the genetic causes of disease and aiding medical diagnoses.

### **Agriculture, Foods, and Animal Husbandry**

Scientific advances from biotechnology have not been limited to medicines. Biotechnology is expected to play a major role in improving U.S. agriculture and protecting the environment. Biotechnology offers modern tools for agriculture that can improve nutrition, taste, appearance, and productivity of plant, animal and other food products. Enhancements of certain characteristics in vegetables are expected to provide increased resistance to insects, thus reducing the need for chemical pesticides. Companies are field testing a variety of crops

with enhanced resistance to specific viruses, insect pests, and safer herbicides.

An important boost for agricultural biotechnology is research funded through the Department of Agriculture's National Research Initiative. Included within the plant systems category is funding for a plant genome mapping program to locate genes which control economically important traits in crop plants and forest species. Results will help scientists more rapidly and precisely transfer genes to address environmental concerns and improve food quality and safety.

A group of research experts recently convened by the National Institutes of Health (NIH) recommended approving the use of bovine somatotropin (BST), a genetically engineered version of a naturally-occurring growth hormone, in the production of milk. When administered to dairy cattle, BST can increase milk production by as much as 20 percent.

### **Environment**

Biotechnology holds great promise for the environment including products that will clean up the ecosystem, provide alternatives to chemicals, and perform other tasks such as mineral recovery. Bioremediation is a process that involves the use of microorganisms for cleanup of the environment. Certain microorganisms will feed on and degrade hazardous or toxic chemicals and produce environmentally safe substances as by-products. Recent experiments using bioremediation have demonstrated the value of microbes for cleanup of oil spills. Bioremediation is also used for cleansing soil contaminated with gasoline. Microbial degradation of waste and waste water forms the basis of a substantial portion of the waste industry. The availability of new microbial tools for waste management will provide an opportunity for new advances in productivity in this industry.

### **FEDERAL INVESTMENT**

The key to future growth in U.S. biotechnology industry continues to be strong support for basic research and research training. This investment continues to produce the advances in technology that allow the industry to thrive. In 1992, the total Federal investment in biotechnology-related research is proposed



at approximately \$4.1 billion. Over 80 percent of this investment is supported through NIH. One of the most significant endeavors is the human genome project—designed to map the location of all the genes in the human body—supported by the Departments of Health and Human Services and Energy.

Twelve Federal agencies support programs directly related to or in support of biotechnology, including the Departments of Health and Human Services, Energy, Commerce, Defense, Agriculture, and Veterans Affairs, as well as the National Science Foundation, the National Aeronautics and Space Administration and the Environmental Protection Agency. Most of the support for basic biomedical research essential to the advancement of biotechnology has come from the National Institutes of Health. Many of the agencies are in fields that are poised for substantial growth, such as agricultural and environmental research. The private sector also provides about \$2 billion for biotechnology research and development, most of which is committed to specific product development.

The United States biotechnology and other industries were greatly assisted by the technology transfer policies initiated in 1980 and accelerated in the Bush Administration. These policies fostered joint R&D projects between industry and federally supported universities. More recently, this process was extended to federally owned and operated laboratories by protecting private sector commercial rights to subsequent discoveries. Such joint R&D allows industry to gain access to the most advanced government facilities. Implementation of the recently enacted Technology Transfer Act fosters competitiveness in, and commercialization of, biotechnology. Commercialization of university research in cooperation with U.S. industry is an important element of federally supported university research.

The Federal Government is providing strong encouragement for cooperative precompetitive biotechnology efforts among the public sector, university sector and private sector. Over the last five years, scientists at NIH have entered into more than 400 cooperative research and development agreements (CRADAs) with private industry. The majority of these have involved the development of biotechnology, in-

cluding a gene therapy for AIDS. Other Federal agencies such as the Food and Drug Administration and the Centers for Disease Control are entering into CRADAs.

### RESEARCH TRAINING

The development of biotechnology research and training centers is an additional approach that may prove effective in promoting interdisciplinary training and promoting industry/university research collaboration. The National Science Foundation now funds two biotechnology engineering research centers at the Massachusetts Institute of Technology and Montana State University. There are a number of other such centers, many established through State initiatives.

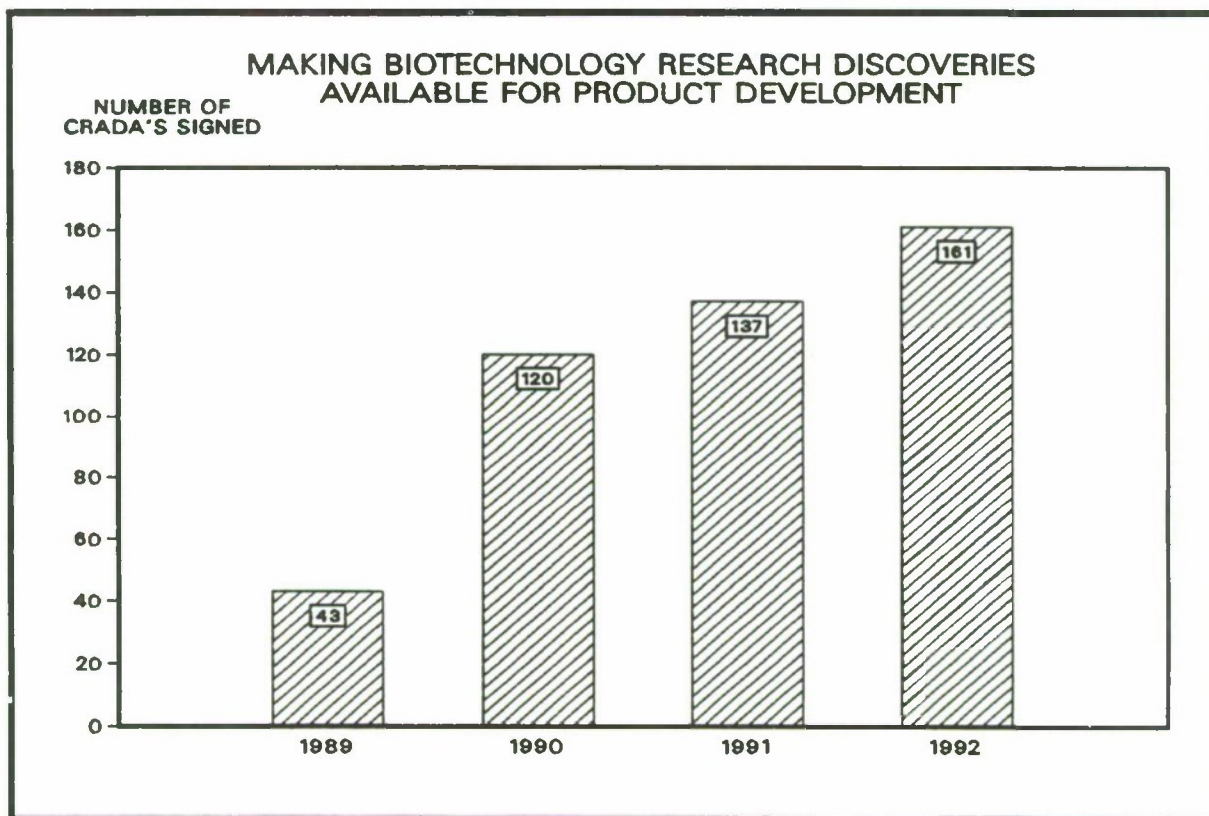
### FEDERAL REGULATORY ENVIRONMENT

The 1986 Coordinated Framework established a roadmap for Federal regulation of biotechnology. The Framework was developed to address the concerns over the potential adverse impact of unnecessary regulation on biotechnology research and commercial applications and possible risks associated with using genetically engineered organisms in the environment. The Coordinated Framework focuses on the characteristics and risks of the biotechnology product, not the process by which it is created. This principle allows agencies to concentrate resources in areas that may pose greater risks and leaves relatively unfettered the development of biotechnology products posing little or no risk.

Based on the principles outlined in the Coordinated Framework, the Food and Drug Administration (FDA) announced that it did not need to establish new procedures for the review of new biotech-derived products. FDA's review of products based on a case-by-case assessment of risks would address any risks involved in new biotechnology products. The FDA established a system of user fees for the review of drugs and medical devices, including products that use techniques developed through biotechnology. User fees will enable the agency to speed its review of biotechnology products and, in turn, allow firms to bring their products to the marketplace sooner. The other two major regulatory agencies—the En-

vironmental Protection Agency (EPA) and the Department of Agriculture (USDA)—an-

nounced policies for developing additional rules and guidelines.





## IV.E. PRESERVING AMERICA'S HERITAGE AND PROTECTING THE ENVIRONMENT IN A GROWING ECONOMY

### HIGHLIGHTS

The budget places a major emphasis on efforts to protect and enhance America's natural resources and the environment within the context of policies to promote economic growth. Major increases are proposed to:

- Protect, preserve and expand America's national treasury of parks, forests, wildlife refuges, and other public lands.
- Greatly enhance the access of American citizens to public lands and recreational opportunities.
- Initiate a program that will protect some of the Nation's most important Civil War Battlefield sites.
- Increase coastal protection, through a new interagency action plan; enhanced oil spill

prevention and response activities; and resources for treating municipal sewage discharges to coastal waters of Boston, Seattle, Los Angeles, San Diego and New York City.

- Enhance the effort to protect and accelerate the recovery of threatened and endangered species while reducing conflict with economic activity by managing habitat on a multi-species basis.
- Take further steps toward the President's national goal of achieving "no net loss" of wetlands by protecting critical habitat, and by expanding wetlands research.
- Continue the President's commitment to effective pollution control and environmental enhancement by implementing re-

**Table E-1. THE BUDGET INCLUDES \$2.4 BILLION IN NEW FUNDING  
FOR ENVIRONMENTAL PROTECTION INITIATIVES**

(Budget authority; dollar amounts in millions)

Summary of Major Initiatives	Actual		1991 Enacted	1992 Proposed	Percent Change, 1991-92
	1989	1990			
America the Beautiful .....	363	411	589	785	+33
Reforestation .....	—	—	70	140	+100
Legacy '99 .....	517	563	819	823	+1
Protecting America's Wetlands <sup>1</sup> .....	201	283	299	489	+64
EPA Operating Budget .....	1,752	1,938	2,313	2,477	+7
Superfund .....	1,410	1,530	1,616	1,750	+8
Federal Facility Cleanup:					
Department of Energy .....	1,762	2,354	<sup>2</sup> 3,687	4,352	+18
Department of Defense .....	1,155	1,282	1,923	2,582	+34
Other Agencies .....	107	147	172	211	+23
Global Change Research .....	—	659	954	1,186	+24
Natural Resources Research .....	680	710	844	900	+7
<b>Total .....</b>	<b>7,947</b>	<b>9,877</b>	<b>13,287</b>	<b>15,695</b>	<b>+18</b>

<sup>1</sup>Total has been adjusted to eliminate double counting of DOI Wetlands already included in America the Beautiful and wetlands, Coastal American and global change research included in EPA's operating budget.

<sup>2</sup>Includes a proposed \$340 million 1991 supplemental for Environmental Restoration and Waste Management.

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cently enacted environmental legislation, including the Clean Air Act.

- Ensure that the Federal government does its part toward environmental improvement by continuing programs to clean up Federal facilities, both nuclear and non-nuclear.
- Expand global change research for the second year and thereby extend America's international leadership in this area.
- Preserve America's heritage.

**THE BUDGET INCLUDES AN INCREASE OF 40 PERCENT TO EXPAND AND PROTECT AMERICA'S TREASURY OF NATIONAL PARKS, WILDLIFE REFUGES, FORESTS AND PUBLIC LANDS.**

America's treasury of public lands is among her most important assets. The budget reflects the President's commitment to the outdoors by providing the resources to expand, improve, and maintain these assets, and to increase the access of all Americans to them.

The budget amplifies the joint Department of the Interior (DOI) and Department of Agriculture (USDA) initiative, *America the Beautiful* (ATB), begun last year. The budget provides nearly \$1 billion (40 percent above 1991) for improved stewardship of National parks, wildlife refuges, forests, and other public lands. ATB resource protection and enhancement activities are increased by \$188 million, or 76 percent above 1991 enacted levels and Federal land acquisition is increased by \$70 million over the President's 1991 budget proposal.

This initiative includes the following features:

***Enhancing Recreation and Restoration of Natural Resources.***—An important component of America the Beautiful will focus Federal funding and expertise on a wide range of threatened natural resource treasures and key Interior recreational areas in need of improvement. The budget includes \$329 million (33 percent above 1991) for improved resource protection, including wetlands conservation and restoration, endangered species activities, and enhanced recreational opportunities in na-

tional parks, wildlife refuges, and other public lands.

The initiative will increase the number of boat ramps, campsites, trails and interpretive centers for America's growing population of outdoor enthusiasts; improve the access of disabled Americans to our public lands; and ensure that key environmental features of these lands are not threatened. Included in the program will be the establishment of a new America the Beautiful pass, specially designed for use of repeat visitors to national parks, forests, and other lands.

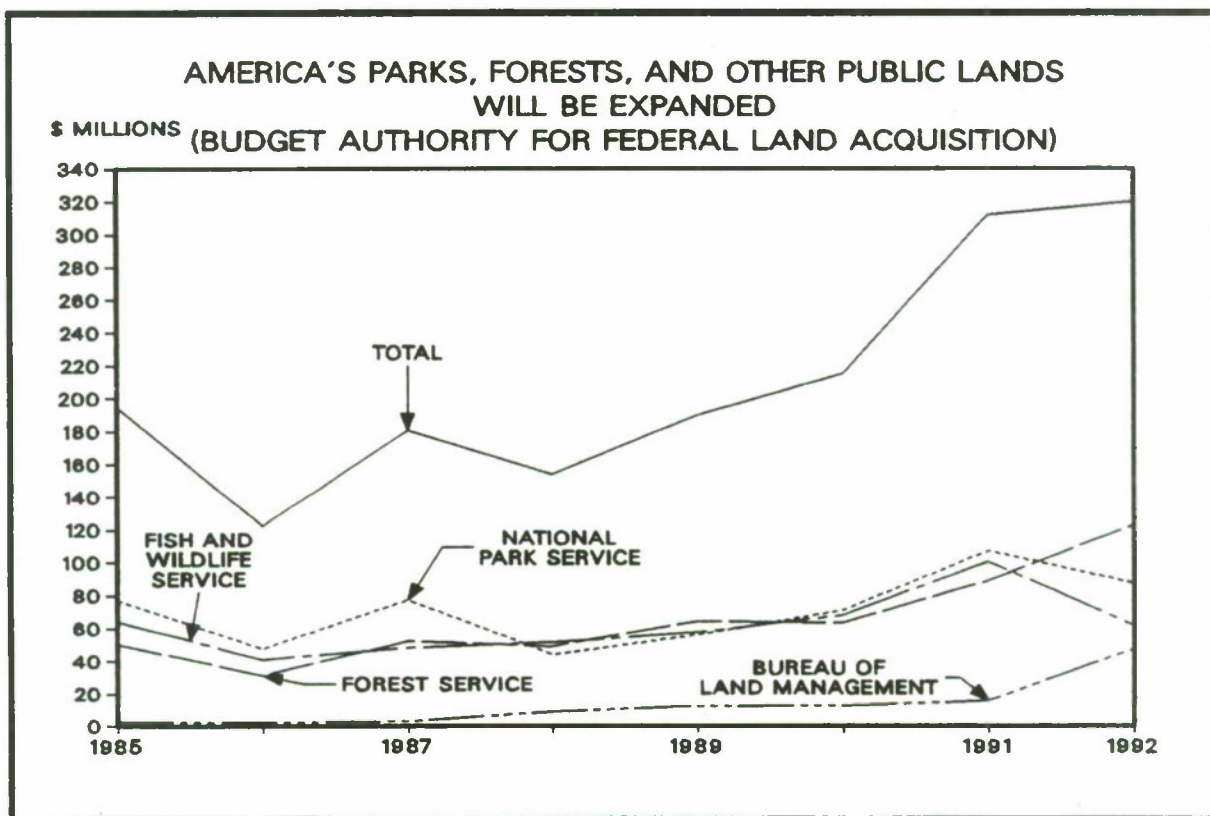
***Land and Water Conservation Fund (LWCF).***—The budget continues the President's commitment to the acquisition of nationally significant natural and cultural resources. Proposed 1992 funds for Federal land acquisition and LWCF State grants would be \$350 million, an increase of \$8 million, or 2 percent over the appropriated amount for 1991.

Concurrent with the submission of the budget, the Administration will propose to Congress a list of priority lands to be acquired by the National Park Service, the Fish and Wildlife Service, the Bureau of Land Management, and the Forest Service. This list has been developed through a competitive rating system, in which particular importance is placed on valuable wetlands, proximity to population centers, increased recreational opportunities to the public, protection of endangered species, and other characteristics of such national significance that the land's early acquisition for public purposes is of special importance. Of the total funding available to the Fish and Wildlife Service, \$3 million is proposed for the National Fish and Wildlife Foundation.

The President's outdoor program reflected in this budget includes full funding for efforts such as land acquisition at Santa Monica Mountains (CA), and implementation of legislation to expand the Everglades National Park (FL).

The budget also re-starts a funding and acquisition partnership with States through the LWCF State Grant program (the first time in ten years that funds for these grants are being requested). Requested funding for 1992 of \$30 million would provide States with Federal matching funds for the acquisition of parks





and open spaces, and for the development of outdoor recreation resources.

**Protecting Battlefields.**—The budget contains \$15 million for a new initiative, the *American Battlefield Protection Program*. In addition, the LWCF State grant request includes a proposed earmark of \$6 million for grants to support State and local protection of battlefield sites. While some Civil War Battlefields are managed by the National Park Service, many important sites remain unprotected and are threatened with development, without their historic values being taken into account. In order to meet this challenge the Administration is proposing a new initiative to:

- Develop partnerships with Federal, State, regional and local officials and private conservation organizations to provide protection of threatened sites. Efforts will be made to explore all options for their protection, including creative use of public and private land-use tools, such as zoning, historic district designation, land and

easement acquisition, technical assistance, and landbanking.

- Develop and disseminate information on public/private demonstration projects to protect battlefields.
- Apply limited Federal funds toward promoting protection through leveraging the purchase of land by private conservation organizations and other public agencies.

The Department of the Interior has identified priority battlefields that would be part of the initiative's first phase, including:

- Gettysburg (PA)
- Antietam (MD)
- Wilderness (VA)
- Shenandoah Valley (VA)
- Harpers Ferry (WV)
- Kennesaw Mountain (GA)
- Corinth (MS)
- Franklin Battlefield (TN)
- Glorietta Pass (NM)

**Targeted Parks: America's Crown Jewels.**—To help meet the increasing demand for

public use of the national parks, the budget proposes a new Targeted Parks Initiative. In conjunction with the National Park Service's 75th Anniversary celebration, the President is proposing a special \$10 million program that will improve monitoring and protection in ten "crown jewel" national parks to ensure that these parks remain accessible to all, and to protect fully the natural beauty which makes them so popular.

The national parks under consideration for inclusion in the targeted parks program are:

- Cape Cod National Seashore (MA)
- Acadia National Park (ME)
- Death Valley National Park (CA)
- Everglades National Park (FL)
- Grand Canyon National Park (AZ)
- Glacier National Park (MT)
- Olympic National Park (WA)
- Sequoia National Park (CA)
- Yellowstone National Park (WY)
- Yosemite National Park (CA)

**Challenge Cost-Share Programs.**—The America the Beautiful initiative will also encourage expanded partnerships with private parties and State and local governments through new challenge cost-share programs for the Park Service and Fish and Wildlife Service. Federal funds will be matched by non-Federal contributions for the protection and enjoyment of parks and refuges. Modeled after the successful programs already ongoing in the Forest Service and the Bureau of Land Management, these new programs will involve the public in improving natural resources by increasing direct citizen efforts and financial contributions.

**The Endangered Species Program.**—Funding increases of \$10 million would allow for a re-prioritization of this program to include increases for prelisting, recovery, and delisting activities. Management of multi-species ecosystems for biodiversity should significantly limit the number of conflicts related to the preservation of individual species. The new multi-species approach will protect threatened and endangered species while at the same time permitting economic activity. For example, under the prelisting process, critical wildlife habitat that would need protection would be identified, while areas where economic activity

could safely take place would also be identified.

**Reforestation: Planting Trees for America's Future.**—The 1991 budget proposed the initiation of a national tree planting program aimed at both rural and urban areas.

The President's proposal for 1991 was enacted in the 1990 Farm Bill, and \$70 million was appropriated to begin tree planting activities. Although the legislation did not provide full funding for the President's goal of planting 1 billion trees per year, each state now has a coordinating committee to develop a network of leadership, expertise and corporate and private sector involvement in tree planting activity. The 1991 program will allow for planting and timber stand improvement of nearly 100 million trees on 150,000 acres in rural areas and another 15 million trees in communities throughout the country.

Also in 1991, the President's proposed National Tree Trust Foundation was enacted and capitalized with a one-time appropriation of \$20 million. The Foundation will direct its resources toward public awareness and private fund raising efforts to mobilize individuals, businesses, governments, and community organizations to plant and care for trees in cities and towns throughout America.

The 1992 budget contains funds to expand the reforestation initiative begun in 1991. The budget proposes \$140 million to expand tree planting and care activities on privately-owned rural lands and in the Nation's 40,000 rural communities. The President's goal remains to plant, maintain, and conduct timber stand improvements on one billion trees per year.

The continuation of the initiative recognizes the remarkable value of trees as a resource. In addition to their use for wood products and wildlife habitat, trees sequester carbon dioxide from the atmosphere; provide for reductions in energy consumption by providing shade in summer and wind abatement in winter; and reduce erosion and the flow of pesticides into the Nation's lakes and streams.

**The National Forest: America's Great Outdoors.**—The budget includes funds for a 3-year, \$625 million effort to enhance outdoor recreation opportunities on National Forest lands, thereby meeting the increasing demands



Table E-2. AMERICA THE BEAUTIFUL

(Budget authority; dollar amounts in millions)

Funding Summary	Actual		1991 Enacted	1992 Proposed	1992-93	
	1989	1990			Dollar Change	Percent Change
Land Acquisition .....	206	237	342	350	+8	+2
Reforestation .....	—	—	70	140	+70	+100
Resource Protection/Recreation:						
National Forests .....	—	—	—	88	+88	.....
Department of the Interior .....	157	174	247	329	+82	+33
Other Agencies "coastal America" ....	—	—	—	18	+18	.....
Total, America the Beautiful .....	363	411	659	925	+265	+40

for recreation on forest lands and helping to reduce the current overcrowding of other Federal recreational facilities, including the National Parks. Under the initiative, attention will be focused on providing those recreational services where National Forest System lands have a comparative advantage. Emphasis will be placed on recreation management on lands adjacent to urban areas and on specially designated areas such as National Recreation Areas and the Wild and Scenic Rivers System.

Upon completion of this program, the Forest Service will have in place recreation and trail facilities that will assist in meeting rapidly increasing recreation demand on National Forests and other public lands. Specifically, the program will address high demand areas such as urban forests, scenic byways and specially designated recreation areas. The program will increase the number of new visitor centers for priority urban forests, and generally expand and enhance camping and picnic facilities in order to meet the needs of the public well into the next century. In addition, through partnership arrangements with the private sector, a better mix of recreation opportunities, including added facilities more suitable for the elderly and handicapped, would be provided.

The program will also include the upgrade of restroom facilities, provide for additional interpretive services, the expansion of scenic byways and added investments for cultural resources, as well as fish and wildlife activities. This initiative will help to implement the Secretary of Agriculture's 1990 Forest and Range-

land Resources Planning Act (RPA) program to begin reducing a nearly 50-year backlog of recreation enhancement needs. As a result of this program, the backlog would be removed in 10 years.

### LEGACY 1999

The budget continues and expands the Legacy 1999 effort, begun in 1991, to leave a legacy of improved conditions at national parks, wildlife refuges and other public lands.

The Department of the Interior is committed to accomplishing these improvements by the end of the decade—its 150th anniversary as a Department—and hence has designated this effort "Legacy '99". The budget proposes funding of \$823 million, an increase of \$4 million over 1991, to repair and rehabilitate facilities, to reduce the backlog of facility rehabilitation projects, including the repair of unsafe dams and the cleanup of hazardous materials, and to improve the maintenance of these facilities.

Higher funding levels will accelerate the restoration of important facilities in existing parks and recreation areas and improve the day-to-day operating maintenance of Interior facilities such as visitor centers, campgrounds, roads, boat ramps, and administrative buildings. This increased funding will also allow Interior to upgrade its infrastructure on a periodic basis to prevent long-term deterioration that could threaten public safety and ultimately increase costs to the Federal taxpayer.

Included in Legacy '99 are funds for certain facilities of special importance:

- \$11 million to restore waterflows to the Everglades National Park.
- \$4 million to rehabilitate the existing Baldridge Hall to create a new White House Visitors Center that would house exhibits and interpretive media and better accommodate the millions of visitors to the White House each year.
- \$5 million for construction and rehabilitation of the Federal Interagency Fire Center in Boise, Idaho, that will enable Interior and the Forest Service to improve operations and coordination of national wildland firefighting programs.

Funds for key dam safety improvements, needed to protect people and the environment downstream, will be increased to \$123 million, \$19 million over 1991 levels, in the Legacy '99 initiative. In addition, \$80 million in new funding, \$21 million over 1991 levels, will accelerate the evaluation and clean up of hazardous waste sites located on federally managed lands.

Complementing Legacy '99, the budget also proposes the establishment of a \$5 million Natural Resource Damage Assessment fund within Interior. This is similar to a \$5 million revolving fund created in the National Oceanic and Atmospheric Administrative Act in 1991. The fund will support timely, comprehensive high priority damage assessment activities, litigation strategies, coordination with other agencies, and negotiations with parties poten-

tially responsible for damage to Interior's lands and natural resources.

This identified funding will allow Interior to fulfill its obligation to this and future generations to protect natural resources and the public's use of these resources; increase the likelihood that polluters, not taxpayers, will pay for the cost of restoring injured resources; and help prevent hazardous substance and oil spill incidents from occurring in the future.

Also complementing Legacy '99 is increased funding in the budget from the Department of Transportation's Federal Highway Trust Fund (a total of \$190 million, or 36 percent over 1991) for public roads inside national parks and on Indian reservations. There are about 8,000 miles of park roads and parkways and approximately 20,000 miles of roads on reservations under the jurisdiction of Interior. Both road systems provide critical, sometimes unique access to parks and reservations, and are necessary for the full use and enjoyment of parks, and for economic and social development of Indian reservations.

Based on recent road condition inventories, a substantial backlog of needed improvements exists for the two systems. The only sources of funding for improvements of roads under Interior's jurisdiction are Federal appropriations. The proposed 1992 increases will help to stabilize the overall condition of paved roads in parks and on Indian reservations, minimize further deterioration of the road systems, and begin reducing the backlog of needed improvements.

In addition to Interior, \$100 million (82 percent over 1991) is proposed for the approxi-

**Table E-3. LEGACY '99—DEPARTMENT OF THE INTERIOR**

(Budget authority; dollar amounts in millions)

	Actual		1991 Enacted	1992 Proposed	Percent Change, 1991-92
	1989	1990			
Maintenance .....	347	373	435	480	+10
Rehabilitation .....	50	84	221	140	-37
Dam Safety .....	78	62	104	123	+18
Cleanup .....	42	44	59	80	+36
Total .....	517	563	819	823	+1



mately 25,000 miles of State and local roads that serve national forests under the jurisdiction of USDA's Forest Service.

### THE BUDGET BEGINS A MAJOR PROGRAM TO IMPROVE THE NATION'S COASTAL WATERS

**Coastal America program.**—The budget contains \$23 million for a major new initiative to protect the Nation's coastal resources. The EPA, Commerce, the Army Corps of Engineers and Interior will focus on preservation and cleanup of polluted coastal estuaries and eroding coastal wetlands. This is a practical, action-oriented approach to protection and restoration of coastal resources. The program builds upon the existing expertise of these agencies and provides a framework for activities at the national, regional, and watershed levels.

**Secondary treatment for municipal discharges.**—Because one of the major sources of coastal pollution is the discharge of municipal sewage, a special effort is included in this budget to accelerate the achievement of secondary treatment levels in several major coastal cities. EPA's wastewater treatment program has been funded in the budget at a total level of \$1.9 billion, consistent with authorized levels. The bulk of these funds will be appropriated as grants to capitalize State revolving funds which make loans to municipalities for meeting wastewater treatment needs.

However, the budget proposes to target \$300 million in grants to coastal cities with the biggest remaining secondary treatment needs—Boston, New York, Los Angeles, San Diego, and Seattle. The \$100 million earmarked for

Boston exceeds the current special authorization for Boston by \$80 million. An additional \$100 million is included to build a major treatment facility at the U.S.-Mexican border, which is separately authorized by the Clean Water Act. The facility will treat raw sewage discharges from Tijuana into the Tijuana River. These discharges have severely affected a National Wildlife Refuge and have caused the closing of beaches around San Diego for the past several years.

**Oil spill cleanup funding is increased significantly.**—Major increases in funds are proposed for the Coast Guard to improve the response to, and the cleanup of, oil spills along the nation's coastline. The Coast Guard budget proposes \$108 million for oil spill prevention and response activities, a \$15 million (17 percent) increase over 1991. These resources will be used to provide equipment, training and personnel for the Coast Guard's Marine Environmental Protection Mission. The budget for EPA includes an increase of more than 60% for oil spill activities.

**Outer Continental Shelf (OCS) Environmental Studies.**—The budget proposes an increase of \$14 million over the 1991 enacted level to support the environmental studies program in the Minerals Management Service. The \$38 million request will be used to respond to the President's directive in June 1990 to upgrade the consideration of environmental effects before proceeding with oil and gas leasing and development in certain areas of the OCS. The environmental studies program provides scientific and technical information on environmental, social, and economic effects of oil and gas activity so that responsible leasing decisions can be made.

Table E-4. COASTAL AMERICA  
(Budget authority in millions of dollars)

Agency	1992 Funding
National Oceanic and Atmospheric Administration .....	5.0
Environmental Protection Agency .....	6.0
Army Corps of Engineers .....	7.0
Department of the Interior .....	5.0
Total .....	23.0

## A 48 PERCENT FUNDING INCREASE SUPPORTS THE PRESIDENT'S GOAL OF "NO NET LOSS" OF WETLANDS

The President has articulated a national goal of no overall net loss of wetlands. Congress enacted last year significant new legislation to help stop the loss of nearly 400,000 acres of wetlands each year throughout the Nation. The budget fully implements many of the new authorities provided:

- Water rights will be acquired on a willing seller basis for the Stillwater National Wildlife Refuge (NV), which is a significant wetland that provides habitat to migratory birds in the Pacific Flyway. There have been reports that thousands of birds have died there due to lack of water or to stress associated with the lack of adequate supplies of healthy water.
- Funds are allocated for easements for 600,000 acres of wetlands to be brought into the *Environmental Conservation Acreage Reserve Program*, enacted as part of the 1990 Farm Bill. The budget proposes nearly \$500 million during 1992-1995 to encourage farmers to remove higher priority wetlands from production through these easements.
- The budget fully funds the recently enacted Wetlands Protection and Restoration Program managed by the DOI and the Army Corps of Engineers for the con-

servation and restoration of coastal wetlands.

- The budget also funds various multi-agency programs for acquisition and management of wetlands habitat significant to migratory birds and endangered species, conservation and restoration of other high priority wetlands, and an ongoing wetlands research and development program.

## POLLUTION CONTROL

**EPA's operating budget is increased significantly.**—The budget provides another increase for EPA's operating budget to carry out the agency's research, regulatory and enforcement responsibilities. Since the Bush Administration took office, EPA's operating program budget will have increased by 41 percent, and the workforce needed to carry out its mission will have been expanded by 20 percent. The budget provides significant increases for carrying out the Clean Air Act, protecting the Great Lakes, expanding environmental education, enforcing environmental laws, expanding research, and improving the capability of states to carry out their environmental responsibilities.

**Implementing Clean Air Act changes.**—The budget includes major increases for implementing the recently enacted Clean Air Act Amendments of 1990. An increase of \$117 million and 341 staff years is requested for EPA to carry out the ambitious requirements and

**Table E-5. FUNDING FOR WETLANDS RESEARCH, PROTECTION AND ENHANCEMENT WILL INCREASE BY 48 PERCENT**

(Budget authority; dollar amounts in millions)

Wetlands Funding	Actual		1991 Enacted	1992 Proposed	Dollar Change, 1991-92
	1989	1990			
Department of the Interior .....	94	126	181	221	+40
Department of Agriculture .....	79	128	107	226	+119
Environmental Protection Agency .....	9	13	22	30	+8
Army Corps of Engineers <sup>1</sup> .....	98	124	150	211	+61
National Oceanic and Atmospheric Administra- tion .....	15	18	20	22	+2
Total .....	295	409	480	710	+230

<sup>1</sup>Includes mitigation.



Table E-6. EPA'S OPERATING BUDGET WILL INCREASE BY 7 PERCENT

(Budget authority; dollar amounts in millions)

Funding Summary	Actual		1991 Enacted	1992 Proposed	1991-92	
	1989	1990			Dollar Change	Percent Change
Implementing Clean Air Act changes ..	—	—	83	200	+117	+141
Enforcing environmental laws .....	126	138	188	209	+21	+11
Expanding research .....	312	347	358	422	+64	+18
Improving States' ability to carry out environmental responsibilities .....	303	371	469	482	+13	+3
Other operating programs .....	1,011	1,082	1,215	1,164	-51	-4
Total EPA operating program .....	1,752	1,938	2,313	2,477	+164	+7
Operating program workyears .....	11,649	11,860	13,224	13,929	+705	+5

deadlines in the Act. Combined with the increases provided in 1991, EPA will have available a total of approximately \$200 million and 600 staff years above 1990 levels to implement the amendments.

The enacted Clean Air legislation provides the authority to carry out the President's proposals to: (1) bring all cities into attainment with ambient clean air standards; (2) reduce sulfur dioxide emissions that cause acid rain by 10 million tons annually; and (3) reduce industrial emissions of toxic air pollutants by 75-90 percent. The budget provides the resources EPA needs to achieve the statute's objectives while promoting the use of market forces to achieve those objectives in the most cost-effective manner possible.

**Protecting the Great Lakes.**—The budget also provides funds for an innovative EPA program to protect the Great Lakes by addressing pollution from all environmental media (i.e., air, water and land) rather than the traditional focus on water pollutants. The budget includes an increase of \$20 million for the initiative. It will also accelerate meeting United States commitments under the Great Lakes Water Quality Agreement with Canada.

**Environmental Education.**—In November 1990 the President signed the Environmental Education Act of 1990, which authorized a variety of programs to expand environmental education. The budget proposes to double EPA's environmental education funding in order to carry out this law. In addition, the

budget requests \$500,000 to fund the Environmental Education Program authorized in the Act, which will reward the Nation's best and most innovative teachers in this area.

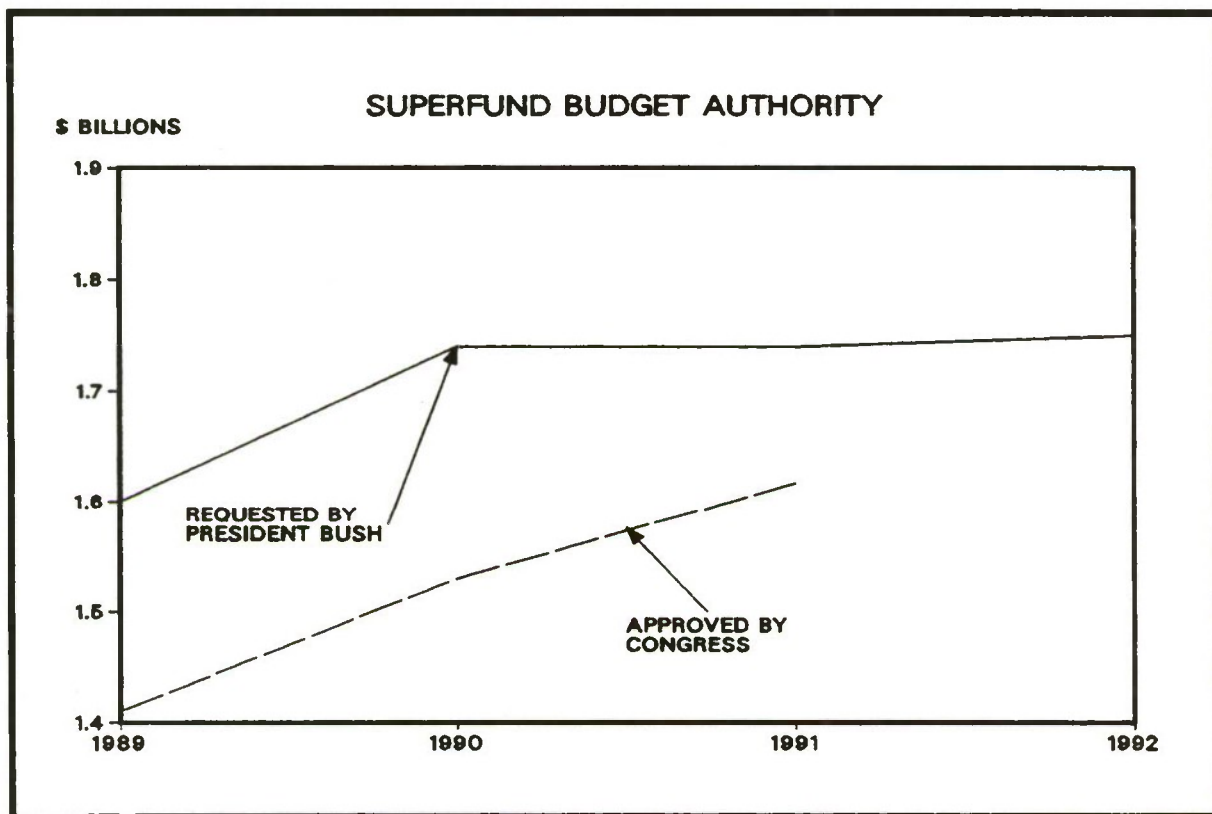
**Enforcement.**—EPA established new records in 1990 in its efforts to ensure that polluters pay for the cost of addressing the pollution they cause. In total the agency recovered \$105 million in 1990, an increase of \$40 million over the previous year. The budget includes an increase for EPA's operating program of \$21 million to over \$200 million to ensure that EPA has the tools it needs to enforce the Nation's environmental laws.

**Cleaning up hazardous waste sites.**—Resources for the Superfund hazardous waste cleanup program are increased by \$134 million to \$1.75 billion. The budget maintains the Administration's emphasis on requiring responsible parties to conduct cleanup activities, but places a new priority on accelerating cleanup by the Federal fund. In the past, too many Superfund receipts have been spent on support and research and development activities while actual cleanup has lagged. Consequently, resources have been shifted from support activities to actual site cleanup work, so that the entire increase is devoted to site cleanup. Cleanup activities increase by \$143 million, 19 percent over 1991. The bulk of this increase (\$107 million) will be devoted to permanent remedies at sites. Under the Administration's proposals, the share of cleanup funding as a percent of total Superfund budget authority

**Table E-7. FOCUSING SUPERFUND ON CLEANUP**

(Budget authority; dollar amounts in millions)

Activity	Actual		1991 Enacted	1992 Proposed	1991-92	
	1989	1990			Dollar Change	Percent Change
Cleanup .....	532	651	753	896	+143	+19
Enforcement .....	176	187	209	225	+16	+8
Support .....	702	692	654	629	-25	-4
Total, Superfund .....	1,410	1,530	1,616	1,750	+134	+8



will increase from 47 to 51 percent, while enforcement will maintain a 13 percent share of total funding, and support will decrease from 40 percent to 36 percent.

The Administration has pursued an aggressive program of cleaning up Superfund sites, and has requested substantial increases in Superfund funding. Unfortunately, as shown in the chart on Superfund, Congress has repeatedly reduced the President's requested level of funding for this important program.

#### REVITALIZING THE COUNCIL ON ENVIRONMENTAL QUALITY

The Council on Environmental Quality has an important mission: to ensure that Federal policies are consistent with the environmental quality improvement goals of the National Environmental Policy Act (NEPA), to provide coordination among agencies on key issues, and to report to the Nation on the state of the environment and related indicators.



**Table E-8. THE BUDGET FOR THE COUNCIL ON ENVIRONMENTAL QUALITY INCREASES BY 64 PERCENT**

(Budget authority; dollar amounts in millions)

	Actual		1991 Enacted	1992 Proposed	Percent Change, 1991-92
	1989	1990			
Council on Environmental Quality .....	0.85	1.46	1.87	3.06 <sup>1</sup>	+64

<sup>1</sup> Includes \$500 thousand to come from EPA for the President's Awards Program for Environmental Education.

The President has demonstrated his commitment to strengthening the CEQ and to ensuring that it has the capability to serve as an effective source of environmental analysis and information in the White House. In 1991, the President proposed a budget increase for CEQ of 90 percent. The 1992 budget continues to demonstrate this commitment. The request for CEQ represents an increase of nearly 64 percent over 1991 levels. This includes \$500,000 in the Environmental Protection Agency to be allocated to CEQ to administer Presidential awards for Excellence in Environmental Education, an initiative requested in the President's 1991 budget and authorized in the National Environmental Education Act of 1990.

### CLEANING UP FEDERAL FACILITIES

#### Department of Energy (DOE)

The budget provides a 30 percent increase over 1991 appropriated levels in the funds to continue an aggressive program to clean up nuclear facility waste sites. Since the Bush Administration took office, funding for cleanup has more than doubled, from an appropriated level of \$1.8 billion in 1989, to \$2.4 billion in 1990, to \$3.3 billion in 1991, to the Administration's proposal of \$4.4 billion for 1992. In addition, as part of this accelerated cleanup program, the Administration is proposing a \$340 million supplemental appropriation for 1991, bringing the total funding level for 1991 to \$3.7 billion.

In addition to providing large funding increases, the Administration is implementing a comprehensive 7-point plan for improving the cleanup program. This strategy includes: (1) risk-based budgeting; (2) program evaluation; (3) independent cost review; (4) employee in-

centives to achieve cleanup requirements expeditiously and cost effectively; (5) incorporating R&D into cleanup activities more quickly than presently occurs; (6) integrating the Department's Five Year Plan for Environmental Restoration and Waste Management and the President's budget; and (7) supporting legislation to establish a consistent national priority system for cleanup projects and to address the reasons for inflated costs for environmental restoration and waste management.

The combination of the significantly increased funding levels and the improved financial and management controls will enable the Department to make substantial progress in all areas where it has compliance agreements, and still have funds to manage the newly generated waste at the DOE sites.

The Department of Energy cleanup program encompasses four major categories of program activities: corrective activities, environmental restoration, waste management operations, and technology research and development.

Corrective activities include those actions required to bring currently operating and standby facilities into compliance with applicable local, State and Federal requirements and internal DOE requirements with respect to air, water, and solid waste. They cover the full range of potential releases to the environment from DOE facility operations. Corrective activities represent the smallest component of the costs, totaling \$144 million in 1992. Most of the corrective activity requirements are in the near term, reflecting the need for prompt action to bring operational facilities into compliance with existing standards.

Environmental restoration activities include assessment and cleanup of surplus facilities



and inactive sites to meet the requirements of applicable environmental laws, regulations, and standards. Environmental restoration consists of: (1) remedial actions to halt or prevent potential releases from inactive waste sites and (2) decontamination and decommissioning of older facilities no longer in operation.

Proposed funding in 1992 for environmental restoration is \$1.47 billion, a 41 percent increase over appropriated 1991 levels. This reflects the growth in scope of the program, as the number of sites and extent of contamination become better understood, as well as a gradual transition from the investigation and feasibility studies required under CERCLA and RCRA to actual remediation projects.

Waste management operations refer to the ongoing activities throughout DOE that are directed toward the management of radioactive, hazardous, mixed and sanitary wastes consistent with laws and regulations established to protect public health and safety and the environment. The legal and regulatory requirements of waste management activities derive from the type of waste being managed, with EPA, DOE, the Nuclear Regulatory Commission, and, in some cases, States having a role in determining standards and practices.

Funding for waste management activities comprises the largest portion of the proposed environmental restoration and waste management budget, totaling \$2.38 billion in 1992, a 34 percent increase over appropriated 1991 levels. This reflects the cost of constructing and operating waste management facilities in compliance with applicable laws and regulations.

Technology development activities are conducted to resolve major technical issues related to effective waste management and clean-up, and to advance beyond current technologies needed to attain and maintain compliance with environmental restoration and waste management laws and regulations. The main focus of the program is on faster, better and less costly techniques for waste cleanup and waste-stream processing. The program is designed to accelerate the conception, creation, development, and deployment of the next generation of environmental cleanup and waste management technologies. Major initiatives will focus on waste minimization, development of im-

proved environmental characterization and restoration technologies, application of robotics and automated systems technologies, and adaptation of existing technologies to DOE problems. To accomplish the goals for improved waste management and waste site cleanup, the budget proposes to increase the investment in technology development to \$309 million, a 50 percent increase over appropriated 1991 levels.

An additional \$44 million for transportation management and program direction brings the total Administration proposal for 1992 cleanup activities at DOE sites to \$4.4 billion.

### **Department of Defense (DOD)**

The Defense Department is making major progress in environmental cleanup and compliance. The leadership, policy, and structure are in place today to identify and take care of problems. The budget provides \$2.6 billion, an increase of almost \$700 million or 34 percent above 1991, for cleanup and compliance with environmental laws. The Department of Defense will clean up all of its contaminated sites and bring all of its operations into full compliance with Federal, State and local environmental laws.

The Department is spending \$1.1 billion in 1991 and proposes spending of \$1.3 billion in 1992 to clean up contaminated sites. The problems have been completely identified at all 895 of the Defense Department's sites listed on the EPA's National Priority List. Actual cleanup work has begun at 68 of those 95 sites.

In addition to cleanup costs, the Department plans to spend \$860 million in 1991, and \$1.3 billion in 1992 to get into compliance with Federal, State and local environmental laws. Environmental program initiatives begun in 1990 are reducing DOD's hazardous waste generation by thousands of tons a year as part of the plan to cut hazardous waste generation in half by 1992. Looking further into the future, procurement guidelines established now will reduce the amount of hazardous materials used over the next decade and minimize, into the next century, the environmental effects of new systems.

These actions are coupled with thousands of initiatives at local installations, ranging from base-wide recycling programs to massive



reductions in energy use. Taken together, all of these steps will help ensure substantial environmental compliance at all Federal facilities.

#### Department of the Interior (DOI)

The budget proposes \$80 million, a 36 percent increase above 1991, for environmental compliance and hazardous waste management activities, and assessment and investigation of potentially contaminated DOI sites. This will allow the Department to continue its site inventory, conduct assessments and investigations, and keep identified remedial actions on schedule. Assessments and investigations of potentially contaminated sites will increase 68 percent from 220 in 1991 to 335 in 1992. The budget also fully funds remedial actions in 1992. DOI hazardous waste sites include unauthorized landfills on public lands, potential discharge from old mining operations on patented or public land, polluted irrigation drainage that in some cases is from Bureau of Reclamation water projects, and leaking underground storage tanks on lands managed by various DOI agencies.

#### Department of Agriculture (USDA)

The budget proposes \$35 million, an increase of 17 percent above 1991, for hazardous waste management activities in USDA. USDA operates a centrally managed Hazardous Waste Management program, which is responsible for coordinating and monitoring all hazardous

waste compliance actions. The Forest Service and the Agricultural Research Service (ARS) account for over 90 percent of all hazardous waste compliance activities within USDA. Problems consist mainly of leaking underground storage tanks, potential discharge of toxic wastes from abandoned mines, and potential contamination from past discharge of chemicals from research facilities.

#### Department of Commerce (DOC)

The budget requests an increase of \$2 million to establish a program of environmental cleanup and compliance at National Oceanic and Atmospheric Administration (NOAA) facilities. NOAA will create a system to identify and monitor the cleanup of environmental problems at its 228 locations nationwide. NOAA will immediately begin replacing leaking underground storage tanks on its properties.

#### Department of Transportation (DOT)

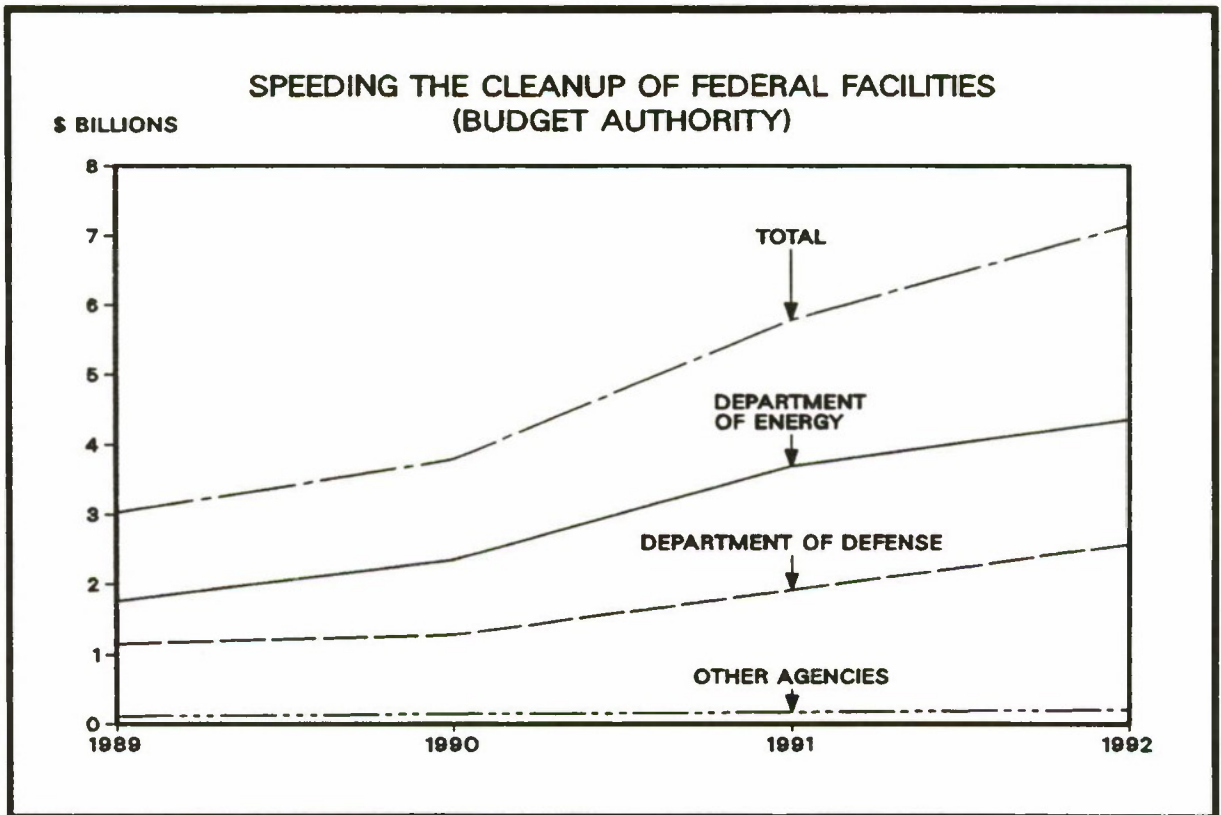
The budget provides \$57 million, a 19 percent increase above 1991, for hazardous waste cleanup and compliance activities in DOT. The Federal Aviation Administration (FAA) and the Coast Guard account for nearly all of DOT'S cleanup and compliance needs. Much of the work involves replacement of underground fuel storage tanks.

**Table E-9. THE BUDGET INCLUDES AN ADDED \$1.7 BILLION TO SPEED THE CLEANUP OF FEDERAL FACILITIES**

(Budget authority; dollar amounts in millions)

Funding Summary	Actual		1991 Enacted	1992 Proposed	Percent Change, 1991-92
	1989	1990			
Department of Energy .....	1,762	2,358	1,369	4,356	+18
Department of Defense .....	1,155	1,282	1,923	2,582	+34
Department of Agriculture .....	8	24	30	35	+17
Department of the Interior .....	42	44	59	80	+36
Department of Transportation .....	29	29	48	57	+19
NASA and the Department of Justice .....	28	50	35	39	+11
Total .....	3,024	3,787	5,785	7,149	+24

<sup>1</sup>Includes a \$340 million supplemental for 1991 for environmental restoration and waste management.



#### National Aeronautics and Space Administration (NASA)

The budget requests \$36 million, an increase of 13 percent above 1991, for cleanup and compliance activities in NASA. NASA cleanup projects include soil and groundwater remediation, upgrade of various facilities, leaking underground storage tanks, and addressing facility deficiencies and corrective action requirements.

#### Department of Justice (DOJ)

The budget requests \$3 million for environmental cleanup and compliance activities at DOJ facilities. The Bureau of Prisons accounts for most of the Department's activities, with resources devoted to RCRA and Superfund cleanups, and compliance with the Clean Air Act and Clean Water Act. In addition, in 1992 the Immigration and Naturalization Service will undertake projects to replace existing underground storage tanks before leakage occurs.

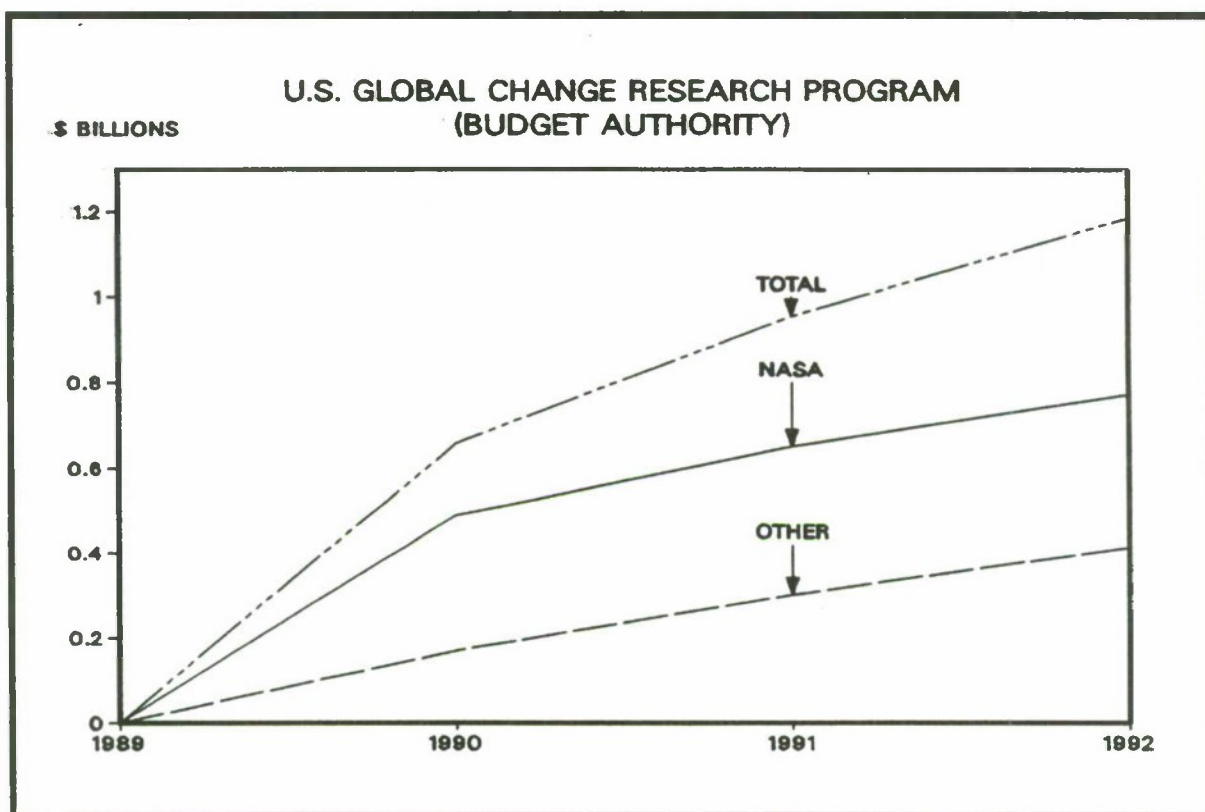
#### Environmental Protection Agency (EPA)

The budget includes an additional 135 staff years, a 117 percent increase over 1991, for EPA oversight of cleanups at Federal facilities. This increase will ensure that EPA has an effective program of technical assistance and oversight for all 116 Federal facilities on Superfund's National Priority List for cleanup.

#### GLOBAL CLIMATE CHANGE

*Funding for Global Change Research is expanded by 24 percent in its second year in an effort to extend America's leadership in this area.*—The budget proposes a 24 percent increase in global climate change research activities over the 1991 enacted level of \$955 million to the 1992 request level of \$1.2 billion. This program is designed to reduce the significant uncertainty associated with predicting the behavior of the coupled ocean-atmosphere-land Earth system which determines climate phenomena and to form the basis for rational,





comprehensive and cost effective responses to climate change.

While the U.S. is making this substantial investment in scientific and economic research on climate change, it is, at the same time, taking several policy steps that will, in addition to other benefits, have the effect of curbing greenhouse gas emissions.

With these actions, it is estimated that U.S. greenhouse gas net emissions in the year 2000 will be no higher than in 1987.

The recently enacted Clean Air Act provisions will reduce U.S. greenhouse gas emissions. The Act's provisions for electric utilities are an unprecedented reform of that industry and the regulation of its emissions. The Act puts a permanent cap on utility sulphur dioxide emissions at 10 million tons below the 1980 levels and reduces nitrogen oxides (NOx) by 2 million tons below projected year 2000 levels. It also gives utilities the flexibility needed to obtain emissions reductions under the emissions cap by any means they choose. Utilities can choose to achieve emission reductions

through conservation measures. It is thus projected that greenhouse gases from this sector will be reduced as a result of the Act.

Other provisions of the Act regulating emissions of volatile organic compounds, nitrogen oxides, and carbon monoxide will not only produce cleaner air but will also significantly affect greenhouse gases or their precursors. These reductions will reduce greenhouse gas emissions both directly in terms of NOx and indirectly by reducing ozone precursors and encouraging energy efficiency.

Phasing out CFCs, carbon tetrachloride, methyl chloroform, and hydrochlorofluorocarbons (HCFCs) in accordance with the Montreal Protocol, and even faster under the provisions of the Clean Air Act, will substantially reduce emissions of greenhouse gases as well as protect the stratospheric ozone layer. The CFC user fee enacted in the 1989 Reconciliation Act has already reduced CFC production 23 percent below the level permitted in the Montreal Protocol during the 12-month period ending in June 1990. It is expected to have some additional effects in phasing down

Table E-10. U.S. GLOBAL CHANGE RESEARCH PROGRAM

(Budget authority; dollar amounts in millions)

Funding Summary	Actual		1991 Enacted	1992 Proposed	1991-92	
	1989 <sup>1</sup>	1990			Dollar Change	Percent Change
National Aeronautics and Space Administration .....	—	489	652	773	+121	+19
National Science Foundation .....	—	55	87	119	+32	+37
Department of Energy .....	—	50	66	77	+11	+17
Department of Agriculture .....	—	21	39	53	+14	+36
Department of Commerce .....	—	18	47	78	+31	+66
Department of the Interior .....	—	13	37	46	+9	+24
Environmental Protection Agency .....	—	13	22	26	+4	+18
Smithsonian Institution .....	—	0	5	8	+3	+60
Department of Defense .....	—	—	0	6	+6	.....
Total .....	—	659	955	1,186	+231	+24

<sup>1</sup>Program began in 1990.

ozone depleting compounds faster than required by either the Protocol or the Clean Air Act provisions.

The President's proposed program for planting a billion trees a year will produce substantial benefits for wildlife, soil conservation, and energy saving, as well as directly take up CO<sub>2</sub> from the atmosphere. The increase in the Federal gasoline tax enacted in the Omnibus Budget Reconciliation Act of 1990 will reduce emissions by encouraging energy efficiency in road transportation. Increased funding requested in the budget for research and development in solar and renewable energy and energy conservation will be important in identifying and developing technologies and practices which will allow energy needs to be met in environmentally efficient ways. New energy saving appliance standards promulgated by the Department of Energy will increase energy conservation and reduce demand.

The actions planned under current United States policy will have a substantial effect on U.S. greenhouse gas emissions. The U.S. share of world-wide greenhouse gas emissions is declining as the world's economy grows. For this reason, efforts to address the climate change issue must involve all nations.

Beginning in February 1991, the United States and other countries will begin negotia-

tions on a framework convention on climate change. Although the climate change issue is very complex and difficult, it is hoped that a convention can be ready for signature by the 1992 United Nations Conference on the Environment and Development. Such a convention is needed to establish the framework for long-term and world-wide international cooperation and joint effort in addressing climate change concerns. The U.S. has been playing a major role in the preparations for these negotiations through the Intergovernmental Panel on Climate Change.

**Global change economic research is substantially expanded.**—To reduce large uncertainties about the economic implications of climate change, the budget requests \$17 million in 1992 for economic research on global change, an increase of 115 percent. This research will be used to improve the economic knowledge base about global change, particularly about climate change. It will begin to reduce the very substantial uncertainties about the economic sources of climate change, the effects of climate change on human economic activities, and the economic and other implications of actions which might be taken to address climate change. The economic research funding will include \$9 million for research by university and other non-govern-



mental economists and \$8 million for economic research by Federal agencies.

In addition to these funds, the budget also requests \$2 million in new NSF funding to establish International Institutes which will provide regional centers to carry on and coordinate international scientific and economic research on global change.

#### **WATER RESOURCE AGENCIES WILL FOCUS ON ENVIRONMENTAL PROTECTION, RESTORATION AND MITIGATION**

##### ***Army Corps of Engineers—Protecting and Restoring Environmental Resources.***

The budget of \$211 million for wetlands research, protection and enhancement activities, described earlier in this chapter, includes \$86 million to carry out a strengthened regulatory program that will improve protection of wetlands. The budget includes \$7 million for participation with other agencies and coastal States in the Coastal America Partnership initiative. The budget includes \$7.5 million to increase three-fold the "Section 1135" program, which was extended at the President's request by the Water Resources Development Act of 1990. This section provides general authority to modify existing Corps projects in the interest of the environment. The budget would initiate nine fish and wildlife restoration studies, two of which would focus on wetlands. The amount for wetlands activities also includes \$1 million to initiate the recently authorized study to develop a Wetlands Action Plan and Demonstration Program. This study would include assessment of methods and procedures for establishing wetlands banking and trading, and for evaluating and crediting contributions associated with Federal projects or permits. An anticipated outcome of this study would be a proposal for two wetland mitigation banking demonstration sites.

***Mitigating Environmental Impacts of Projects.***—The Corps of Engineers budget includes \$110 million to continue mitigating the adverse environmental impacts of specific water resources projects. Nearly one-fourth of this amount would be used to address previous wetland losses, and is included in total funding for wetlands activities. Examples of mitigation projects include land purchases in the area of

the Tennessee-Tombigbee Waterway (\$10 million) and construction of Columbia River juvenile fish bypass facilities at 6 existing locks and dams (\$31.7 million). These fish bypass projects, with a total cost of almost \$250 million, will provide facilities to assist the passage of juvenile fish around the turbines at Lower Granite, Lower Monumental, Little Goose, McNary, The Dalles, and Ice Harbor. These facilities have taken on greater importance in the light of the potential endangered species listing of several salmon species.

##### ***Bureau of Reclamation, Interior—Preserving and Restoring Environmental Resources.***

The budget proposes several environmental initiatives for the Bureau of Reclamation. Nine new studies will evaluate the potential for improving fish and wildlife habitat and preserving and restoring wetlands in cooperation with local partners at selected Reclamation projects in California, Nevada, Idaho, Colorado, and Oregon. In addition, new studies will be initiated to identify the source of water quality problems at projects in Colorado, California, Texas, New Mexico, Washington, and Oregon including the Lower and Middle Rio Grande, Upper Arkansas, Dolores, and the San Joaquin River Basins.

##### ***Mitigating Environmental Impacts of Projects.***

The Bureau of Reclamation budget proposal includes \$89 million to mitigate adverse environmental impacts at water resources projects. Major environmental restoration activities will continue at the Central Valley Project in California, including restoration of fish and wildlife resources along the Trinity and Sacramento Rivers. Reclamation will also begin implementation of provisions of the recently enacted Truckee-Carson-Pyramid Lake Water Settlement legislation in cooperation with other Federal and non-Federal interests. Specific activities at Reclamation projects will include modification of project facilities and operational changes to improve anadromous fisheries, migratory waterfowl habitat, and other environmental resources. Environmental mitigation is scheduled concurrent with construction of projects included in the budget.

In addition, the budget places increased emphasis on non-structural solutions to water resource problems and improved management

**Table E-11. ARMY CORPS OF ENGINEERS (CIVIL WORKS): PROTECTION AND RESTORATION OF ENVIRONMENTAL RESOURCES**

(Budget authority; dollar amounts in millions)

Funding Summary	Actual		1991 Enacted	1992 Proposed	1991-92	
	1989	1990			Dollar Change	Percent Change
Protection and Restoration:						
Regulatory Program .....	64	65	72	86	+14	+19
Coastal Partnership .....	—	—	—	7	+7	—
Modification of Existing Projects (Section 1135) .....	—	—	2	8	+6	+300
Restoration Studies .....	—	—	—	2	+2	—
Other Wetlands Activities .....	13	30	28	49	+21	+75
Mitigation:						
Columbia River Juvenile Fish Miti- gation .....	10	10	19	32	+13	+68
Tennessee-Tombigbee Waterway Mitigation .....	—	—	15	10	-5	-33
Other Mitigation Projects .....	39	49	80	68	-12	-15
Total .....	126	154	216	262	+46	+21

and operation of existing facilities. This will significantly reduce future adverse environmental impacts of water resource development projects.



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## **V. INCREASING CHOICE AND OPPORTUNITY**

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Part Two-107

Section V.B has been extracted and reprinted  
herein.

The entire section V. may be referred to on pages  
Part Two-107 through Part Two-143 of the "Budget of  
the United States Government."

# V.B. ENDING THE SCOURGE OF DRUGS AND CRIME

## HIGHLIGHTS

The Administration is strongly committed to ending the scourge of drugs and combatting violent crime. The budget proposes an overall increase of \$1.1 billion, an 11 percent increase over 1991, to extend the progress begun in curbing drug use in America. If enacted, total Federal drug control spending would be \$11.7 billion—an increase of \$5.2 billion, or 80 percent higher than when the President took office.

### Ending the Scourge of Drugs

The key elements of the Federal drug control effort are:

- To fight drugs at the source and on the streets, the budget proposes an increase of \$627 million (14 percent) in criminal justice activities and a \$221 million increase (8 percent) in international and interdiction programs;
- To expand and target prevention efforts, the budget proposes to continue to increase the Education Department's Drug Free Schools program to 79 percent above 1989 levels and includes a \$15 million increase over 1991 for the Department of

Health and Human Services' (HHS) Community Partnership prevention grants;

- To improve and expand treatment programs, the budget proposes a new \$99 million drug treatment grant program to expand the Nation's capacity to treat drug users; additional resources are also proposed for treatment research and for programs that target pregnant women and individuals in the criminal justice system—for a treatment total of \$1.7 billion (up 10 percent).

### Fighting Crime

In addition to drug control programs, overall law enforcement efforts will continue to be a priority. The level of crime is still too high. If neighborhoods are to be made safe, the laws must be enforced. Therefore, the 1992 budget proposes an increase of \$2 billion for all Federal law enforcement programs, from \$12.8 billion in 1991, to \$14.8 billion in 1992. (These figures include some of the drug law enforcement programs discussed above.) The last section of this chapter discusses all Federal law enforcement expenditures, of which the drug control programs are one component. Key elements of the fight against crime include:

**Table B-1. FEDERAL SPENDING TO FIGHT THE WAR ON DRUGS**

(Budget authority; dollar amounts in billions)

	Actual			1992 Request	Percent change, 1991-92
	1981	1989	1991		
Prevention .....	0.1	0.7	1.4	1.5	+5
Treatment .....	0.4	0.9	1.5	1.7	+10
Research .....	0.1	0.2	0.4	0.5	+12
Interdiction .....	0.3	1.4	2.0	2.1	+4
International .....	0.1	0.3	0.6	0.8	+20
Intelligence .....	—	0.1	0.1	0.1	+6
Criminal Justice .....	0.4	2.8	4.4	5.0	+14
Total .....	1.5	6.4	10.5	11.7	+11



- an increase of \$328 million or 19 percent above 1991 for the Federal Bureau of Investigations to expand and improve its efforts against violent and white collar crime;
- an increase of \$609 million for the U.S. Attorneys and the Judiciary, 22 percent above 1991, to assure that criminals are tried and held accountable for their offenses; and
- an increase of \$467 million or 27 percent above 1991 for the Federal Bureau of Prisons, to ensure that convicted offenders are punished for their crimes.

## ENDING THE SCOURGE OF DRUGS

The total drug control request for 1992 is \$11.7 billion, a \$1.1 billion increase over 1991.

### ATTACKING THE DRUG MARKET AT THE SOURCE AND ON THE STREET

The National Drug Control Strategy is an integrated approach that attacks the problem on all fronts through drug treatment, prevention, education, and law enforcement. In enforcing the law, pressure is put on all points of the distribution chain—from the source country where the drugs are grown to the street corner where they are sold. At each point, the goal is to identify, arrest, prosecute, and punish those that break the law.

The 1992 budget proposes an increase of 12 percent over 1991, or a total of \$0.8 billion for drug law enforcement activities.

Drug law enforcement affects drug use by making the substances more difficult or expensive to purchase and by deterring current or potential users with the threat of punishment. The number of individuals using illicit drugs in this country is declining. While it is not possible to identify the exact causes of that

decline, one can say with certainty that some of those individuals were deterred by the intensified pressure of the law enforcement agencies. The budget will keep this pressure on by proposing increased funding for criminal justice, interdiction, and international activities.

- To fight drugs domestically, the budget proposes an increase of 20 percent for the Organized Crime and Drug Enforcement Task Forces (OCDETF). This effective drug enforcement strategy will grow from \$335 million in 1991 to \$402 million in 1992. The growth will be spread among the OCDETF participants and will combine their intelligence, equipment and investigative techniques to produce an estimated 28 percent more indictments and 29 percent more convictions than in 1991.
- The budget proposes an 8 percent increase for the Drug Enforcement Administration (DEA), from \$694 million in 1991 to \$748 million in 1992. DEA's efforts will be concentrated on U.S. major trafficking areas, with 91 percent of 134 new agents either

**Table B-2. DRUG LAW ENFORCEMENT SPENDING INCREASES BY \$0.8 BILLION**

(Budget authority; dollar amounts in billions)

	Actual		1992 Request	1991-92	
	1989	1991		Dollar change	Percent change
Criminal justice .....	2.8	4.4	5.0	0.6	+14
Interdiction .....	1.4	2.0	2.1	0.1	+4
International .....	0.3	0.6	0.8	0.1	+20
Intelligence .....	0.1	0.1	0.1	—	+6

targeted at regions with the most severe drug trafficking crime, state and local task forces, and marijuana eradication efforts.

- The budget proposes an 18 percent increase for the Federal Bureau of Investigation's drug operations, from \$175 million in 1991 to \$206 million in 1992. With 44 new special agents, the Bureau will have a force of over 1,000 drug agents. Sophisticated and successful initiatives against Colombian and South American trafficking organizations will expand, as will the increased collection of drug intelligence, development of investigative technology, and joint cooperation efforts.
- To prosecute drug dealers and users, the budget proposes \$201 million for the drug component of the U.S. Attorneys. A 16 percent increase is proposed for the U.S. Marshals—a total request of \$233 million.
- To incarcerate convicted drug offenders, an increase of \$350 million is proposed for the drug-related portion of the Federal Bureau of Prisons to \$1.4 billion in 1992. This will add 2,450 drug-related prison beds to the Federal prison system.
- To fight drugs at their source, a total of \$779 million is requested for international anti-drug programs, an increase of \$132 million over 1991. These resources will increase programs in Mexico and provide additional economic assistance to the Andean nations conditioned on their counter-narcotics performance and sound human rights policies.
- At the border, \$2.1 billion is proposed in 1992 to maintain and improve the drug interdiction effort. Included in this request are resources for 2 additional Coast Guard helicopters to augment sea and air interdiction efforts. Resources also are proposed to support an initiative to move INS border patrol personnel from the interior to the Southwest border in support of land interdiction efforts. The interdiction agencies will continue to integrate and streamline their operations to maximize their effort.

In addition to deterring potential users, law enforcement also appears to be having an effect on drug traffickers. A recent rise in the

price of cocaine indicates that it is now more difficult to distribute the drug in this country. In 1982, a kilogram of cocaine was selling at the wholesale level for between \$47,000 and \$70,000. By 1988, the wholesale price of cocaine had fallen to between \$11,000 and \$24,000 per kilogram. In June of 1990, the DEA announced that in New York and other major cities the wholesale price of cocaine had risen. Nationwide the price range had moved to between \$17,500 and \$26,000 a kilo.

This rise in the price of cocaine has been attributed to the law enforcement crackdown. It is too early to determine whether this price rise is a short-term disruption, but if the higher price level is sustained or increased over time, it would be welcome news.

It is also worth noting that the observed rise in price occurred at a time when the demand for the drug was falling. Had demand remained constant, the price increase would have been even greater.

#### COCAINE USE HAS STARTED TO FALL

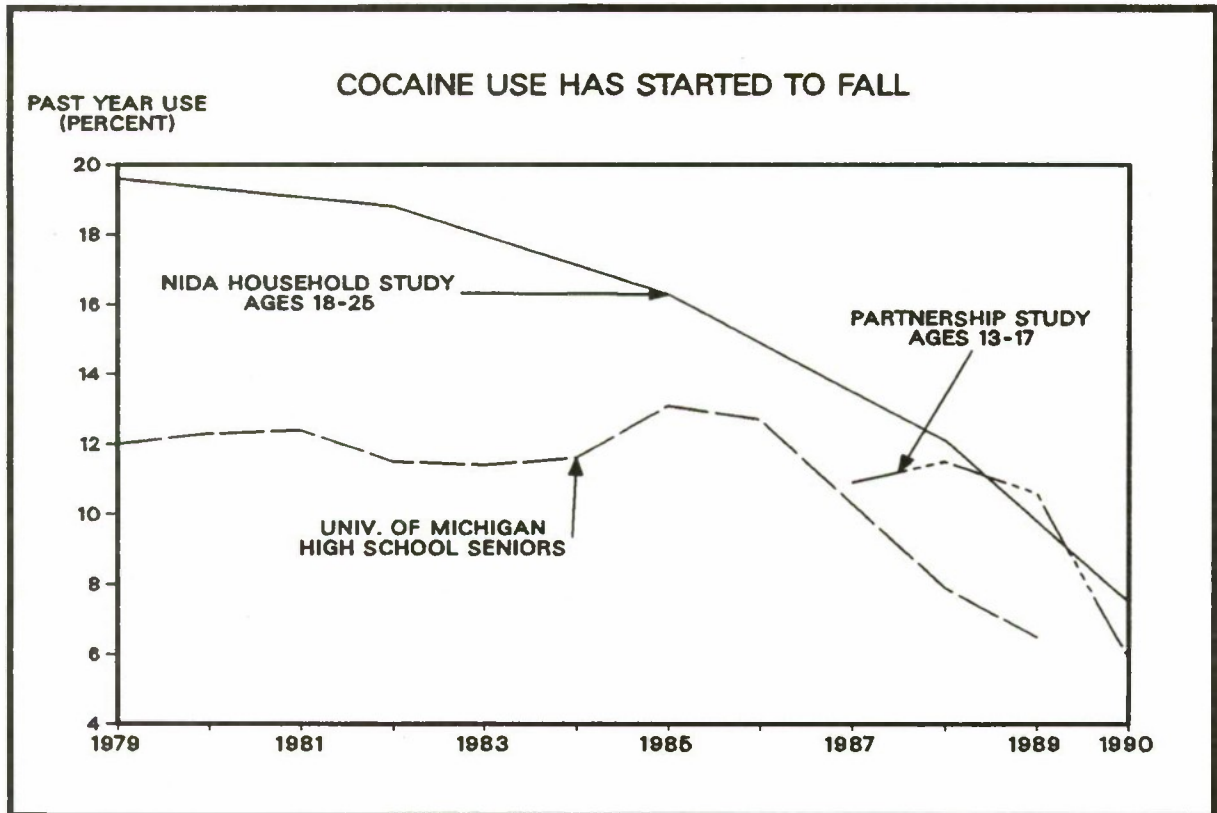
The use of cocaine continues to decline—down 72 percent from 1985 according to the National Institute on Drug Abuse (NIDA) 1990 Household Survey. The household survey data are the most recent of several indicators to show a decline in drug abuse across the country. A trend that had been threatening the Nation now appears to be reversing.

Other major national indicators of drug use—the national household survey, the high school senior survey, and the Drug Abuse Warning Network (DAWN)—also show that drug use is declining among the general population in this country.

In addition to a decline in cocaine use, the 1990 national household survey found a 44 percent reduction over the past five years in reported current use (defined as use in the previous 30 days) of any illicit drug—down from an estimated 23 million users in 1985 to 12.9 million in 1990. The estimated number of current cocaine users fell from 5.8 million in 1985 to 1.6 million in 1990.

Other data support the findings of the household survey. For example, the percentage of high school seniors reporting current mari-





juana use has been falling steadily since 1979. Reported cocaine use among seniors has fallen steadily since 1985. While there are limitations to this data (e.g., the sample does not include adolescents who drop out of school), the trend has been consistent. In a survey conducted by the Partnership for a Drug-Free America, a similar decline was observed. The accompanying chart compares the three surveys.

Since the third quarter of 1989, there has been a 30 percent decrease in cocaine-related emergency room admissions. Data on these admissions (DAWN data) are presented in the following chart.<sup>1</sup>

Local statistics show similar declines in drug use. For example, individuals arrested in the District of Columbia have been tested for illicit substances since 1984. In 1984, 15 percent of the arrestees tested positive for cocaine. By the spring of 1988, cocaine use was detected

in two-thirds of the adults arrested. In September 1990, the figure had fallen to 51 percent. Although not a national indicator, the D.C. drug testing program does illustrate that progress is being made in a population often missed by the other indicators.

### EXPANDING AND TARGETING PREVENTION EFFORTS

The results of the above surveys indicate that fewer people are starting to use drugs and of those who have started, more are stopping. Drug prevention and treatment programs are intended to maintain these gains, and, if possible, accelerate them. Understanding what constitutes effective prevention is expanding and that knowledge is being incorporated into the Federal programs.

The budget proposes an increase of 5 percent over 1991, or \$73 million, for drug prevention activities.

Drug prevention programs target children and adolescents, seeking to prevent the onset of substance abuse among non-users, encour-

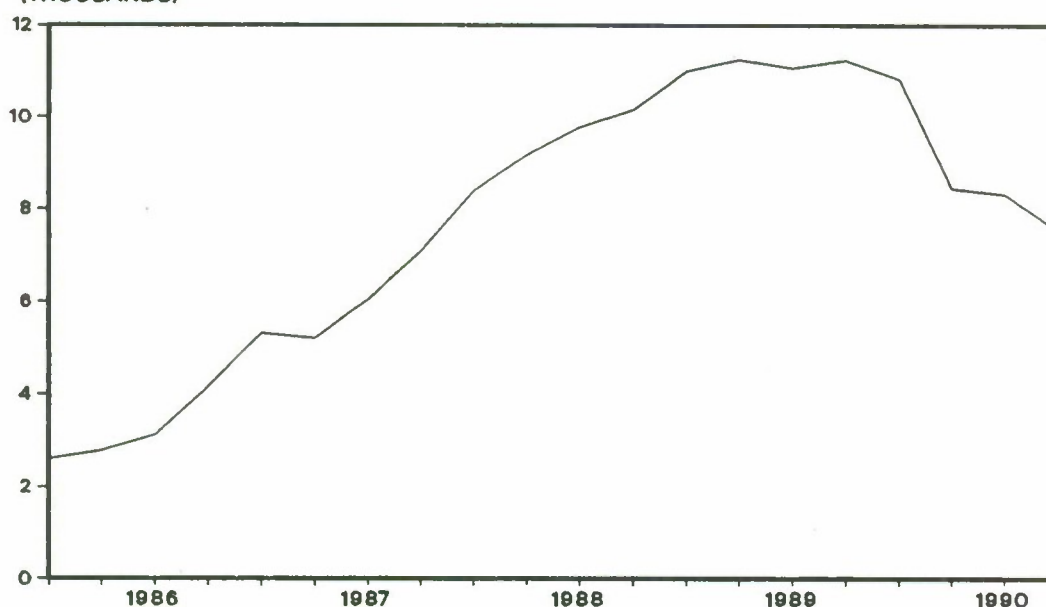
<sup>1</sup> The DAWN system collects data on the number of drug-related medical emergencies and deaths from a sample of hospitals and medical examiners across the country. DAWN data have limitations, but it is possible to assemble a consistent panel of reporting facilities and examine the trends.

**Table B-3. FEDERAL DRUG PREVENTION SPENDING INCREASES BY \$0.1 BILLION**

(Budget authority; dollar amounts in billions)

	Actual		1992 Request	1991-92	
	1989	1991		Dollar change	Percent change
Prevention .....	0.7	1.4	1.5	+0.1	+5

**AFTER CLIMBING STEADILY, COCAINE-RELATED  
MEDICAL EMERGENCIES HAVE BEGUN TO FALL**



Source: Drug Abuse Warning Network (HHS).

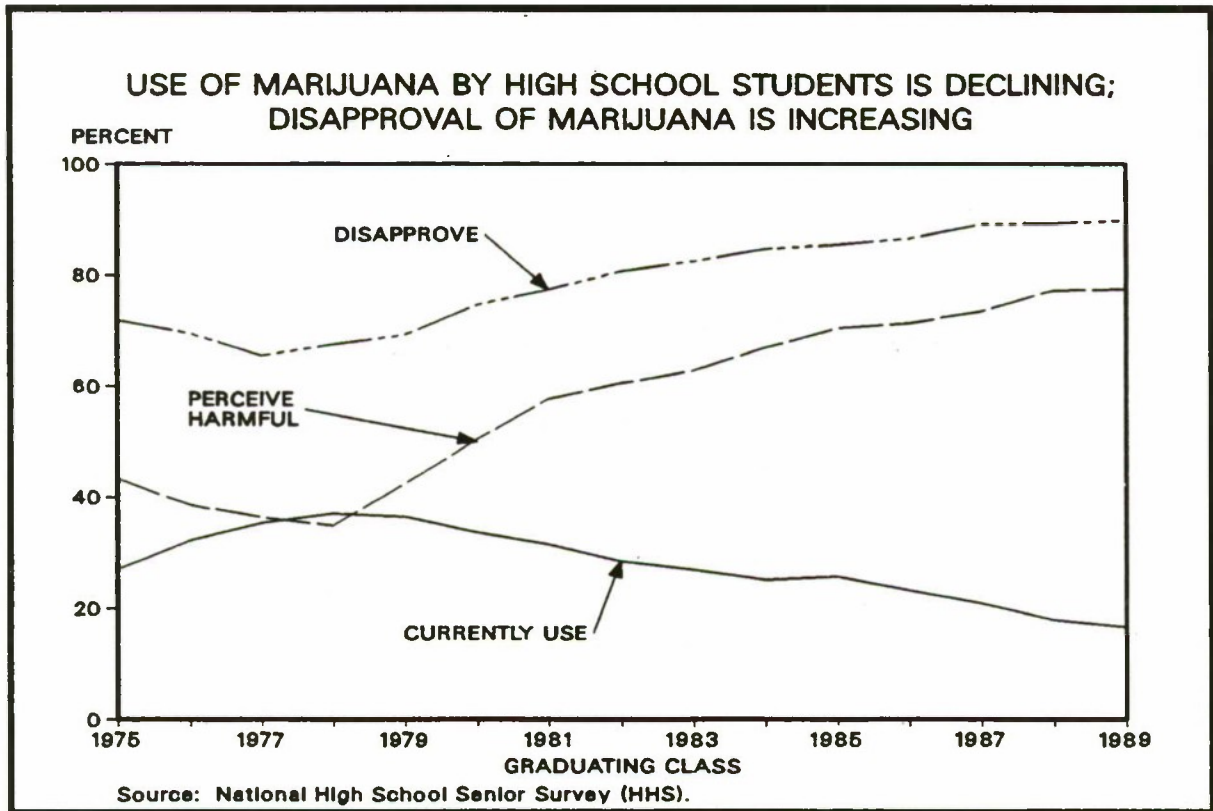
age current users to quit, and discourage current users from progressing to more dangerous practices (e.g., from experimentation to regular use or from non-intravenous to intravenous use). National data as well as prevention experiments confirm that it is possible to change the attitudes and behavior of individuals with regard to drug use.

Although it is tempting to say that drug prevention programs are solely responsible for the reduced drug use among adolescents, prevention programs are probably one of the many

factors that contributed to the fall in drug use. However, recent experiments suggest that prevention programs can make a difference. The Midwestern Drug Abuse Prevention Research Project and the RAND Corporation's Project ALERT have shown that specific prevention efforts can reduce drug use relative to control groups.

- The Midwestern Project involved mass media campaigns, school-based education, parent education and organization, community organization, and health policy





changes. The experiment reduced adolescent use of cigarettes, alcohol, and marijuana.

- Project ALERT, a school-based program for adolescents, seeks to curb drug use by motivating young people to resist drugs and helping them acquire the skills to do so. Project ALERT reduced the use of cigarettes and marijuana for both low- and high-risk students and was equally successful in schools with high and low minority enrollments.<sup>2</sup>

Results of these kinds of efforts have been incorporated into Federal prevention efforts.

- The Office of Substance Abuse Prevention in the Department of Health and Human Services finances demonstration projects that coordinate local resources (school, church, business, local government, and civic groups) into comprehensive prevention systems to meet the needs of their

communities. The budget proposes to increase funding for community partnership grants by \$15 million, from an enacted level of \$99 million in 1991 to \$114 million in 1992.

- The Department of Education's Drug Free Schools and Communities program provides resources for establishing drug education and prevention programs in the schools. This program has grown dramatically in recent years, from \$354 million in 1989 to \$606 million in 1991. The budget proposes to increase funding by 4 percent to \$632 million. This includes \$49.5 million (\$25 million over 1991) for emergency grants to schools hardest hit by drug abuse.
- The budget proposes to increase funding for the Department of Housing and Urban Development's Drug Elimination Grants by \$15 million or 10 percent, from an enacted level of \$150 million to \$165 million in 1992. The purpose of these grants is to help provide a drug-free environment for the residents of public housing by de-

<sup>2</sup>Phyllis L. Ellickson and Robert M. Bell, "Drug Prevention in Junior High: A Multi-Site Longitudinal Test," *Science*, volume 247, March 16, 1990 (pp. 1265-1372).

veloping new prevention programs within the projects as well as improving building security.

***Changing Attitudes in the Workplace.—***

Just as the attitudes and behavior of adolescents have changed in the high schools, comprehensive drug workplace programs appear to be having an effect on the employed population. One positive indication is that more employers are addressing the issue of substance abuse. According to the Bureau of Labor Statistics, the percentage of employers with a formal substance abuse policy grew by about 60 percent over the last 2 years.

In those instances where drug testing is a component of the program, a quantitative measure is available to gauge progress. The Federal Government provides examples of employers with effective workplace programs. The U.S. military reports that drug testing procedures are responsible for an 82 percent decline in drug use from 1981 to 1989. The Department of Transportation (DOT) witnessed a steady decline in the percentage of samples testing positive for illicit drugs from 0.9 percent in January 1988 to 0.4 percent in November 1990.

Again, this encouraging news must be accompanied by the reality that much is yet to be done, both in the public and private sector. The recent alcohol-related train accident in Boston, in which several people were injured, serves as a reminder of the continued need for workplace substance abuse policies.

**IMPROVING AND EXPANDING DRUG TREATMENT PROGRAMS**

In the fall of 1990, the Institute of Medicine (IOM) released one of the most comprehensive

examinations of the effectiveness and financing of drug treatment.<sup>3</sup> The committee that produced that report cited four specific priorities for public financing:

- ending delays in admission/treatment expansion;
- improving treatment quality;
- targeting pregnant women and young mothers; and
- targeting criminal justice-based treatment.

For 1992, \$1.7 billion is allocated for drug treatment programs, a \$156 million increase over 1991. Each of the four treatment priorities is addressed in the budget proposal.

***Ending delays in admission.—***The 1992 budget proposes an additional \$99 million to create a categorical grant for the purpose of expanding treatment capacity. In addition, a number of other programs and initiatives, as well as technical assistance to the States to enable them to improve their management of treatment resources, will be continued. If the requested resources for drug treatment are provided, an additional 40,000 people would receive services in 1992.

The budget proposes to increase funding for the Department of Veterans Affairs drug treatment programs by \$39 million to expand the treatment services provided to the Nation's veterans.

***Improving treatment quality.—***The Administration believes that a National Strategy to reduce the demand for drug use must simul-

<sup>3</sup>Dean R. Gerstein and Henrick J. Harwood (eds.), *Treating Drug Problems: A Study of the Evolution, Effectiveness, and Financing of Public and Private Drug Treatment Systems*, National Academy Press, Washington, D.C., 1990.

**Table B-4. FEDERAL DRUG TREATMENT SPENDING INCREASES BY \$0.2 BILLION**

(Budget authority; dollar amounts in billions)

	Actual		1992 Request	1991-92	
	1989	1991		Dollar change	Percent change
Treatment .....	0.9	1.5	1.7	+0.2	+10



taneously expand treatment capacity and improve the quality of all treatment. Therefore, in addition to creating new public treatment slots, the budget increases funding for investigation into the nature and treatment of addictive disorders.

Research sponsored by the National Institute on Drug Abuse (NIDA) has found that the longer drug users stay with a treatment program, the higher the probability that they will remain drug-free.

The better that drug users are matched to a particular treatment method, the higher is the probability of success in treatment. For example, NIDA research has shown that psychiatric status is a key factor for matching drug abuse patients to treatment programs.<sup>4</sup>

Drug abuse treatment programs should be able to recognize and treat those who suffer from poly-drug abuse (including alcohol) and mental illness. A recent NIDA-sponsored study found that 50 percent of all individuals suffering from a drug disorder (other than alcohol) also suffer from at least one mental disorder.<sup>5</sup>

HHS's Office for Treatment Improvement (OTI) will continue to sponsor research and demonstration grants to learn more about the nature and treatment of addictive disorders. The budget funds several promising programs to improve the quality of treatment:

- \$56 million for medications development, an increase of \$16 million over 1991. NIDA has developed a unique partnership among government, academic, and private sector scientists to develop new medications for the treatment of drug addiction. The 1992 proposal will allow NIDA to expand its capacity to test these drugs by increasing clinic size and adding additional testing sites.

<sup>4</sup>The NIDA-developed Addiction Severity Index demonstrates that patients with low-severity illness do equally well in the various types of treatment programs. However, patients with mid-severity psychiatric problems and without serious family or employment problems can be effectively treated in outpatient programs. And, of most concern for the treatment community, patients with severe mental illness—a growing subgroup of patients—are particularly costly to treat and may even worsen in normally effective treatment programs.

<sup>5</sup>Regier, Darrel A., et al., "Comorbidity of Mental Disorders with Alcohol and Other Drug Abuse," *Journal of the American Medical Association*, November 21, 1990, Vol. 264, No. 19, p. 2517.

- \$87 million for treatment improvement grants. These grants will finance the Campus Project, "treatment campuses" to serve patients with state-of-the-art treatment methods and associated social services. This will serve as a way for researchers and practitioners to work together in exploring new treatment methods.

Drug use among the general population appears to be declining according to the survey data mentioned above. However, the same data also indicate that some demographic subgroups are disproportionately represented among drug users (e.g., young adults age 18–25), and among those still using drugs, there are some groups whose drug use imposes a greater cost on society than others. The Federal Government has a strong incentive to focus on two sub-groups: pregnant women and individuals within the criminal justice system.

**Targeting pregnant women and their children.**—Babies who have been exposed to drugs in utero are likely to need longer periods of hospitalization after birth. As these children get older, they can suffer from hyperactivity, poor attention span, and other learning disabilities. The number of crack babies is estimated to be 1 to 2 percent of all live births, or 30,000 to 50,000 babies annually.<sup>6</sup> The HHS Office of Inspector General estimated that the cost for hospital delivery, perinatal care, and foster care through age 5 was over \$55,000 per crack baby.<sup>7</sup> This estimate excludes additional costs for developmental intervention, education, and health services through age 5 to prepare the child for school. The Inspector General's report estimated that if these expenses were included, the total cost could triple.

In the budget, funds are requested for additional outreach and treatment for pregnant women and their children. In the Alcohol, Drug Abuse, and Mental Health Administration block grant, 10 percent is to be targeted to women with drug abuse problems out of a total \$512 million requested in drug-related funds.

<sup>6</sup>Douglas Besharov, "The Children of Crack," *Public Welfare*, Fall 1989, pp. 6–11.

<sup>7</sup>Office of Inspector General, Department of Health and Human Services, *Crack Babies*, February 1990.



In addition, \$124 million is requested to fund outreach programs for pregnant women and \$10 million for the Human Development Services' abandoned infants program.

**Targeting individuals within the criminal justice system.**—A number of studies have established the link between drug use and crime. In the spring of 1989, a majority of the males arrested in sixteen U.S. cities tested positive for illicit drug use according to the Department of Justice's Drug Use Forecasting report. In ten of the cities, a majority tested positive for cocaine use.

Focusing on individuals within the criminal justice system makes sense for two reasons. First, criminals who use drugs impose greater

costs on society through the crimes they commit, as well as the increased burden they place on the criminal justice system. Second, drug users who are on probation or parole, with the threat of being returned to prison or jail, have an added incentive to stay in a treatment program.

The budget proposes to expand the availability of treatment programs in the Federal Bureau of Prisons. Funding for treatment services will increase from \$10 million in 1991 to \$22 million in 1992.

The Judiciary will request \$57 million in 1992 for substance abuse treatment and HHS will request \$17 million for criminal justice treatment efforts.

## FIGHTING CRIME

Many law enforcement officials cite the rise in drug dealing as one of the causes for increasing violent crime across the country. The falling rate of drug use should continue to push down overall crime rates. However, crime rates are still too high—particularly the murder rate. In the first 6 months of 1990, the FBI reported that the murder rate rose 8 percent nationwide. Though these national figures are frightening enough, one only has to go as far as the morning newspaper to find incidences of communities touched by violent crime.

A fundamental responsibility of government is to protect citizens and their property. Americans deserve to live in a society in which they are safe and secure.

To accomplish this, the 1992 budget increases the resources available for continuing the war on crime. A total of \$14.8 billion is requested for law enforcement activities, an increase of 16 percent over 1991. These figures include some of the drug law enforcement programs discussed above.

The enhancements will strengthen the Nation's criminal justice system and increase the certainty of apprehension, prosecution, and punishment. To accomplish this, the Administration's 1992 strategy for fighting crime includes increased funding for law enforcement programs, additional U.S. Attorneys, and in-

creases in prison staffing and bedspaces. Federal agencies will be participating in this law enforcement strategy through the following:

- The 1992 Federal Bureau of Investigation (FBI) budget will grow by 19 percent over 1991, from \$1,693 million to \$2,021 million. This growth will spread additional crime-fighting resources to most of the FBI's enforcement programs. Additional resources are requested to address the escalation in Asian organized crime activity and to combat Mexican and Colombian drug trafficking groups. Over \$64 million of the Bureau's \$328 million 1992 increase address national security programs—185 agents are being added in this enforcement area. Funds are also included to continue the process of automating fingerprint identification nationwide. Once in place, as many as 29,000 fugitives can be readily identified by law enforcement officers.
- The FBI budget also requests 171 agents for white collar crime programs. This enforcement area will experience the greatest growth rate in 1992, increasing by \$30 million. Savings and loan failure investigations, HUD and bankruptcy fraud, and public corruption criminal activity all require more 1992 enforcement resources. Bank fraud and embezzlement funding ac-



count for 55 percent of the increased resources. In 1990, the FBI was responsible for over 2,200 savings and loan fraud convictions and the recovery of over \$500 million in restitution settlements.

- For 1992, the request for the Immigration and Naturalization Service (INS) represents an increase of 14 percent over 1991, from \$887 million to \$1,008 million in 1992. These additional resources will increase staffing and bedspace at INS detention facilities for criminal aliens. Crimes committed by aliens are rising disproportionately in relation to the general population and include more violent and drug-related crimes. Funding is also provided to increase the presence of the Border Patrol on the Southwest border.
- To increase the certainty that criminals are held accountable for their offenses, \$779 million is requested for the U.S. Attorneys, an increase of \$104 million or 15 percent over 1991. These resources will enable the attorneys to prosecute more violent crimes, weapons offenses and drug cases. The attorneys also will concentrate on the prosecution of financial institution fraud, white collar crime, and debt collection. New resources for affirmative civil litigation will permit the attorneys to begin more aggressive prosecution of fraud, returning more dollars to the Treasury.
- If offenders are going to be held accountable for their crimes, more space is needed in the prisons. The budget provides over \$350 million for new prison construction, providing an additional 3,600 bedspaces by 1996. To run the current program and to staff the new prisons as they come on line a total of \$2.2 billion is requested for the

Bureau of Prisons, an increase of 27 percent over 1991.

- The request for the Judiciary represents a 25 percent increase over 1991, from \$2.0 billion to \$2.6 billion in 1992. These funds will support 85 new judgeships recently authorized by Congress to address the increased backlog of criminal cases.
- The budget proposes a 20 percent increase for the U.S. Marshals Service, from \$290 million in 1991 to \$347 million. These resources will support additional deputy U.S. Marshals for the protection of the additional judges provided in the Federal Judgeship Act, expanded witness protection efforts, and the guarding of prisoners.

**Strengthening Criminal Statutes.**—Continuing the fight against crime is more than just a question of resources. In addition to expanding the criminal justice system, the Administration remains committed to strengthening current laws. This includes increasing penalties, eliminating repetitive delays in carrying out judicial sentencing, and allowing the use of evidence obtained in good faith by law enforcement officers.

This fight also is the responsibility of governments at all levels. For example, each National Drug Control Strategy has recommended tough anti-drug legislation for the States to adopt. Although many States have adopted much useful legislation, it is important that all States do so.

Those who commit crimes should and must be held accountable for their actions if citizens and their property are to be protected. This requires the sustained cooperative commitment of all law enforcement officials—Federal, State, and local—in all aspects of the criminal justice system.

**Table B-5. FEDERAL SPENDING WOULD INCREASE BY \$2.1 BILLION TO FIGHT CRIME**

(Budget authority; dollar amounts in millions)

	Actual		1992 Request	1991-92	
	1989	1991		Dollar change	Percent change
Federal Bureau of Investigation .....	1,439	1,693	2,021	+328	+19
Bureau of Prisons .....	1,542	1,738	2,205	+467	+27
U.S. Attorneys .....	460	675	779	+104	+15
Immigration and Naturalization Service .....	822	887	1,008	+121	+14
Drug Enforcement Administration .....	534	694	748	+54	+8
U.S. Marshals .....	205	290	347	+57	+20
Organized Crime Task Forces .....	—	335	402	+67	+20
Judiciary .....	1,476	2,046	2,551	+505	+25
Other .....	2,944	4,431	4,781	+350	+8
Total .....	9,422	12,789	14,842	+2,053	+16



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## **VI. ADVANCING STATES AS LABORATORIES**

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Part Two-145

This section of the budget has not been extracted for reprinting within. It may be referred to on pages Part Two-145 through Part Two-177 of the "Budget of the United States Government.

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## **VII. PRESERVING NATIONAL SECURITY AND ADVANCING AMERICA'S INTERESTS ABROAD**

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Part Two-179



## VII. INTRODUCTION

The budget requests \$290.8 billion in budget authority and \$295.2 billion in outlays for National Defense (050), and \$35.7 billion in budget authority and \$17.8 billion in outlays for International Affairs (150) in 1992. These levels are consistent with the Budget Enforcement Act which provides separate caps for these functions in 1992 and 1993. The purpose of this request is to provide for programs that preserve the Nation's security—through diplomatic, political, and military means; through advancing the U.S. agenda on economic and

trade issues; and through advancing the cause of democracy, human rights, international co-operation and the rule of law.

The defense budget request does not reflect the full incremental costs of Operation Desert Shield which includes Desert Storm. When costs can be more reliably determined, a supplemental request will be submitted formally. In the interim, Desert Shield placeholder amounts are included in Governmentwide allowances.

**Table VII-1. FUNDING SUMMARY FOR NATIONAL DEFENSE AND INTERNATIONAL AFFAIRS**

(In billions of dollars)

	1990 Actual	Estimate		
		1991	1992	1993
National Defense (050):				
Budget Authority .....	303.3	285.6	290.8	290.9
Outlays .....	299.3	298.9	295.2	292.0
Department of Defense—Military (051):				
Budget Authority .....	(293.0)	(273.0)	(278.3)	(277.9)
Outlays .....	(289.8)	(287.5)	(283.0)	(279.1)
International Affairs (150):				
Budget Authority .....	18.8	19.8	35.7	21.8
Outlays .....	13.8	17.0	17.8	18.3
Total:				
Budget Authority .....	322.1	305.4	326.5	312.7
Outlays .....	313.1	315.9	313.0	310.3

### Memorandum

Desert Shield placeholder amounts included in Governmentwide allowances (929) .....				
Appropriation <sup>1</sup> .....		29.0		
Offsetting receipts .....		15.0		
Net Budget Authority .....		14.0		
Net Outlays .....		8.2	4.6	0.8

<sup>1</sup> Does not include \$1.0 billion already appropriated by the Congress in 1991.

## CONTEXT

The events of last year were both encouraging and disturbing. There was German unification, and rapid economic and political reform in Eastern Europe, but also deep uncertainty and instability within the Soviet Union. There was close cooperation among our allies in the Persian Gulf crisis, but disarray among them in trade negotiations resulting in the suspension of the Uruguay Round. There was a restoration of democracy in Panama and Nicaragua, but a setback for democracy in Suriname. There was a movement toward economic reform in Latin America as evidenced by U.S. and Mexican free trade negotiations and by the Enterprise for the Americans Initiative, but the persistence of trade restrictions in many countries. There were reduced military tensions with the Soviet Union but also the need for massive U.S. force deployments, the most rapid large-scale deployment since World War II. As this budget goes to press, war has begun.

Against this background, there are both opportunities for action and problems to be ad-

dressed. Because of the reduced threat of a major war with the Soviet Union, plans can proceed for a significant reduction in military force structure—of about 25 percent by 1995. But, as recent events in the Mideast show, necessary military capabilities must be maintained, and selectively strengthened and restructured to respond to regional conflicts and to outlaw and terrorist regimes. Moreover, force planning must take into account that the Soviet Union continues to possess formidable military power including massive strategic nuclear capabilities.

International affairs programs will reinforce the movement toward democracy and free markets and support efforts to protect new and existing democracies from threats to their security. This requires the full range of assistance tools, from development assistance to balance of payments support to military assistance. To tailor assistance to individual country situations and to be able to respond to unfolding events, flexibility must be an essential feature of assistance programs.



## VII.A. PRESERVING NATIONAL SECURITY

The security objectives of the U.S. remain unchanged. U.S. military forces must deter aggression and protect American citizens around the globe. They must be able to repel or defeat military attacks that threaten vital U.S. interests. The reduced threat of a major war with the Soviet Union presents the opportunity to reduce and restructure military forces. Nevertheless, combat-ready forces must be maintained and equipped with modern equipment to respond to continuing threats. It is also in the U.S. interest to pursue verifiable strategic and conventional arms reduction agreements, to prevent the transfer of technologies with military applications to potential adversaries, and to continue to meet the challenge of reducing the flow of illegal drugs into the U.S.

### NATIONAL DEFENSE BUDGET

Table A-1 shows the budget authority and outlays through 1993 for the three national defense subfunctions: military functions of the Department of Defense, atomic energy defense

activities, and defense-related activities of other agencies.

Currently planned 1991-1995 defense budget levels are compared in Table A-2 with last January's budget and with the July 1990 Gramm-Rudman-Hollings baseline (no real growth). The table shows that the 1991-1995 levels are \$130 billion in budget authority and \$97 billion in outlays below last year's budget, and \$238 billion in budget authority and \$182 billion in outlays below the July Gramm-Rudman-Hollings baseline.

### Department of Defense—Military

The budget requests \$278.3 billion for budget authority and \$283.0 billion for outlays in 1992 for the military functions of DOD. The 1992 program for Defense is 12 percent below the 1990 program in real terms, after inflation, and 24 percent below the 1985 level. The budget includes proposed rescissions of \$3.4 billion in 1991, reflecting proposed program terminations in 1992 and elimination of low-priority

Table A-1. NATIONAL DEFENSE

(In billions of dollars)

	1990 Actual	Estimate		
		1991	1992	1993
Budget Authority:				
Department of Defense—Military .....	293.0	273.0	278.3	277.9
Operations .....	(172.7)	(170.7)	(170.1)	(167.2)
Investment .....	(120.3)	(102.3)	(108.2)	(110.7)
Atomic Energy Defense Activities .....	9.7	11.6	11.8	12.2
Defense-Related Activities .....	0.6	1.1	0.8	0.8
Total Budget Authority (excluding Desert Shield) .....	303.3	285.6	290.8	290.9
Outlays:				
Department of Defense—Military .....	289.8	287.5	283.0	279.1
Operations .....	(169.9)	(170.8)	(167.2)	(166.6)
Investment .....	(119.9)	(116.7)	(115.8)	(112.5)
Atomic Energy Defense Activities .....	9.0	10.5	11.4	12.1
Defense-Related Activities .....	0.6	0.9	0.8	0.8
Total Outlays (excluding Desert Shield) .....	299.3	298.9	295.2	292.0

Part Two-183

active and reserve military personnel and forces.

**Table A-2. NATIONAL DEFENSE FUNCTION (050)**

(In billions of dollars)

	1991	1992	1993	1994	1995	1991-1995 Total
<b>January 1990 Budget:</b>						
Budget Authority .....	306.9	312.5	317.5	321.6	325.7	1,584
Outlays .....	303.3	309.2	311.9	315.7	318.6	1,559
<b>July 1990 G-R-H Baseline (no real growth):</b>						
Budget Authority .....	314.2	326.7	339.0	350.6	361.6	1,692
Outlays .....	306.8	317.6	326.8	342.2	350.0	1,643
<b>February 1991 Budget: *</b>						
Budget Authority .....	285.6	290.8	290.9	291.9	295.1	1,454
Outlays .....	298.9	295.2	292.0	286.7	288.6	1,461
<b>February 1991 Reductions from:</b>						
<b>January 1990 Budget: *</b>						
Budget Authority .....	-21.3	-21.7	-26.6	-29.7	-30.6	-130
Outlays .....	-4.4	-14.0	-19.9	-29.0	-30.0	-97
<b>July 1990 G-R-H Baseline: *</b>						
Budget Authority .....	-28.6	-35.9	-48.1	-58.7	-66.5	-238
Outlays .....	-7.9	-22.4	-34.8	-55.5	-61.4	-182

\* Excludes effects of Desert Shield.



Table A-3. SUMMARY OF ACTIVE AND RESERVE MILITARY PERSONNEL AND FORCES

	1990 Actual	Estimate		
		1991	1992	1993
<b>Military Personnel (in thousands):</b>				
Active .....	2,069	1,974	1,886	1,795
Army .....	751	702	660	618
Navy .....	583	570	551	536
Air Force .....	539	509	487	458
Marine Corps .....	197	194	188	182
Guard and Reserve .....	1,128	1,176	1,068	989
Army .....	736	776	694	621
Navy .....	149	153	135	127
Air Force .....	198	203	199	202
Marine Corps .....	45	44	41	39
<b>Strategic Forces:</b>				
Intercontinental and Fleet Ballistic Missiles:				
Peacekeeper .....	50	50	50	50
Minuteman .....	950	950	875	800
Poseidon-Trident .....	608	640	568	496
Strategic Bomber Wings .....	13	12	11	10
<b>General Purpose Forces:</b>				
Land Forces (Active/Reserve):				
Army Divisions .....	18/10	16/10	16/9	14/8
Marine Divisions .....	3/1	3/1	3/1	3/1
Naval Forces (total):				
Total Naval Vessels .....	545	528	477	464
Aircraft Carriers (Deployable) .....	13	12	13	13
Battleships .....	4	—	—	—
Other Major Surface Combatants .....	199	187	151	144
Nuclear Attack Submarines .....	93	87	88	90
Amphibious Assault Ships .....	63	65	62	58
Sealift Fleet .....	70	70	70	70
Air Forces (Active/Reserve):				
Air Force Fighter Wings (equivalent) .....	24/12	22/12	17/12	16/11
Navy Carrier Air Wings .....	13/2	12/2	12/2	11/2
Marine Corps Wings .....	3/1	3/1	3/1	3/1
Air Force Conventional B-52 Squadrons .....	2	2	2	2
Strategic Airlift Squadrons .....	21/5	21/5	21/7	20/8

## PRIORITIES

This year's budget reflects the following priorities.

### IMPLEMENT ARMS CONTROL WHILE MAINTAINING STRATEGIC DETERRENCE

#### Operations

**Strategic Forces.**—Deployed forces will continue to form a triad of land-based, sea-based, and air offensive systems, and will also

include air defense interceptors. Retirement of the Minuteman II force will begin in 1992; the Minuteman III and Peacekeeper missiles will be maintained. Retirements of submarines with the aging Poseidon (C-3) missile are to be accelerated. Over the course of the 1990s, the strategic submarine inventory will shrink from its current mix of 34 Poseidon and Trident boats to a force of 18 Trident submarines carrying Trident I (C-4) and Trident II (D-5) missiles. The total bomber force will decrease from 291 at the end of 1990 to 234 by the

end of 1992, as B-52s are retired and FB-111s are transferred to the tactical force.

### Investment

**Strategic Retaliatory Systems.**—Modernization of the three major components of strategic retaliatory forces will continue in 1992. The budget requests funds to procure four B-2 (Stealth) bombers and 115 Advanced Cruise Missiles. Development of the Small Intercontinental Ballistic Missile continues, and Rail-garrison Peacekeeper development will continue and provide a missile flight test. The budget requests funds for 28 D-5 missiles. No additional Trident submarines will be built beyond the 18th boat approved in the 1991 budget.

**Strategic Defense: Global Protection Against Limited Strikes.**—In 1992 the Strategic Defense Initiative (SDI) will be reoriented to reflect the changing nature of ballistic-missile threats emerging in the post-Cold War era. These threats arise primarily from two sources. First, proliferation of advanced technologies to hostile or unstable regimes could enable these states to acquire ballistic missiles of increasing range—possibly armed with nuclear, chemical, or biological weapons. Second, there is increased concern regarding the unauthorized or accidental launch of ballistic missiles. The objective of the new approach is to provide protection to U.S. territory, U.S. forces deployed abroad, and U.S. friends and allies from limited ballistic-missile strikes—whether accidental, unauthorized, or from a third country. Because this defensive concept stresses protection against ballistic missile threats irrespective of their source, it is called Global Protection Against Limited Strikes (GPALS). The objective of global protection could be met with a defensive system less than half the size of a system designed to achieve the earlier “Phase I” objective of deterring a massive Soviet attack. Also, GPALS would allow for significant budgetary savings (20 percent for the next six years compared to levels in the earlier plan). In 1992, \$4.6 billion is requested for SDI.

**Arms Control Implementation.**—The budget request for the Department of Defense includes nearly \$480 million in 1992 to prepare for and implement arms control agree-

ments. These funds are needed to implement the Intermediate-range Nuclear Force (INF) and Nuclear Testing Treaties. Funds are also requested to support implementation of recently concluded agreements on Conventional Forces in Europe (CFE), and Chemical Weapons (CW), as well as the Strategic Arms Reduction (START) agreement which may be concluded in 1991. Activities to be funded include: on-site monitoring; escorting of foreign inspectors; destruction, modification, and relocation of military equipment; and research and development of implementation techniques. These figures do not include a separate, classified amount for intelligence activities related to arms control implementation.

### ADAPT CONVENTIONAL FORCES TO 1990's THREATS

#### Operations

**Military Personnel.**—Personnel levels in both the active and reserve forces will decline as U.S. forces are reshaped for a changed security environment. Recent changes permit a smaller military, but one that continues to be highly trained and motivated. U.S. forces will have the versatility to respond rapidly to crises throughout the world. Active military end-strength will decline by 13 percent from 2,069,000 in 1990 to 1,795,000 in 1993. By 1996, force levels are projected to be 20 percent below 1990 levels. Reserve and Guard personnel levels will decline by 12 percent, from 1,128,000 in 1990 to 989,000 in 1993. By 1996, reserve forces are projected to be 20 percent below 1990 levels.

**General Purpose Forces.**—In adapting general purpose forces to the threats of the 1990s, force levels can be reduced by about 25 percent by 1995. Major changes in force structure proposed through 1993 are:

- *Land forces* at the end of 1993 will include 17 active (14 Army and 3 Marine) and 9 reserve (8 Army and 1 Marine) divisions. This reflects a reduction of 4 active divisions and 2 reserve divisions from force levels at the end of 1990.
- *Naval forces* at the end of 1993 will include 13 deployable carrier battle groups and 11 active carrier air wings (a reduction of 2 air wings from 1990 levels) and



two reserve wings. All four battleships, older attack submarines and amphibious warfare ships will be deactivated. The total number of naval vessels will decline from 545 at the end of 1990 to 464 at the end of 1993.

- *Air Forces* at the end of 1993 will include 16 active and 11 reserve Air Force fighter wing equivalents (about 3,300 total fighter and attack aircraft), 2 B-52 squadrons dedicated to the delivery of conventional weapons (about 40 total aircraft), and 28 strategic airlift squadrons (391 total C-5 and C-141 aircraft) to provide intercontinental airlift. This is a reduction of more than 8 fighter wing equivalents (active and reserve) from the 1990 level.

### Investment

**Conventional Systems.**—The Army's major modernization program that began in the early 1980s is drawing to a close. However, development continues on the Light Helicopter, forward area air defense systems, and armored vehicles.

To provide essential near-term modernization of naval forces, the budget provides for procurement in 1992 of 1 SSN-21 nuclear-powered attack submarine, 5 Aegis radar-equipped destroyers, 36 F/A-18 fighters, and several types of tactical missiles. Development begins on an advanced version of the F/A-18 and continues on the Advanced Air-to-Air Missile.

Modernization of the tactical Air Force continues with procurement in 1992 of 48 F-16 fighters, 8 C-130 and 6 C-17 transport aircraft, and 1,000 Advanced Medium Range Air-to-Air Missiles. The next generation air superiority fighter—the Advanced Tactical Fighter—continues in development.

Several systems will be, or recently have been, terminated, with savings of \$10 billion in 1992 compared with previously planned amounts. These terminations include the Navy version of the Advanced Tactical Fighter, the P-7 anti-submarine patrol aircraft, the F-14D remanufacturing program, the Lance follow-on missile, the Tacit Rainbow drone, the Bradley fighting vehicle, binary chemical munitions, the 155mm nuclear artillery round, and the A-12 aircraft (see Table B-2 in Chapter IX.B).

As a consequence of the decision to terminate the A-12 program for default, \$0.5 billion of unobligated 1991 funds will be used to pursue development of medium attack aircraft alternatives. Funding is also included in the 1993 and outyear A-12/AX program line pending an evaluation of alternatives.

### MAINTAIN A STRONG TECHNOLOGY BASE

For 1992, the budget proposes \$3.9 billion in budget authority for technology-base programs (basic and applied research). This is an increase of \$0.5 billion over the 1990 level. These programs provide options for future defense systems and help to avoid technological surprise from potential adversaries.

Funds are invested for work in computer science and electronics, biomedical sciences, geophysics, meteorology, chemistry, physics and engineering methods. Areas of emphasis within the technology base include parallel computers to increase dramatically computation speed and new materials for electronics, gas turbine engines and airframe components.

In addition to basic and applied research, the budget provides \$2.2 billion in 1992 for demonstration of devices with potential military application. Examples are development of advanced electronics devices through SEMATECH, the industry semiconductor consortium, the integrated high performance turbine engine program, and the unmanned underseas vehicle program.

### IMPROVE MANAGEMENT AND REDUCE OVERHEAD

**Defense Management Report.**—As a follow-on to the proposals in last year's Defense Management Report, additional management initiatives are being proposed in the 1992 budget. These new initiatives will result in savings of nearly \$0.7 billion in 1992, growing to \$2.9 billion by 1996 and reductions in civilian and military personnel of 8,600 and 19,000 respectively by 1997. These and last year's proposals are projected to save over \$72 billion during the 1991-1997 period. These savings will help DOD to maintain needed military capabilities within constrained resources. De-



fense management reforms are included in the Management by Objectives Program.

The 1992 initiatives include functional consolidation and streamlining of activities such as supply depots, inventory control points, research and development laboratories, maintenance facilities, and finance and accounting operations. Efforts continuing from last year's management review include: improved management of logistics operations, especially supply and transportation systems; consolidation of contract administration functions; consolidation of commissary operations; reductions in consulting costs; and implementation of a corporate management information system.

The budget includes a proposal to create the Defense Business Operations Fund (DBOF), a revolving fund, from which customers would purchase supplies, maintenance, accounting, ADP services and other support. All costs including pay, procurement, and construction for support activities are to be included in the fund. The goal is to highlight the full costs of support activities and allow operating units to determine the supplies and services that are needed for specific activities to be undertaken. This fundamental change in Defense's financial management system will lead to long-term savings.

**Civilian Personnel.**—Decreases in the size of the civilian workforce reflect the Department's defense management reforms as well as the smaller force structure. By 1992, total civilian end-strength will fall 11 percent from its high point in 1987, about the same percentage as for active-duty military personnel. These decreases have resulted largely from a civilian hiring freeze instituted in January 1990. By 1993, the civilian workforce will total 976,000, falling below one million for the first time since 1980. By 1996, the civilian personnel level is projected to be 14 percent below the 1990 level.

**Base Closures.**—The budget requests \$634 million for continued implementation of the Base Closure and Realignment Act approved by the Congress in 1989. An amount of \$998 million was enacted for these purposes in 1991. These funds provide for the construction of facilities and other one-time implementation costs at military installations to accommodate

the transfer of activities from bases that will be closed or realigned.

The budget requests \$100 million in 1992 for the initial costs of facilities and other realignment and closure actions which will be announced by the Secretary of Defense on April 15, 1991, as authorized by the Base Closure and Realignment Act of 1990. The additional realignment and closure actions stem from the force structure and program reductions required to meet the defense budget levels in the Budget Enforcement Act. The specific bases have not been identified, but savings of \$150 million in 1992 and \$735 million in 1993 are included in the legislative contingency account in anticipation of Congressional approval.

## DESERT SHIELD

The Administration will submit a supplemental appropriation request for the incremental costs of Operation Desert Shield which includes Desert Storm. Such a request is not being submitted with this budget because the amount of this supplemental has not yet been reliably determined. It will depend on actual military requirements and on the amount of offsetting contributions from our allies. As the budget goes to press, there are evident and highly significant uncertainties with respect to both actual requirements and offsetting contributions. It is anticipated that these uncertainties will be clarified substantially in February, and that a more informed estimate of supplemental requirements will then be developed and submitted. In the mean time, the budget includes an assumed appropriation request of \$30 billion in budget authority as a placeholder in accord with the estimate by the Comptroller General of the U.S. The actual supplemental request could be significantly different depending on events still to be determined.

## INTELLIGENCE

Virtually all funding for the National Foreign Intelligence Program is included in the defense budget. The exact level is classified. The budget provides for obtaining information on potential threats, improving capabilities to counter hostile intelligence services, monitoring current and prospective arms reduction



treaties, detecting changes in foreign military technologies, supporting the war on drugs, developing advanced technologies for intelligence, and conducting covert action operations in support of national security objectives in accordance with law. Additional resources are included to expand human source collection and to focus intelligence programs on new priorities.

### **ATOMIC ENERGY DEFENSE ACTIVITIES**

These activities, conducted by the Department of Energy, include research, development, testing and production of nuclear weapons; production of nuclear materials; storage and cleanup of nuclear and other hazardous wastes from defense programs; and design of reactors for nuclear-powered Navy vessels. The waste management program provides treatment, storage and disposal for all defense nuclear and hazardous wastes and supports research and development on the problems of isolating and permanently storing these wastes.

The budget includes for these purposes budget authority of \$11.8 billion in 1992, compared to \$10.9 billion in 1991, exclusive of a proposed supplemental 1991 appropriation of \$623 million. The budget provides for the restart of facilities at the Rocky Flats plant and for the production of nuclear weapons to meet the requirements of the forthcoming Nuclear Weapons Stockpile Memorandum. The budget provides for the operation of only one reactor at the Savannah River Site, which will produce

sufficient materiel to meet all needs. The budget request also includes \$500 million in 1992 for the continued design of new production reactor capacity and \$42 million for activities related to reconfiguration of the nuclear weapons complex. In addition, the budget requests \$3.7 billion, an increase of \$970 million over the enacted 1991 level, for environmental restoration and waste management activities at defense facilities. The proposed 1991 supplemental provides an additional \$340 million for these activities.

The proposed 1991 supplemental includes \$283 million to speed resumption of activities at Rocky Flats and \$340 million to initiate activities necessary to meet environmental compliance agreements.

### **DEFENSE-RELATED ACTIVITIES**

Defense-related activities include civil defense and emergency preparedness activities of the Federal Emergency Management Agency, the Selective Service System, and the Maritime Administration's Ready Reserve Force, which provides for a standby fleet that can be activated when needed. The budget requests \$757 million in budget authority and \$756 million in outlays for these purposes in 1992, compared to \$1,053 million and \$947 million respectively in 1991.

### **5-YEAR PROJECTIONS**

Tables A-4 and A-5 show estimates of budget authority and outlays for each of the major elements of the national defense function.

Table A-4. **BUDGET AUTHORITY BY FUNCTION AND PROGRAM**

(In billions of dollars)

	1990 Actual	Estimate				Projection	
		1991	1992	1993	1994	1995	1996
050 National Defense Discretionary (excluding Operation Desert Shield):							
051 Department of Defense—							
Military:							
Military personnel .....	78.6	79.0	78.0	77.5	76.5	75.9	77.0
Operations and maintenance ....	86.9	85.0	86.4	84.6	84.6	85.7	88.0
Procurement .....	81.4	64.1	63.4	66.7	68.8	74.7	74.8
Research, development, test, and evaluation .....	36.5	34.5	39.9	41.0	40.1	37.5	36.0
Military construction .....	5.1	5.0	4.5	3.7	7.0	6.4	6.6
Family housing .....	3.1	3.3	3.6	3.5	4.0	3.9	3.9
Revolving funds .....	0.2	1.7	3.4	2.3	2.8	1.9	1.4
Allowances .....			-0.3	-0.9	-4.8	-4.4	-4.3
Subtotal, 051 DOD—Military	291.8	272.6	279.0	278.6	279.0	281.5	283.4
053 Atomic energy defense activi- ties .....	9.7	11.6	11.8	12.2	12.9	13.6	14.3
054 Defense-related activities .....	0.5	0.9	0.6	0.6	0.6	0.6	0.6
Subtotal, discretionary .....	301.9	285.1	291.4	291.5	292.5	295.7	298.3
050 National defense—Operation Desert Shield:							
051 Department of Defense—Mili- tary .....	2.0	1.0					
050 National defense mandatory:							
051 Department of Defense—Mili- tary .....	-0.8	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8
054 Defense-related activities .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, mandatory .....	-0.7	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6
National defense totals:							
051 Department of Defense—Mili- tary .....	293.0	273.0	278.3	277.9	278.2	280.7	282.6
053 Atomic energy defense activi- ties .....	9.7	11.6	11.8	12.2	12.9	13.6	14.3
054 Defense-related activities .....	0.6	1.1	0.8	0.8	0.8	0.8	0.8
Total .....	303.3	285.6	290.8	290.9	291.9	295.1	297.8
<b>MEMORANDUM</b>							
929 Operation Desert Shield placeholder .....		14.0					



Table A-5. **OUTLAYS BY FUNCTION AND PROGRAM**

(In billions of dollars)

	1990 Actual	Estimate				Projection	
		1991	1992	1993	1994	1995	1996
050 National Defense Discretionary (excluding Operation Desert Shield):							
051 Department of Defense—							
Military:							
Military personnel .....	75.4	78.9	77.8	77.3	76.3	75.7	76.7
Operations and maintenance ....	87.2	85.1	85.5	84.2	84.1	84.9	86.9
Procurement .....	81.0	79.1	74.3	68.8	67.2	68.6	71.0
Research, development, test, and evaluation .....	37.5	35.5	37.8	39.7	39.9	38.4	36.7
Military construction .....	5.1	4.6	4.9	4.7	4.9	6.0	6.4
Family housing .....	3.5	3.3	3.4	3.6	3.7	3.8	3.9
Revolving funds .....	-0.5	0.4	1.8	2.2	2.4	2.3	1.9
Allowances .....			-2.1	-0.9	-4.6	-4.3	-4.2
Subtotal, 051 DOD—Military	289.1	287.1	283.5	279.8	274.0	275.4	279.3
053 Atomic energy defense activi- ties .....	9.0	10.5	11.4	12.1	12.6	13.2	13.9
054 Defense-related activities .....	0.4	0.8	0.6	0.6	0.6	0.6	0.6
Subtotal, discretionary .....	298.6	298.4	295.6	292.4	287.2	289.2	293.8
050 National defense—Operation Desert Shield:							
051 Department of Defense—Mili- tary .....	1.5	1.2	0.2	0.1			
050 National defense mandatory:							
051 Department of Defense—Mili- tary .....	-0.9	-0.8	-0.7	-0.7	-0.7	-0.8	-0.8
054 Defense-related activities .....	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtotal, mandatory .....	-0.7	-0.6	-0.6	-0.5	-0.6	-0.6	-0.6
National defense totals:							
051 Department of Defense—Mili- tary .....	289.8	287.5	283.0	279.1	273.3	274.6	278.5
053 Atomic energy defense activi- ties .....	9.0	10.5	11.4	12.1	12.6	13.2	13.9
054 Defense-related activities .....	0.6	0.9	0.8	0.8	0.8	0.8	0.8
Total .....	299.3	298.9	295.2	292.0	286.7	288.6	293.2
<b>MEMORANDUM</b>							
929 Operation Desert Shield Placeholder .....		8.2	4.6	0.8	0.4		

## VII.B. ADVANCING AMERICA'S INTERESTS ABROAD

### INTERNATIONAL AFFAIRS

The primary objective of international affairs programs is to support U.S. interests abroad. The overriding interest is the security of the United States and of its citizens overseas. The United States also has a major stake in the international economy. The economic growth of this country is now affected by the degree to which other countries are willing to adopt market oriented economic systems with open trade and investment policies. Another element of U.S. policy is humanitarian concern for other, less fortunate peoples worldwide.

As shown in Table B-1, the budget requests \$34 billion in budget authority and \$19.6 billion in outlays for discretionary international affairs programs. These amounts are consistent with amounts provided in the Budget Enforcement Act. While budget authority increases by 70 percent over 1991, \$12.2 billion of the growth is accounted for by an increase in the U.S. quota in the International Monetary Fund. Such quota increases occur only periodically and do not involve outlays.

#### International Security Assistance

The Persian Gulf crisis and the earlier events in Panama and Nicaragua have demonstrated the vital role of security assistance in supporting U.S. interests in a volatile time. Budget authority of \$8 billion is requested with outlays estimated at \$7.7 billion.

Security assistance advances U.S. national security and foreign policy goals by promoting the physical security and economic stability of friendly and allied countries. Purchases of military goods and services are funded through foreign military financing, a program managed by the State and Defense departments. Economic stabilization and growth are promoted through the economic support fund managed by the State Department and the Agency for International Development (AID). Exchanges with members of friendly and allied armed forces are carried out through the inter-

national military education and training program run by the Defense Department.

Currently, the most critical security need is support of key U.S. allies in the multilateral effort to respond to Iraqi aggression in the Persian Gulf, in particular Egypt and Turkey. These countries have incurred substantial risk and economic hardship by their firm support of international sanctions and other means to force Iraq out of Kuwait. The importance of maintaining support for Israel in these circumstances is self-evident.

In Latin America security assistance to counter cocaine production is vital. While there has been substantial disruption in drug trafficking from the Andean countries, the war on drugs is far from over. Thus, the budget proposes continuing military aid and increasing economic support fund spending in the Andean area. More than \$400 million in security aid is proposed for these countries, an increase of 47 percent over 1991. The aid is conditional on vigorous efforts to halt trafficking.

Security assistance is also provided to countries that allow the United States military base rights on their territories. Bases in Portugal and Greece have been important to the success of the Desert Shield deployment.

While the supporting materials for the budget will contain specific country-by-country proposals for security aid, it is impossible to predict now precisely what actual needs will be in 1992—particularly in the Middle East. The latter uncertainty underscores the need to avoid the earmarking of large portions of security assistance programs by country. In 1990, 88 percent of the two major security assistance programs was earmarked by Congress. The Administration will make a major effort to eliminate security assistance earmarks in 1992 appropriations.

**Other Programs.**—Other security assistance programs include peacekeeping operations in Cyprus and the Sinai desert and anti-terrorism assistance to friendly countries.

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**Table B-1. INTERNATIONAL AFFAIRS DISCRETIONARY PROGRAMS:  
1990-1992**  
(In billions of dollars)

	Budget Authority			Outlays		
	1990	1991	1992	1990	1991	1992
International Security Assistance:						
Foreign Military Financing .....	4,811	4,708	4,650	4,704	4,248	4,223
Economic Support Fund .....	3,957	3,145	3,240	3,719	3,263	3,394
Military Training and other .....	116	92	96	513	337	132
Total, Security Assistance .....	8,884	7,945	7,986	8,936	7,848	7,749
International Development and Humanitarian Assistance:						
Agency for International Development .....	2,559	3,196	3,275	2,351	2,328	2,746
Assistance for Eastern Europe .....	(88)	(370)	(400)	(12)	(141)	(274)
Enterprise for the Americas Initiative .....	0	*	410	0	*	325
Debt Restructuring .....	(0)	*	(310)	(0)	*	(310)
Multilateral Investment Fund .....	(0)	(0)	(100)	(0)	(0)	(15)
Multilateral Development Banks .....	1,469	1,619	1,685	1,429	1,307	1,484
Food Aid .....	978	1,011	1,301	978	1,120	1,120
Refugee Programs .....	513	521	511	544	463	520
Voluntary Contributions to Int'l Orgs. ....	274	285	250	265	273	257
State Department Narcotics Assistance .....	130	150	172	111	128	146
Peace Corps .....	166	186	200	156	182	198
Other .....	58	72	89	-98	-84	-72
Total, Develop and Human Assist .....	6,147	7,040	7,893	5,736	5,717	6,724
Conduct of Foreign Affairs:						
State Dept. Salaries and Expenses .....	1,792	1,870	2,050	1,822	1,898	2,005
Foreign Buildings .....	293	228	570	356	377	399
United Nations Programs .....	702	910	1,327	727	940	956
New Payments .....	(702)	(793)	(824)	(727)	(823)	(825)
Arrearage Payments .....	(0)	(117)	(503)	(0)	(117)	(131)
Other .....	141	153	170	141	170	168
Total, Conduct of Foreign Affairs .....	2,928	3,161	4,117	3,046	3,385	3,528
Foreign Information and Exchange Activities:						
U.S. Information Agency .....	927	1,006	1,059	888	1,034	1,056
Board for International Broadcasting .....	373	206	218	208	282	314
Other .....	15	15	17	6	24	17
Total, Public Diplomacy .....	1,315	1,227	1,294	1,102	1,340	1,387
International Financial Programs:						
Export-Import Bank .....	612	750	556	357	542	185
International Monetary Fund .....	0	0	12,158	-741	0	0
Other .....	139	11	20	-129	-93	40
Total, Financial Programs .....	752	761	12,734	-513	-449	225
Total Discretionary Programs .....	20,026	20,134	34,022	18,315	18,739	19,613

\* Under current budget law, the debt restructuring proposed in 1991 will require no budget authority or outlays. Under credit reform principles to be implemented in 1992, the 1991 program would be \$98 million in budget authority and outlays.

### International Development and Humanitarian Assistance

The United States continues to play a major role in alleviating suffering and promoting sound economic policies in the developing world. In 1992, the budget proposes \$7.9 billion in budget authority and \$6.7 billion in outlays for this program category. These pro-

grams are intended to promote the growth of market-oriented economies through budgetary support, the financing of development projects and the provision of expert advice to foreign governments and private entities. They also provide relief supplies and funds to meet major natural and manmade disasters and to aid refugees abroad and resettle them in the United States.

**Agency for International Development (AID).**—AID provides the bulk of U.S. bilateral development assistance. For 1992, the budget would hold the programs under AID management about level, adjusting for inflation, at \$3.3 billion following an increase of \$.6 billion in 1991. Emphasis will be placed on encouraging improved economic performance by recipient countries, promoting private sector-led growth and supporting the emergence of democracies.

**Assistance for Eastern Europe.**—Within funds available to AID, the budget proposes continuation of the recently initiated economic assistance to Eastern Europe. Substantial amounts of aid are being provided in recognition of the difficulties that the new democratic governments face in the unprecedented task of shifting their economies from the communist model to free market principles. Much of the assistance will be directed toward the encouragement of small, private enterprises. Budget authority for AID funding for Eastern Europe would increase from \$370 million in 1991 to \$400 million in 1992. In addition, under the multilateral development banks heading, the budget seeks in 1992 the second of five \$70 million installments to capitalize the European Bank for Reconstruction and Development, which also supports market oriented economic reforms in Eastern Europe.

**Enterprise for the Americas Initiative.**—A significant new activity in the development and humanitarian aid category is the President's special program for Latin America. This program recognizes the historic opportunity for the countries of the hemisphere to make major economic strides under democratically elected governments. It is based on the concepts of Latin initiative and partnership with the United States. It also recognizes that while foreign aid can be an important stimulant to growth, other economic actions in the areas of trade, investment, and debt restructuring are particularly well suited to the needs of the Latin American and Caribbean countries.

The budget proposes a debt reduction program for Latin America that will begin in 1991 under existing legislative authority. In 1992 the program will have a subsidy value under credit reform of \$310 million. Debt reduction will be conditioned on the adoption of economic

reforms by recipient countries, including measures to open their investment regimes. Through such reforms, countries will build the basis for sound and sustained economic growth, thereby increasing investor confidence and their ability to attract private investment and flight capital.

Complementing debt reduction will be a multilateral investment fund managed by the Inter-American Development Bank. It will provide carefully targeted support for diagnostic studies of a country's investment climate, for privatization of government owned companies and for encouragement of small scale private enterprise. The budget proposes \$100 million per year for five years starting in 1992 to capitalize this fund. Other developed countries are expected to provide \$200 million per year for the fund.

**Multilateral Development Banks.**—The multilateral development banks include the World Bank group and the European, Inter-American, Asian and African development banks. These banks pool the resources of the developed and developing nations to provide loans and expert advice to promote the economic growth of the poorer countries.

Funding levels for each multilateral bank and the funding shares of contributing countries are agreed on periodically by member governments covering multi-year periods—usually three or four years. Annual installments are paid on the agreed shares. For 1992 \$1.5 billion of the \$1.7 billion requested for payment by the Secretary of the Treasury to the multilateral banks represents installment payments due under previous funding agreements.

**Food Aid.**—The Department of Agriculture (USDA) and AID jointly administer this program. For 1992, the budget proposes \$1.3 billion in food aid for the shipment of 5.6 million metric tons of commodities. The 1990 Farm Bill enacted major reforms in food aid that will enable the United States to meet food aid challenges more effectively through the next century. The law established a new government-to-government grant program, Title III, managed by AID, to provide food to the poorest countries of the world. Title III, proposed to be funded at \$309 million in 1992, will complement U.S. economic development objectives. USDA will continue to provide loans, \$317 mil-



lion, to foreign governments under Title I but will place greater emphasis on market development for agricultural commodities. Under Title II, funded at \$627 million, the U.S. government will continue to provide emergency and non-emergency food aid to individuals through private voluntary organizations and the United Nations World Food Program.

**Refugee Programs.**—The plight of refugees has attracted world attention in recent years. As a result, the United States increased the number of refugees admitted to this country by 14 percent in 1990. Funding in 1991 maintains this level and increases by \$62 million U.S. contributions to the care and maintenance of refugees abroad. The \$511 million requested for 1992 in the budget for refugee assistance will maintain the increased program including the admission of 50,000 Soviet refugees and 54,000 refugees from Southeast Asia. Refugee programs are managed by the Department of State.

**Voluntary Payments to International Organizations.**—In addition to mandatory UN payments, discussed below, the State Department provides voluntary contributions to 25 international programs that support important multilateral development, humanitarian and scientific activities. Programs funded by this account directly serve specific U.S. interests in nuclear non-proliferation, the environment, and improvements in child health while encouraging burden sharing of the costs by other countries. The \$250 million requested in the budget for 1992 is a 12 percent decrease from the 1991 enacted level. The decrease is pri-

marily due to the completion of a third funding cycle for the International Fund for Agricultural Development and a decreased payment for the UN Afghanistan Trust Fund which is phasing down.

**State Department Narcotics Assistance.**—The major emphasis of the international counter-narcotics program is on providing military and economic assistance to the Andean countries as described above. In addition, the State Department's narcotics control program will provide \$172 million in assistance in 1992 to support counter-narcotics law enforcement activities in the Andean countries and elsewhere in the world. Other international programs also contribute to the fight against drugs as shown in the table below.

**Peace Corps.**—The Peace Corps exemplifies, at the grassroots level, the President's emphasis on voluntarism and U.S. concern for the peoples of other countries. The \$200 million requested for the Peace Corps in 1992, eight percent above 1991, will support 5,060 volunteers and will enable the agency to enter several new countries. The Peace Corps will also expand its presence in Eastern Europe, Latin America and Africa.

**Other Programs.**—Other development and humanitarian assistance programs include the African Development Foundation and the Inter-American Foundation, which provide small scale grants for social and economic development to indigenous private organizations. Also included are the Overseas Private Investment Corporation, which insures and finances

Table B-2. INTERNATIONAL NARCOTICS CONTROL ASSISTANCE

(In millions of dollars)

Function 150 Anti-Narcotics Programs	1990 <sup>1</sup>	1991 estimate	1992 request
Foreign Military Financing .....	114.5	101.3	141.1
Economic Support Fund .....	42.7	187.2	283.8
Agency for International Development .....	17.2	14.6	10.3
State Department Narcotics Assistance .....	129.5	150.0	171.5
United States Information Agency .....	3.4	3.8	4.5
<b>Total .....</b>	<b>307.3</b>	<b>455.9</b>	<b>611.3</b>

<sup>1</sup> Does not include up to \$53 million worth of equipment provided to Latin America through 506(a)(2) drawdown authority.



private U.S. investment in developing countries and the trade and development program, which finances feasibility studies abroad to facilitate subsequent U.S. investment.

### **Conduct of Foreign Affairs**

This category includes the cost of diplomatic representation, including consulates and missions to international organizations. It also includes annual payments that the United States makes to the United Nations, its affiliated specialized agencies and to other international organizations such as NATO.

**State Department Salaries and Expenses.**—\$2.05 billion is requested for the salaries and expenses account to carry out important foreign policy commitments in Eastern Europe and to establish a permanent U.S. representative to the Conference on Security and Cooperation in Europe. Funds are requested to meet new workload requirements associated with the Immigration Act of 1990 and improve diplomatic security overseas. In addition, the budget includes investment in the State Department's telecommunications, data processing, and financial management systems.

**Foreign Buildings.**—For 1992, the budget proposes \$570 million in the foreign buildings account to complete a plan for constructing physically secure embassies in locations abroad that are subject to high threats of terrorist attack or espionage. Balances of funds appropriated in the 1980s for this purpose will be exhausted in 1992. Recent Iraqi threats of renewed terrorism against Americans demonstrate the importance of this effort. Funds are also included for construction of embassy facilities in Moscow that will be secure against electronic and other penetration.

**United Nations Programs.**—As East-West tensions diminish other world problems ranging from regional disputes to the environment demand increased attention. The United Nations and other international organizations offer forums to help deal with such challenges. The importance of the United Nations to the achievement of U.S. foreign policy objectives has been most pointedly demonstrated by the organization's role in the Persian Gulf crisis.

In recognition of the value of international organizations and multilateral peacekeeping

activities, the Administration sought in the 1991 budget to end the recent practice of cutting appropriations for new payments to UN programs below amounts mandated by treaty commitments. The Administration also sought full appropriation of the arrearages accumulated because of the appropriations shortfalls. The Congress provided, with minor exceptions, the full new 1991 payments due but only that portion of arrearages actually planned to be transferred to the organizations in 1991. For 1992, the budget seeks \$824 million for new mandated payments due in that year and \$503 million for all of the remaining arrearages. The arrearages will be transferred to the institutions in roughly equal installments over the 1992-95 period for mutually agreed special purposes. Full appropriation in 1992 will provide an incentive for the organizations to engage in sound financial planning. The United States remains committed to continuing the progress made in the international organizations towards fiscal restraint with a greater focus on essential programs.

**Other programs.**—Other conduct of foreign affairs programs include the Arms Control and Disarmament Agency, the International Trade Commission, the U.S. Institute of Peace, and a number of small State department administrative accounts.

### **Foreign Information and Exchange Activities**

Programs that convey information about the United States and its policies, termed "public diplomacy", are conducted by the United States Information Agency (USIA). Public diplomacy also includes support through the Board for International Broadcasting for Radio Free Europe and Radio Liberty (RFE/RL), which provide radio broadcasts to the peoples of Eastern Europe and the Soviet Union.

### **United States Information Agency**

It is important that the peoples of other countries have accurate information about the United States and its policies and a good understanding of American society and its values. The United States Information Agency (USIA) is responsible for meeting these needs. It does so through exchanges of persons (both short term visits and the longer term Fulbright scholarships), through publications, and



through television and radio broadcasting, libraries and exhibits such as the U.S. pavilion at the 1992 Seville/Genoa Exhibitions.

Eastern Europe, the Soviet Union and Islamic countries will require special public diplomacy efforts. In 1992, a new emphasis will be placed on activities in these areas, while programs will be slightly reduced in parts of the world, such as Western Europe, that have easy access to a wide range of private and public sources of information about the United States.

Radio broadcasting was a key element of public diplomacy throughout the Cold War. USIA's Voice of America (VOA) and RFE/RL were usually the only way to reach mass audiences in communist countries. Their broadcasts made valuable contributions to the political revolutions in Eastern Europe and the Soviet Union. In recent years, U.S. broadcasting has been augmented by Radio Marti and TV Marti, which provide surrogate local broadcast media for Cuba.

In the 1980s, VOA initiated a major modernization of its transmitter network to assure that all key target audiences receive a clear signal. The budget includes \$98 million in 1992 to continue that radio modernization program.

**Board for International Broadcasting.**—With the establishment of democratic governments and the development of reliable, free media in Eastern Europe, the need for RFE/RL broadcasts to the region is diminishing. As recent events in the Baltic countries show, however, there remains continuing need for the surrogate domestic radio services that RFE/RL provide. The budget proposes only a gradual phase down of this program. In 1992, \$218 million is requested. While above the \$206 million estimated for 1991 due to inflation and special financing factors, the 1992 funding level will lead to a reduction in broadcast hours.

**Other Programs.**—Other foreign information and exchange activities programs include exchanges of persons between the United

States and Japan and a number of other Asian countries.

## INTERNATIONAL FINANCIAL PROGRAMS

This category of international affairs spending includes funding for two major financial institutions.

**Export Import Bank.**—This Federal agency provides loans, loan guarantees, insurance and a small amount of grants to finance exports of U.S. capital goods primarily to developing countries. Budget authority of \$556 million and outlays of \$185 million will support export financing of \$9.5 billion in 1992. This would maintain the program at probable 1991 levels adjusted for inflation.

**International Monetary Fund.**—The purpose of the Fund is to promote a stable world monetary order, creating conditions for sustained economic growth. It does so in part by drawing on funds deposited by member governments to make medium term loans to governments with balance of payments problems. Loans are provided on conditions that promote economic reforms in borrowing countries.

Roughly every five years, the Fund's members assess whether their deposits, called quotas, are adequate to meet its objectives. As a result of such an assessment last year, it was decided to increase quotas by 50 percent. The increase in the United States quota will amount to \$12.2 billion in budget authority, which is requested in 1992. Because of the monetary character of quotas, there will be no outlays associated with the increase, but exchange rate adjustments on previous U.S. quota subscriptions resulted in \$741 million of negative outlays in 1990.

**Other Programs.**—Other international financial programs include a \$20 million fund for contingencies in 1992 as well as the special defense acquisition fund. The latter is a revolving fund for the advance procurement of military goods for security assistance in which receipts occasionally exceed disbursements.

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## **VIII. ADDRESSING INHERITED CLAIMS, HIDDEN LIABILITIES, AND DEBT**

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Part Two-199

Sections VIII.B and VIII.C have been extracted  
and reprinted herein.

The entire section VIII. may be referred to on  
pages Part Two-199 through Part Two-298 of the "Budget  
of the United States Government."



## VIII.B. IDENTIFYING LONG-TERM RETIREMENT OBLIGATIONS

### HIGHLIGHTS

An increasingly large share of the budget is devoted to retirement pensions and health insurance for the elderly.

- In 1992 social security outlays will be \$288.6 billion, which is 19.9 percent of total outlays, compared with 15.5 percent in 1970. As a share of the budget, social security outlays should be relatively stable in the 1990s, but will move sharply higher, when the "baby-boom" generation begins to retire in the next century.
- Rapidly growing health care costs are a threat to the long term solvency of Medicare. It is the fastest growing major program in the budget. Medicare spending jumped from \$6.6 billion in 1970 to \$32 billion or 5.4 percent of Federal outlays by 1980. In 1992, without reform it will be \$130.3 billion, which is 9.0 percent of the budget.
- As the population ages, the demand for medical care is likely to continue increasing since the elderly are the most intensive users of medical services. Under current mid-range assumptions, Medicare's Hospital Insurance (HI) Trust Fund will be insolvent by 2006.
- Medicare's Supplemental Medical Insurance Trust Fund (SMI), which pays for outpatient care, does not face insolvency since it is funded on a pay-as-you-go basis; but if its steep growth rate continues, substantially greater contributions from general revenue will be needed to continue its current level of services.

Aside from social security and Medicare, the Federal Government's largest annuity programs are for its own civilian and military retirees. Outlays for these programs will total \$64.2 billion in 1992.

- Legislation enacted in the mid-1980s required that expected pension costs be

charged to agencies as they accrue for new civilian and all military employees. Prior to that, employment costs were understated.

- Many nonmilitary employees hired before the passage of this legislation are still covered under pension systems that only partly account for accruing obligations. The Government also offers health benefits for its retirees in addition to those provided under medicare. This too is an accruing obligation that is not now reflected in agency budgets. The Administration supports the principle of charging agencies the full current cost of such accruing obligations. Doing so would provide the agencies with information and incentives to control costs.

Enactment of the Omnibus Budget Reconciliation Act of 1990 (OBRA) was an important step toward constraining the growth of Government spending and limiting the budget deficit. The deficit will be lower in the future than it would have been otherwise.

- The Act removed the receipts and outlays of the two social security trust funds from the calculation of the Federal deficit targets, and adopted the principle that future social security tax and benefit changes should not worsen the actuarial conditions of the trust funds.
- These reforms promote the goal of the "Social Security Integrity and Debt Reduction Plan" proposed in last year's Budget. They are designed to channel future social security surpluses into added national saving that can be used to increase capital formation and raise productivity.
- OBRA also improved the outlook for Medicare by constraining its costs and enhancing its receipts.
- The 1992 budget proposes to increase Medicare efficiency through reforms that constrain increases in payments for se-

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lected hospitals, physicians, and related services.

- Medical liability costs have helped to fuel the rapid growth in medical costs and

have encouraged the practice of defensive or unnecessary medicine. The Administration will propose a package of liability and quality of care reforms to address these issues.

## MEASURES OF ACTUARIAL DEFICIENCY

Actuaries use at least three different methods to determine whether an actuarial deficiency exists in an annuity program: accrued to date, closed system, and open system. These methods differ in the assumptions they make about the annuity program's future income and obligations.

**Accrued to Date.**—One method that is widely used in the private sector computes a program's deficiency as of the date of the calculation, assuming that it will incur no further obligations and receive no future income. The present value of benefits due to past and present employees is calculated based solely on their service to date. The result is then compared to the present value of the program's assets to see if the assets satisfy minimum funding levels.

This method is appropriate for annuity programs that face the risk of immediate termination should a sponsoring business firm be forced into bankruptcy. It is, however, less rel-

evant for Government plans, where the sponsor of the program can be assumed to continue in existence indefinitely. A more appropriate consideration for Government plans is the extent to which plan income will be sufficient to meet the plan's commitments. To answer this question requires a deficiency concept that takes into account future as well as past income and obligations.

**Closed System.**—This method computes the present value of all expected future benefits due to current and past employees. Unlike the first method, this adds the present value of the benefits current employees will earn in their remaining years before retirement to the value of the benefits to which they are already entitled in computing pension plan liabilities. Similarly, it adds the present value of their expected future contributions and those made on their behalf to plan assets. The difference between the present value of benefits and assets computed in this way is the actuarial defi-

**Table B-1. ACTUARIAL DEFICIENCIES OF RETIREMENT ANNUITY PROGRAMS<sup>1</sup>**

(In billions of dollars)

	Currently Accrued	Closed System	Open System
Social Security—OASDI .....	na	7,100	1,244
Medicare—HI .....	na	na	312
Railroad Retirement .....	na	34	na
Civil Service Retirement System .....	409	643	na
Federal Employees Retirement System .....	-2	6	na
Military Retirement System .....	393	513	na
Other Retirement Systems <sup>2</sup> .....	15	22	na

na = Not available.

<sup>1</sup>The actuarial deficiencies shown here are not fully comparable; they differ in their underlying economic assumptions. These differences do not affect the order of magnitude shown in the table.

<sup>2</sup>These retirement programs include Coast Guard Military, Public Health Service Commissioned Corps, State Department Foreign Service, and the Central Intelligence Agency Retirement and Disability System.



ciency. Although this concept is broader than the first, it too is a closed-system calculation in that only current and past employees are considered, even when there is certain to be future enrollment in the program.

**Open System.**—Under this method, the plan's liabilities equal the discounted present value of all benefits due to past, present and future workers. The difference between this grand total of plan liabilities and the value of the plan's assets, including the present value of all expected future contributions to the plan, is the actuarial deficiency.<sup>1</sup>

**Magnitudes of Actuarial Deficiency.**—For social security, the deficiency is \$7.1 trillion under a closed-system calculation and \$1.2 trillion using the open-system approach. Both calculations use the same economic and demographic assumptions. The lower estimate is more meaningful since it takes account of all prospective receipts and outlays over the next 75 years. The social security system is firmly established and it is reasonable to assume that it will cover future workers, as well as those currently employed. According to the social security actuaries' mid-range projections, future social security payroll taxes, the income tax paid on some social security benefits, and the interest earned by the trust fund assets will cover most, although not all, of the cost of future benefits. This is reflected in the open-system calculation of the deficiency.

For medicare hospital insurance, the Treasury, in its most recent report, shows an actuarial deficiency of \$312 billion as of 1989, calculated on an open-system basis. In this program, rising hospital costs and increasing usage compound the effects of an aging population.

The actuaries for the Federal civilian and military retirement programs report closed-system calculations in their annual reports required by Public Law 95-595. For the large Federal retirement programs, the open-system

calculation is identical, in principle, to the closed-system deficiency as discussed in the footnote. Future employees will enter systems in which the present value of their own contributions, plus those made on their behalf by their agency, will exactly match the present value of their future benefits.

Based on closed-system calculations, the Civil Service Retirement System (CSRS) had an actuarial deficiency of \$643 billion as of 1989, while that of the military retirement fund was \$513 billion. If the CSRS system were to begin to be fully funded for all future service, the actuarial deficiency would be \$100 billion less. The new retirement system for civilian employees, the Federal Employees Retirement System (FERS), had a small deficiency due to the transfer of some employees from CSRS to FERS. These employees had previously accumulated some unfunded retirement benefits under the old system.

The actuarial gap in the military retirement fund is attributable entirely to those employees with military service before 1985. Pension costs for military service since 1985 are paid to the military retirement funds and are fully recorded in the budget currently. The costs of the partly unfunded pensions for older military personnel are being gradually amortized through 2043.

Two qualifications to the analysis above are worth noting. First, even those annuity programs that are fully funded and with no actuarial discrepancy, are not necessarily adding to national saving. Agency outlays for accruing pension obligations are matched by offsetting intragovernmental receipts to the trust funds, so changes in recorded outlays have no effect on the deficit. The deficit is neither larger nor smaller whether or not the annuity programs are fully funded. Yet if the Government is to add to national saving, it must reduce its deficit.

Second, the Government will have to meet future pension and medical care costs as they occur, out of future resources, even for fully funded programs. Funding the plans currently gives a better idea of what these programs cost, but it does nothing to reduce the future burden of these obligations unless accompanied by an increase in saving.

<sup>1</sup> Although conceptually distinct, the open-system calculation will give an answer identical to the closed-system calculation if the benefits due to future employees are exactly balanced by expected future contributions either made by them or on their behalf. In this case, the added liabilities due to future workers are exactly matched by the asset value of their expected future contributions to plan income. Nothing is added to the deficiency by taking their claims and contributions into account.



## PUBLIC ANNUITY AND HEALTH INSURANCE PROGRAMS

Government-sponsored funds help to protect the public from the risks of old age and disability through social security. For the elderly, it also insures against hospital expenses and the costs of other medical services through medicare. These programs are nearly universal in their coverage. The Government has also taken responsibility for preserving the railroad retirement pension program, which operates both as a substitute for social security and as a private pension plan.

### Social Security

Social security consists of Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI). Total spending on these two programs is estimated to be \$288.6 billion in 1992. This is sharply higher than the \$92.1 billion (1992 dollars) spent in 1970. The rising trend in retirement costs is partly due to more generous benefits. It also reflects the aging of the Nation's population, the doubling of the number of DI beneficiaries, and an increased tendency for early retirement.<sup>2</sup>

At age 65, men can now look forward to 15 additional years of life; as recently as 1970, they could only expect to live 13 more years. Over the same period, life expectancy at 65 for women lengthened from 17 to 19 years. Meanwhile, the proportion of men who retire before reaching age 65 has nearly doubled. The shift to earlier retirement increases the number collecting benefits while reducing the number paying taxes.

As in the past, long-term demographic and economic changes will largely determine the future financial condition of the social security trust funds. Nearly 80 million Americans were born during 1946-1964. These "baby-boomers" are now entering their prime working years, when their incomes will be at their highest. While they work and pay taxes over the next two decades, the social security trust funds

should grow dramatically. But beginning around the year 2010, the "baby-boomers" will start to retire in large numbers and, as they do, they will claim more of the funds' resources.

The social security actuaries regularly estimate receipts and outlays 75 years into the future, based on alternative economic and demographic assumptions. According to their latest mid-range assumptions, the funds' tax receipts are expected to exceed outlays from now until the year 2018. Total fund receipts, including interest, are expected to run ahead of outlays for another decade so that the reserves in the trust funds peak around 2029. Following that year, the funds are drawn down. They are estimated to be exhausted by the year 2043.

A separate review of the DI trust fund alone would be less optimistic. Workers and employers pay 0.6 percent of taxable payroll to the DI trust fund. On mid-range assumption, the DI fund will become insolvent by 2020.

The long-run actuarial deficiency in the trust funds and other indicators of their financial status are highly sensitive to the particular assumptions made in projecting future income and outgo. The indicators could easily be much more or much less favorable than they are under the mid-range projections. In order to evaluate the future financial status of the trust funds, it is necessary to project population growth, the retirement age, and productivity. There is great uncertainty in each of these areas. The following is a brief review of some considerations that are helpful in evaluating these projections.

**Population Growth.**—The Social Security Trustees' mid-range projections (known as alternative II-B) envisage a slow rate of population growth. Under these assumptions, the population growth rate drops from 1.00 percent a year in the 1980s to a negligible 0.03 percent by the middle of the next century. This pronounced slowdown reflects low estimates for both fertility and immigration and a limited increase in life expectancy. Of these three, the low birth rate has the largest effect on future population growth.

<sup>2</sup> During the 1970s, DI benefit awards grew explosively; the number of beneficiaries increased from 2.7 million to 4.7 million and the cost of the program quintupled, rising from \$2.8 billion to \$14.9 billion (in constant dollars). In response, Congress mandated new evaluation procedures to screen beneficiaries in the early 1980s. Subsequently, program participation declined slightly, but since 1984, the number of beneficiaries has consistently increased.



The Trustees' mid-range assumptions extend forward the low birth rates of the 1970s and 1980s. Fertility is projected at 1.9 births per woman, only slightly above the postwar low of just 1.8 births per woman in the mid-1970s, and well below the postwar peak of 3.7 births. Fertility, however, has been on an upward trend in recent years. In 1990, an estimated 420,000 more babies were born than assumed in alternative II-B.

Economic factors could lead to even higher future birth rates. A large birth cohort such as the postwar baby-boom faces many problems due to crowding in the labor market, schools, even within the family. By having fewer children of their own, the baby-boomers were able to raise each child's future prospects. But these children, facing more favorable circumstances, will have less reason to limit their own family size. Economists who study population dynamics believe that population growth has cycled in the past for this reason, and it could rebound again as the children of the baby-boom begin to raise families of their own.

Medical advances have extended the time women are able to bear children with an ensuing rise in births among women over 35. The expanded availability of nonparental care arrangements, which give women more opportunity to combine motherhood with a career, also favors a rise in the birth rate. Finally, new procedures to increase the probability of conception could boost fertility.

Immigration is estimated to be about 675,000 people per year. The II-B assumptions project a constant rate of immigration near this level for the next 75 years. That contributes to the projected slowdown in population growth occurring in the next century. Immigration has been on a rising trend for decades, and the new immigration law raises the limits that were in place when the Trustees' assumptions were last revised.

Longevity also affects population growth. When people live longer, the population is larger. The II-B assumptions project a continued improvement in longevity, but less rapid than in recent decades. The biotechnology revolution and lifestyle changes are reasons for thinking that a faster rate of improvement is possible. Unlike higher birth rates and more immigration, increased longevity raises social

security expenses and diminishes the balance in the trust funds.

**Retirement Age.**—The Trustees' II-B assumptions project continuing declines in labor force participation by the elderly in a straightforward extension of trends over the past few decades. Longer lifespans, however, could encourage delayed retirement as workers stay on the job longer in order to finance extra retirement years. It takes about 6 more months of work to provide the same retirement cushion when life expectancy increases by two years. Improvements in health are also likely to accompany increases in longevity, and these could permit some workers to keep their jobs who now retire because of poor health.

The social security reforms of 1983 also may have an effect. They increased the age at which full benefits are available from 65 to 67 and reduced the early retirement benefit, changes that will be phased in gradually over the next quarter century. There is also a larger credit for delayed retirement. These reforms could contribute to an increase in the retirement age, but most estimates suggest they will have only a modest effect.

**Productivity.**—Labor productivity is assumed to rise at an average rate of 1.65 percent per year over the 75-year forecast period. Although this is well within the range of past U.S. experience, it exceeds the average rate of improvement over the past 20 years. From 1909 to 1989, productivity grew at an average rate of 2 percent per year. Since the end of 1969, however, it has only grown by 1.2 percent per year.

The risk that slower productivity growth poses to the trust funds would be reduced if the projected social security surpluses were actually saved. One rough calculation suggests that the extra investment this saving could generate might increase the rate of business capital formation by as much as three-quarters of a percentage point per year over the next 20 years, thereby adding about one-quarter percentage point to average productivity growth.

To allow for such uncertainties, the Trustees' report presents alternative assumptions bracketing the mid-range path. Alternative I is the optimistic projection. It assumes a fertility rate

Table B-2. ALTERNATIVE INDICATORS OF SOLVENCY FOR OASDI

Trustees' Alternative Assumptions	I	II-A	II-B	III
Beneficiaries per 100 covered workers in:				
2015 .....	34	37	37	41
2040 .....	44	52	53	64
2065 .....	41	55	56	80
Income rate minus cost rate as a percent of taxable payroll in:				
2015 .....	2.50	1.12	0.64	-1.23
2040 .....	0.53	-2.69	-3.40	-7.99
2065 .....	1.24	-3.42	-4.16	-12.42
Actuarial deficiency (-) as a percent of taxable payroll:				
25 years .....	3.40	2.58	2.17	0.77
50 years .....	2.11	0.69	0.17	-1.83
75 years .....	1.76	-0.31	-0.91	-3.87
Present value of actuarial deficiency (-) in billions of dollars:				
25 years .....	1,834	1,331	1,091	353
50 years .....	2,151	656	160	-1,499
75 years .....	2,557	-403	-1,174	-4,219

of 2.2 births per woman, and that immigration will be greater than in II-B. Longevity does not improve as much in alternative I. Shorter lifespans strengthen the trust funds, so it is "optimistic" to assume that they increase less than in II-B.

Alternative III is the pessimistic scenario. The birth rate and immigration are lower than in II-B while longevity improves more. Alternative II-A makes the same demographic assumptions as in II-B, but assumes a higher path for productivity.

Table B-2 shows the effect of these alternatives on some measures of social security solvency. The 75-year actuarial deficiency swings from a present value surplus of \$2.6 trillion to a deficit of \$4.2 trillion as one goes from the optimistic to the pessimistic alternative. The combined trust funds would be exhausted in 2023 under alternative III, in 2043 under II-B, and in 2056 under II-A. Under the optimistic assumptions of alternative I, the funds remain solvent throughout the 75-year projection period.

The risks that the funds will eventually tip into deficit appear to be somewhat greater than the chance that they will always maintain a surplus, but a deficit is not a certainty. Policies that promote thrift, capital formation,

and productivity growth reduce the chance of a permanent shortfall.

**Recent Changes in Social Security.**—In 1985, social security was removed by law from the Federal budget, but the surplus in the trust funds continued to be counted toward deficit estimates and calculations for purposes of sequestration under the Gramm-Rudman-Hollings Act. The Budget Enforcement Act of 1990 removed the OASDI trust funds from the future deficit targets as well. The Act also includes "fire wall" provisions intended to make it difficult to spend the projected buildup of reserves on higher benefits or lower social security taxes.

The "fire wall" is necessary protection if the surpluses are to add to national saving, but it is not sufficient. The growing balance in the trust funds must be matched by an equal improvement in the consolidated budget deficit beyond what would have otherwise occurred. The real test is whether the consolidated Federal deficit is reduced relative to what it would otherwise have been. Unless the consolidated budget deficit declines in this way, the surpluses in the trust funds will not be truly saved regardless of accounting conventions.

If the "fire wall" works and if the rest of the budget is gradually brought into balance,



the surpluses will be used to reduce publicly held Federal debt, add to private capital formation, and increase real GNP. It is not possible to avoid the extra costs that are looming in the future when the baby-boom generation retires, but it is possible to prepare to meet them by saving more now. OBRA is a step in that direction.

The most significant change made in social security by OBRA was to add over two million State and local government employees not covered by separate retirement plans into social security and medicare as of July 1, 1991.

### Medicare

The long-term ability to finance health care for the elderly is at risk, as indicated by the actuarial deficiency in the Medicare HI Trust Fund discussed in the previous section. An increasingly older population and rapidly growing health care costs place demands on the Medicare trust funds that need to be addressed. Medicare costs have increased an average of 11.4 percent each year since 1980. The budget proposes a number of modest policy changes to help bring costs under better control.

The Federal Hospital Insurance (HI) Trust Fund is financed primarily through a payroll tax and interest earned on Trust Fund reserves. The 1.45 percent HI tax applies to both employers and employees up to a limit of \$125,000 a year on taxable wages. During 1990, HI covered 30 million aged and 3 million disabled enrollees with total outlays of \$64.1 billion. Medicare's other trust fund is the Supplementary Medical Insurance (SMI) Trust Fund. It pays for physician and outpatient care and is financed 25 percent by enrollee premiums and 75 percent by general revenues. During 1990, 32 million people were enrolled in SMI and total outlays amounted to \$43.0 billion.

Despite significant cost containment measures enacted in recent years, *The 1990 Annual Report of the Board of Trustees of the Hospital Insurance Trust Fund* states that the HI trust fund will become insolvent in 2003 under intermediate economic assumptions. Health Care Financing Administration (HCFA) actuaries estimate that provisions of the 1990 Omnibus

Budget Reconciliation Act may extend the life of the HI trust fund by three years. Bringing the HI trust fund into actuarial balance over the next 25 years would require that income be increased by 21 percent, outlays be reduced by 27 percent, or some combination of the two. Although the SMI fund does not risk insolvency, its rapid growth has caused outlays to nearly double in the past five years—from \$22.7 billion in 1985 to \$42.2 billion in 1990. If the current rate of growth continues, a substantial increase in general revenue contributions will be needed. Under current growth assumptions, general revenue contributions will need to double between 1990 and 1996, from \$33.2 billion to \$68.7 billion, and premiums will also rise; but not as quickly, thus increasing slightly the Federal share of Part B financing.

Spending on Medicare in 1992 will be \$127.3 billion, 11.9 percent over 1991 spending levels. In order to improve program efficiency, the budget proposes to constrain increases in payments for selected hospital, physician, and related services. Even with these reforms, spending on hospital services (Medicare Part A) will rise by \$5.2 billion and spending on physician and related services (Medicare Part B) will rise by \$5.2 billion in 1992.

**Expanding Coordinated Care.**—Coordinated care programs such as health maintenance organizations (HMOs) and preferred provider organizations (PPOs) have shown great promise in providing efficient high quality care at lower cost than traditional fee-for-service medicine. By contracting directly with providers to offer integrated services, beneficiaries receive quality care at lower cost. The President's budget proposes a new "point-of-service" option for Medicare beneficiaries and includes initiatives to expand enrollment in HMOs.

More than one-quarter of all working Americans and their dependents receive coverage through HMOs and PPOs. In staff and group HMOs, a group of primary care and specialist physicians provide the full range of care to plan enrollees. PPOs typically contract with a group of providers (physicians, hospitals, clinical laboratories, etc.) who offer to care for more enrollees at reduced prices. PPO enroll-



ees, by sharing in the lower costs, have an incentive to use network providers.

A recent development has been the introduction of point-of-service choice (POS) in coordinated care systems. A POS option permits enrollees to choose on a service-by-service basis whether to receive care from a selected POS provider or, alternately, from any other provider of their choice. The budget proposes to create a POS option for Medicare beneficiaries.

The budget also contains new initiatives to expand enrollment of Medicare beneficiaries in HMOs. Program rules make it difficult for some Medicare beneficiaries to enroll in HMOs. Enrollment periods for newly-eligible Medicare beneficiaries are limited and retiree groups have only limited opportunities to enroll in HMOs. Legislation will be proposed to allow Medicare HMOs, at their own option, to enroll new beneficiaries on an open enrollment basis, and to serve retiree groups exclusively.

**Improving Quality.**—The budget continues the Administration's efforts to improve the quality of care for Medicare beneficiaries. While the quality of health care in the United States remains second to none, it has shortcomings. Hospitals and physicians lack effective systems for monitoring the quality of care, so they do not receive early warning of possible problems.

Last year, the Institute of Medicine (IOM) completed a study on improving quality assurance in Medicare. It recommended that hospitals use data on patient outcomes (morbidity and mortality) to monitor and improve quality. The IOM also recommended that Medicare's peer review organizations (PROs) shift their emphasis to aiding hospitals improve quality.

Over the past several years, the Health Care Financing Administration has been developing a state-of-the-art monitoring system that could realize the IOM's vision. Called the Uniform Clinical Data Set (UCDS), it can be used to track medical care outcomes. The UCDS will allow users to account for differences in severity of illness through detailed clinical adjustments. With this refinement, outcomes data can be used in a reliable manner to monitor and compare quality. The system will be used initially to guide external quality review by

the PROs. Ideally, hospitals would establish similar systems and take the initiative in quality improvement. Eventually, with real-time reporting, computer-based expert systems could identify problems before patients have suffered harm.

**Part A Program Changes.**—Teaching hospitals receive "add-on" payments originally meant to compensate for their higher costs when compared to non-teaching hospitals. Studies by the General Accounting Office (GAO), the Inspector General, the Health Care Financing Administration, and the Congressionally-established Prospective Payment Assessment Commission (ProPAC) all indicate that the proper rate for the indirect medical education (IME) add-on is less than the legislated rate. Payments are substantially higher than average costs for serving Medicare patients. As a result, teaching hospitals have significantly higher Medicare profit margins than any other category of hospital. Different approaches have been proposed to establish equitable rates, ranging from an immediate reduction to a multi-year phase-down.

Teaching hospitals' higher costs arise from a mix of poorer and more severely ill patients. Over time, these two factors have been increasingly accounted for through other more explicit payment mechanisms. Recent expansions in the disproportionate share payment (DSH) now provide significant additional resources to hospitals whose patients are disproportionately poor. Medicare's case-specific payments make up for most of the severity-of-illness differences. As a result, the IME factor is too high. A recent ProPac analysis suggests that a rate of 3.2 percent—compared to the present rate of 7.7 percent—is appropriate. Even this analysis, conducted prior to the significant OBRA expansions of the DSH payment, likely overstates the appropriate adjustment. In its 1990 report, ProPAC recommended that a five-year phase-down of the rate occur only after a careful review of the financial condition of teaching hospitals.

The budget adopts the five-year phase-down with a 1996 rate of 3.2 percent. Because of OBRA DSH expansions, an immediate reduction from 7.7 percent to 4.4 percent is proposed for 1992. The budget also proposes to substitute a hospital's average daily census of pa-



tients for total beds in the formula used to compute the IME adjustment. This should limit Medicare's exposure to any inappropriate manipulation of the IME formula.

Other program changes to put providers on an equal footing will move the annual hospital payment update to January 1st and eliminate the guaranteed payment of return on equity for proprietary skilled nursing facilities (SNFs). In the past several years, Congress has delayed the yearly update in hospital fees. Moving the hospital update to January 1st is consistent with this practice and will put hospitals on the same update cycle used for most other providers. Proprietary SNFs are the only class of provider for which the return on equity is guaranteed by Medicare; elimination of these payments puts proprietary SNFs on the same footing as all other facilities.

Finally, the budget proposes to change the method used for computing the limits on home health costs. Currently, Medicare caps only the total payment to home health agencies (HHAs) for all HHA services. In billing Medicare, HHAs can offset costs exceeding the limit for one type of visit with amounts below the limit for other types of visits. This approach creates incentives for inefficient use of the range of covered visits. In a recent study, GAO determined that setting type-of-visit, or per-discipline cost limits would have little adverse effect on home health agencies or beneficiaries. The budget proposes restructuring HHA payments caps in this way.

**Part B Program Changes.**—One set of proposals will encourage hospital outpatient departments (OPDs) to become more efficient while helping to establish a level playing field for OPDs, ambulatory surgery centers (ASCs), and physician offices. These proposals would also strengthen the incentives for appropriate use of clinical laboratory tests at little or no net cost to beneficiaries. These proposals address four problems:

- Most OPD services are still paid partly on a cost basis more than seven years after inflationary cost-based payments for inpatient hospital services ended. Partly as a result, outlays for OPDs have increased rapidly—by almost 17 percent a year during the 1980s.

- Cost-based payment perpetuates an uneven playing field. Payment rates and the method used to determine the rates vary widely for ambulatory surgery, diagnostic tests and x-rays depending on where the service is provided. ASCs and physician offices are paid on a prospective fee schedule basis. OPDs are paid based on a blend of prospective rates and costs. This hodgepodge reflects the accidents of history, rather than any well considered policy. It obviously makes no sense to pay sharply differing amounts for the same service.
- Medicare beneficiaries pay substantially more in coinsurance for the same service provided in an OPD than in an ASC or physician's office. Coinsurance payments are set equal to 20 percent of the hospital's billed charge instead of 20 percent of the Medicare payment rate. Because hospital charges have been increasing rapidly, coinsurance for OPD services are substantially higher as a result.
- Coinsurance does not apply to clinical lab tests even though there is a 20 percent coinsurance on all other Part B services. As a result, physicians and beneficiaries have less reason to be mindful of the cost of lab tests. Perhaps for this reason, outlays for clinical lab tests have increased by more than 20 percent a year since 1985 when coinsurance for tests was eliminated.

To address these problems, the budget proposes a uniform set of payment rates in all settings for surgery, diagnostic tests, and x-rays. Rates would be set prospectively to encourage efficiency. Coinsurance for OPDs would be based on the new prospective rates, reducing out-of-pocket costs for care provided in this setting. This, in turn, would permit restoration of coinsurance for clinical lab tests at little or no net cost to beneficiaries.

Because of the major changes in the scheduled January 1992 implementation of Medicare's new fee schedule for physician services, the budget contains only a limited number of proposals affecting physician payment.

- Currently, Medicare pays substantially more for anesthesia provided by a nurse/physician team than for anesthesia provided directly by a physician. This makes



little sense because cost-effective delivery of care is one of the main potential advantages from employing non-physician practitioners. The budget would correct this problem by limiting payment for medically directed nurse anesthetists to the prior budget neutral rates and reducing payment for the supervising physicians to keep the total payment for the team within limits.

- A similar policy would limit payment for surgeons, when the surgeon elects to use an assistant. Use of surgical assistants is often a matter of convenience and personal preference rather than a matter of medical necessity. A number of studies have documented wide and unexplained variations in the use of surgical assistants.
- A technical correction to the formula for the Medicare Volume Performance Standard (MVPS) is needed for 1991. This reduces the MVPS for 1991 to 2 percentage points below 1991 baseline expenditure growth, as apparently intended by the Congress.

Other changes in physician payment are also included in the budget. Duplicate fees for laboratory specimen handling will be eliminated. Resource-cost based fee schedule rates for the technical component of radiology and diagnostic tests will be implemented.

Finally, the budget contains a number of other miscellaneous changes. These include a number of revisions of payment rules for durable medical equipment (DME). One of these changes would reduce payment for home oxygen therapy by five percent to reflect the recent trend toward increased use of oxygen concentrators and away from oxygen tanks which are more costly.

**Standardizing Medicare Secondary Payer Provisions.**—The budget proposes to amend the Medicare secondary payer (MSP) provisions for the disabled and for end stage renal disease (ESRD) beneficiaries by making Medicare secondary to those employer group health plans covering at least one employer with 20 or more employees. Standardizing the group health plan size for the disabled and ESRD beneficiaries would simplify administration of group health plans and

shield small employers from the potentially high costs of providing health care coverage for ESRD beneficiaries without cost to beneficiaries.

To ensure the proper sequence of payment for health care, the budget includes \$5 million to establish a Clearinghouse for Third Party Liability, located centrally in the Department of Health and Human Services. The Clearinghouse would identify beneficiaries of Federal health programs who are simultaneously enrolled in employment-based health care plans. This information would be available to fully Federally funded health programs, like Medicare, and, on a mutual basis, to administrators of Federally-assisted health coverage like Medicaid. Employment-based health insurance would be identified by having employers report basic health insurance information to the Federal government on the employees' Wage and Tax Statement (W-2). The Social Security Administration which receives a copy of the statement, would process the data for the clearinghouse. Beneficiary health insurance data would be searched before Federal funds are used and the health care bill would be forwarded to be paid by the appropriate health insurer.

**Medical Professional Liability Reforms.**—From 1984 to 1988 medical malpractice premiums rose from approximately \$1.9 billion to \$4.2 billion. This has led some physicians to alter their behavior in an effort to avoid liability—often choosing to discontinue high-risk practices or to engage in unnecessary defensive medicine. Growing liability costs and unnecessary defensive medicine contribute to high health care costs that are a problem for everyone.

The Administration's reform package will include proposals that encourage States to:

- Cap the amount of allowable non-economic damages. In the 26 States that have limited total damages, malpractice rates have declined significantly;
- Eliminate joint and several liability for noneconomic damages;
- Eliminate the collateral source rule that allows for double recovery;



- Require structured payments for malpractice awards, as opposed to lump sum payments;
- Promote pretrial alternative dispute resolution, including mediation and pretrial screening panels, to encourage reasonable settlements;
- Implement procedures to enhance the quality of care.

Additionally, at the Federal level the Administration will propose to apply these tort reforms to Federal courts; to begin a pilot program in the Federal Employees Health Benefits Program that offers alternative dispute resolution; and to improve the quality of medical care through enhanced effectiveness research and improved peer review.

To avoid preempting State laws and to encourage States to adopt liability reforms within a reasonable three-year time period, the Administration will propose to initiate, beginning in 1995, budget neutral incentive pools in Medicare and Medicaid.

Under the proposal, the Department of Health and Human Services would pool:

- A portion of the annual increase (1 percent of total payments) in Medicare prospective payments for hospitals—approximately \$800 million in 1995;
- A portion (2 percent) of the State Medicaid match for staff salaries and expenses. State match rates average 53 percent. This pool would amount to approximately \$90 million in 1995. The proposal does not affect Medicaid provider reimbursement.

States that adopt a requisite number of reforms would share in the pool. Those States would receive enhanced Medicaid administrative match rates and their hospitals would receive supplemental payments. This structure provides incentives for the States to quickly adopt reforms—the States that act first will receive a reward, as will the State's hospitals.

### **Railroad Retirement Board**

With three retirees for every rail employee—the exact opposite of social security's ratio—the rail pension system stands on shaky ground. Between 1945 and 1980, the number

of employees fell by 68 percent. In the last decade, rail employment plummeted an additional 42 percent. This trend is expected to persist as railroads discover technologies that reduce operating and labor costs. Declining employment, past under-funding by the rail sector, and inadequate financing plans have taken their toll on the rail pension system which has an unfunded liability of \$34 billion. The Railroad Retirement Board's (RRB) chronic financial shakiness persists despite a number of Federal subsidies. The RRB has been rescued from insolvency by the Congress five times in the last 16 years.

The major change enacted by OBRA that affects the RRB was an additional \$384 million Federal subsidy to the rail pension funds for fiscal years 1991 and 1992. When the RRB was on the verge of insolvency in 1983, the pension system was allowed temporarily to keep Federal income taxes on private pension benefits for five years, or until it had received \$877 million, whichever came first. This temporary subsidy was repeatedly extended up through October 1992. The Administration strongly opposed each of these extensions which, when added to other Federal subsidies, could exceed \$3 billion by the year 2000.

The Administration concurs with the Railroad Retirement Reform Commission's recommendation that rail workers and their dependents be entitled to the same social security benefits as those who are covered by the Social Security Act. Legislation to ensure that rail families receive basic social security benefits, to which some are not now entitled as a result of exclusions in the Railroad Retirement Act, will be transmitted to the Congress. This proposal is discussed in Chapter V.C. "Distributing Federal Benefits More Fairly."

### **Overall Conclusion**

Each of the programs reviewed in this section faces risks. The Railroad Retirement program has the most immediate problem. As currently structured, it would be unable to meet its current obligations without Federal assistance. Neither Medicare nor social security is in immediate danger of insolvency. Rising medical costs and an aging population will deplete Medicare's Hospital Insurance trust fund within 16 years according to current projec-



tions unless further action is taken. Social security is in the least danger. But one component of social security, the disability insurance

trust fund, is projected to run out of money in 30 years.

## FEDERAL EMPLOYEE RETIREMENT AND HEALTH

In the 1980s, both civil service and military retirement were changed. The new programs require full funding for accruing retirement benefits due newly hired civilian employees and all military employees. There still exists, however, a large unfunded liability for previously hired employees. Furthermore, agencies are not charged for the Government's accruing health care costs for any of its future retirees.

This year, the Office of Management and Budget will study the possibility of recording in the budget all currently accruing pension program and retiree health care costs. The purpose of this reform would be to improve management incentives and better inform Congress and the executive about budget trade-offs.

### Civilian Retirement and Disability Annuities

The Civil Service Retirement and Disability Fund covers about 90 percent of all Federal civilian employees, including civilian employees of the Department of Defense. Total outlays in 1992 are estimated at \$35.0 billion. The fund operates two distinct civilian pension systems. The Civil Service Retirement System (CSRS) includes civilian employees who were hired before 1984 and chose not to transfer into the new Federal Employee Retirement System (FERS). The new system covers employees hired since 1984, plus any previous hires who chose to transfer. The old system will gradually be phased out of existence, but the phase-out may take a century to complete. The income, outgo and assets of both systems are commingled.

Under CSRS, employees and their agencies each pay an amount equal to 7 percent of the employee's salary toward the accruing cost of future retirement benefits. The total actuarial

cost is estimated at about 28 percent of payroll, so these contributions finance only half of the total cost. That is why the actuarial deficiency of CSRS under a closed-system calculation, including estimated benefits based on future service of current CSRS employees—\$643 billion—greatly exceeds the deficiency based on benefits earned to date—\$409 billion. FERS, by contrast, charges the full accrual cost, not just part, and the agency contribution is reflected in agency budgets.

OBRA eliminated the 50/50 lump-sum option for the return of retirees' contributions for all employees retiring after November 30, 1990, except those who are involuntarily separated or critically ill. A one-year extension is allowed for employees mobilized as part of Desert Shield. OBRA requires the Postal Service to pay the COLAs of post-1971 annuitants, including partial reimbursement to the Federal Government for COLA liabilities already paid. The Budget proposes full reimbursement for the past COLAs of these annuitants.

### Military Retirement and Disability Annuities

Military service pensions were financed before 1985 from annual general fund appropriations. Public Law 98-94 established fully funded accrual accounting for military retirement starting in 1985. This includes new service from employees hired before 1985, as well as new hires. Under this law, the Defense Department pays the normal cost of the system and the general fund makes payments from general revenues to amortize the unfunded liability, estimated at \$591 billion in 1992 for pre-1985 service.

The Military Retirement and Disability Fund was created as part of the change in 1985 to finance pensions and disability payments for career retirees, their survivors and



dependents. The fund has three major income sources: (1) The Board of Actuaries for the fund determines what percentage of basic pay is necessary to fund fully all future benefits resulting from current military service. This percentage is charged to the payroll of the Defense Department (or other employing agency) and paid to the fund. Total charges to agencies were \$16.3 billion in 1990 and are projected to decline to \$16.2 billion in 1992 as the size of the military force declines. (2) The general fund makes an annual payment to the fund of an amount adequate to pay off the unfunded liabilities by 2043 for pension rights earned before the fund was established. This amount was \$10.6 billion in 1990. (3) All balances in excess of current cash requirements are invested in Treasury securities which earn interest.

The fund's income greatly exceeds disbursements for current retirees (\$12 billion in 1990), but the surplus will erode as the proportion of retirees increases. Actuarial projections show the ratio of retirees to military personnel rising from 68 percent in 1992 to 88 percent in 2030.

Charging the Defense Department for current accruals rather than current cash pension benefits results in improved cost accounting and more accurate trade-offs between military personnel costs and other types of expenditures. In 1992, as noted, accrued costs will total \$16.2 billion. With the appropriate accounting, managers must consider full personnel costs when making resource decisions, and thus be encouraged to employ resources efficiently. The accrual system's incentives have also induced Congress to reform military pensions since immediate accrual savings result from benefit reductions.

The Administration is also considering a proposed change to the current approach used for computing military retirement accruals. This change would allow the accruals to reflect actual personnel retention, pay and interest rate experience more quickly and accurately. Separate accrual rates would be developed for officer and enlisted personnel in each of the Services. This will improve the estimates of Defense retirement accrual costs and will increase incentives for efficient personnel management. To allow sufficient time for appro-

priate study of these accrual changes, the budget shows the expected effect beginning in 1994.

### Other Annuity Programs

Over 90 percent of all Federal civil and military career people belong to one of the major pension programs discussed above. There are, however, some smaller pension plans for specialized groups of employees, such as the foreign service, Coast Guard military personnel, and the Public Health Service commissioned officers. Some plans are fully funded, while others remain on a pay-as-you-go basis.

The budget proposes again this year that the Public Health Service Commissioned Officers Retirement Fund be converted to an accrual-based accounting system. The proposed change would not affect outlays or benefits. It would be desirable for all of the smaller pension programs to be converted to an accrual basis. As indicated earlier in this section, this year the Office and Management and Budget will be studying the feasibility of doing so.

### Health Care for Retirees

Federal civilian retirees can continue to enroll in the health insurance programs to which current employees belong, while military retirees can continue to use military medical facilities. Although agencies are charged the full accrual value of new employees' retirement annuities, the costs for Federal retirees' health care are not charged to agencies as they accrue. Thus, agencies are charged less than the full cost of employee pay and benefits, and consequently they have an incentive to use more personnel in their allocation of budget resources than is fully optimal. Although this accounting practice has also been standard in the private sector, new accounting rules announced by the Financial Accounting Standards Board (FASB) will require firms to record these accruing liabilities against current income.

Most Federal civilian retirees purchase health insurance through the Federal Employees Health Benefits Program (FEHBP). The Government and insured retirees each pay part of the premiums. An appropriation to the Office of Personnel Management pays the Gov-



ernment premium share for retirees. The Postal Service makes a contribution toward the cost of its retirees' current and past premiums. Other agencies make no payment for the cost of their retirees' health coverage.

Rising health care costs and an increasing number of Federal annuitants have caused expenditures for retiree health benefits to increase over time. Estimated outlays for Federal annuitants' health benefits in 1992 are \$3.6 billion.

A rough estimate of the present value of civilian retiree health benefits based on service to date is approximately \$100 billion to \$130 billion. On a closed-system basis, which includes benefits attributable to future service, the present value of retiree health benefits is estimated to be approximately \$125 billion to \$185 billion. These estimates are only crude approximations, based on the method in the proposed FASB requirements for disclosure of post-retirement health care liabilities for private business. These upper range and lower range estimates reflect a difference of two percentage points in the assumed trend in health care expenditures. Since there is no funding for this program, an actuarial deficiency exists equal to the present value of benefits.

Military retirees are entitled to essentially free health care in military medical facilities if the facility has the capability to provide the needed care. Until they reach the age of 65, military retirees are also entitled to health care financed by the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). No premium is charged for CHAMPUS financed care, but there are deductibles and a 25 percent co-payment requirement. After they reach 65 years of age, military retirees are entitled to care financed by medicare.

Department of Defense costs for retiree health care consist of the costs of building,

equipping, staffing, operating and maintaining the military medical treatment facilities and the costs of claims paid by CHAMPUS and the administration of CHAMPUS. The costs of the military health care program, including health services provided to retirees, are funded annually by direct appropriations in the year the services are rendered (or, in the case of CHAMPUS, billed). The accruing costs for future health care due current employees when they retire is not now being recorded in the budget.

In order to provide a better focus on military retiree health care costs, the Defense Department is studying a proposal to fund the costs of health care provided to retirees, including the costs of CHAMPUS, on an actuarial basis. This change would help make the total costs of current force sizing decisions explicit when those decisions are made. At present, the Defense Department does not have the capability to determine the actual cost of providing health care in military medical facilities to retirees. Broad average cost estimates are used to estimate the cost of care provided to retirees.

The proposal currently under review would deposit the costs of health care for future military retirees, estimated on an actuarial basis, into a trust fund from which actual in-house and CHAMPUS costs of those retirees would be paid. This is similar to the current method of budgeting for military retired pay. There would be a period of approximately 40 to 65 years before health care costs for current retirees are no longer included in the budget authority requests of the Department of Defense.

Day-to-day management of medical costs would not be affected by the change being studied, nor would total budget outlays in any year be affected. What would change is the inclusion of cost in the program's budget when the decision to incur the cost is actually made, rather than years later.



## VIII.C. ACCOUNTING FOR FEDERAL BORROWING AND DEBT

Debt is the most explicit and legally binding obligation of the Federal Government. At the end of 1990 the Government owed \$2,410 billion of principal to the people who had loaned it the money to pay for past deficits. The gross Federal debt, including the amount held by trust funds and other Government accounts, was \$3,206 billion. This year the Government is estimated to pay about \$216 billion of interest to the public on its debt. The total interest on gross Federal debt is about \$286 billion, including \$70 billion paid to trust funds.

The present deficit is continuing to increase the amount of debt. However, the spending reductions and tax increases in the Omnibus Budget Reconciliation Act of 1990, when combined with the present budget proposals, should make it possible to restore the consolidated Federal budget to balance by 1996. The reduction in the deficit and borrowing will be accelerated as soon as the economy recovers from its current slowdown and the Government ceases to incur large outlays to fund the costs of resolving insolvent thrift institutions and banks.

### TRENDS IN FEDERAL DEBT

Federal debt held by the public has more than tripled since 1980, as shown in table C-1. Its growth was particularly rapid through 1986, increasing at an annual rate of 16 percent. The rate of increase was nearly cut in half from 1986 to 1990, and a further sharp deceleration is projected after 1992.

At the end of World War II, Federal debt equalled more than 100 percent of GNP. From then until the 1970s, Federal debt grew gradually, but, due to inflation, it declined significantly in real terms. Because of an expanding economy as well as the inflation, Federal debt decreased almost every year as a percentage of GNP. With households borrowing heavily to buy homes and consumer durables, and with businesses borrowing heavily to buy plant and equipment, Federal debt also decreased almost

every year as a percentage of total credit market debt.

During the 1970s, large budget deficits emerged as the economy was disrupted by oil shocks and recessions. The nominal value of Federal debt more than doubled, and, despite high inflation, the real value of Federal debt increased by about a fifth. The ratios of debt to GNP and to total credit market debt stopped declining by the middle of the decade.

The growth of Federal debt held by the public accelerated during the 1980s. Budget deficits were high. With inflation successfully reduced, the large growth in nominal debt meant a large growth in real debt as well. The ratio of Federal debt to GNP rose from 27 percent in 1980 to 43 percent in 1987 and then leveled off through 1989. This was still well below its ratio from World War II to the beginning of the 1960s. The ratio of Federal debt to total credit market debt also increased up to 1986, though to a lesser extent, before leveling off.

The Federal deficit increased in 1990 for reasons that are largely transitory. Sizeable outlays were needed to fund the costs of resolving insolvent thrift institutions and banks, partly in order to acquire assets that will be sold in later years. The economic slowdown automatically decreased the growth of receipts by reducing incomes below what they otherwise would have been. Federal borrowing is estimated to increase still more in 1991, due to the downturn in the economy and additional outlays to resolve thrift institutions and banks, and to be nearly as high in 1992 despite a resumption of strong economic growth.

By 1993, however, the need for further new disbursements to resolve insolvent thrift institutions and banks should be substantially diminished; and the proceeds from selling assets acquired in previous years should rise. At the same time, the deficit should be improved by the continuing effects of economic expansion and of the spending constraints and other policies put in place by the Omnibus Budget Rec-

**Table C-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC**  
(Dollar amounts in billions)

	Debt held by the public		Debt held by the public as a percent of:		Interest on debt held by the public as a percent of total outlays <sup>3</sup>
	Current dollars	Constant 1982 dollars <sup>1</sup>	GNP	Credit market debt <sup>2</sup>	
1950 .....	219.0	921.0	82.1	55.3	11.4
1955 .....	226.6	839.0	58.6	43.3	7.6
1960 .....	236.8	761.3	46.7	33.7	8.5
1965 .....	260.8	772.4	38.8	27.0	8.1
1970 .....	283.2	682.7	28.6	20.7	7.9
1975 .....	394.7	686.2	25.9	18.4	7.5
1980 .....	709.3	837.0	26.6	18.7	10.6
1981 .....	784.8	841.9	26.3	18.8	12.0
1982 .....	919.2	919.2	29.3	20.2	13.6
1983 .....	1,131.0	1,085.1	34.0	22.4	13.8
1984 .....	1,300.0	1,201.5	35.3	22.7	15.7
1985 .....	1,499.4	1,344.4	37.9	23.2	16.2
1986 .....	1,736.2	1,516.2	41.5	23.6	16.1
1987 .....	1,888.1	1,599.6	42.7	23.1	16.0
1988 .....	2,050.3	1,685.8	42.9	23.1	16.2
1989 .....	2,190.3	1,728.2	42.7	22.8	16.5
1990 .....	2,410.4	1,828.6	44.6	23.4	16.2
1991 estimate .....	2,717.6	1,974.7	48.4	.....	15.3
1992 estimate .....	2,995.4	2,090.9	50.0	.....	15.7
1993 estimate .....	3,200.0	2,153.9	49.8	.....	16.1
1994 estimate .....	3,261.9	2,119.3	47.4	.....	16.6
1995 estimate .....	3,267.3	2,051.1	44.5	.....	15.8
1996 estimate .....	3,250.7	1,973.4	41.6	.....	14.6

<sup>1</sup>Debt in current dollars deflated by the GNP deflator for the fiscal year with FY 1982 = 100.

<sup>2</sup>Source: Federal Reserve Board flow-of-funds accounts. Total credit market debt owed by domestic nonfinancial sectors, modified to be consistent with budget concepts for the measurement of Federal debt. Projections not available.

<sup>3</sup>Interest on debt held by the public is estimated as the interest on the public debt less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). It does not include the comparatively small amount of interest on agency debt or the offsets for other interest received by Government accounts.

conciliation Act of 1990. By 1996, the Government is estimated to have a small surplus on a consolidated basis. The effect of cyclical forces and deposit insurance on the pattern of deficit reduction is analyzed further in Chapter III, "Economic Assumptions and Sensitivities."

Federal borrowing is therefore estimated to decrease considerably beginning in 1993 and to turn into a small repayment of debt in 1996. Debt held by the public is estimated to decline from 50 percent of GNP in 1992 and 1993 to 42 percent in 1996. Interest on the debt held by the public is estimated to be a smaller drain on the budget, accounting for 14.6 percent of total outlays by 1996.

The net effect of Federal borrowing on the economy depends partly on how the Government uses the borrowed funds. The outlays to resolve insolvent thrift institutions and banks are mostly paid to other financial institutions, which largely use these funds to make loans and buy securities. The Federal demand for funds from the credit market to finance these outlays is thus offset by an equal supply of funds to the credit market. Because of the offsetting transactions, there is no upward pressure on the average level of interest rates, and the Federal borrowing does not reduce private investment. In other words, Federal borrowing for this purpose does not divert national saving from other, potentially more productive uses. Federal borrowing or taxation to pay interest



on this debt, however, does have the normal effects of borrowing or taxation.

Federal borrowing could also be used to some extent to finance additional investment with a high rate of return, either tangible or intangible. If that occurred, the combination of more debt and more capital would be productive. It is impossible to attribute specific outlays to the borrowing except in special cases. The funds from borrowing and general tax receipts are mixed together. However, the data do not reveal that any upsurge in Federal investment has accompanied the upsurge in Federal borrowing. Investment rose in absolute terms but was about the same proportion of total Federal outlays at the beginning of the 1990s as at the beginning of the 1980s; and investment outlays, while significant, were a modest proportion of total outlays.

Thus the above-normal growth in Federal debt does not seem to have financed additional capital investment beyond what might have been expected. This has led to some concern that the future output and living standards of the Nation may be reduced. Although there is reason for this concern, much of the present rise in borrowing is transitory, caused by the automatic effects of the economic slowdown and the costs of resolving insolvent thrift institutions and banks. Sound policies based on the Omnibus Budget Reconciliation Act of 1990 can eliminate the consolidated deficit by 1996 and ultimately balance the budget exclusive of social security. This will reduce the drain of Federal borrowing on national saving and enhance productivity, which, in turn, will make manageable the future interest on the Federal debt and the burden of social security expenditures in the next century.

#### **DEBT HELD BY THE PUBLIC AND GROSS FEDERAL DEBT**

The Federal Government issues debt for two principal purposes. First, as discussed in the previous section, it borrows from the public in order to finance the Federal deficit. Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, most trust fund surpluses must be invested in Federal securities. The gross Federal debt is thus defined to consist of both the debt held by the public and the debt held

by Government accounts. Nearly all the Federal debt has been issued by the Treasury and is formally called "public debt," but a small portion has been issued by other Government agencies and is called "agency debt."<sup>1</sup>

Borrowing from the public, whether by the Treasury or some other Federal agency, has a significant impact on the economy. Borrowing from the public is normally a good approximation to Federal dissaving, although, as discussed above, that is not the case when the borrowing is used to fund the cost of resolving insolvent thrift institutions and banks. Federal dissaving, even if used productively for additional investment, has to be financed by the saving of households and businesses, the State and local sector, or the rest of the world.<sup>2</sup> Borrowing from the public affects the volume of securities sold in the credit market, the size and composition of assets held by the private sector, and the perceived wealth of the public. And it affects the amount of taxes required to pay interest outlays to the public. Borrowing from the public is therefore an important concern of Federal fiscal policy.

Issuing debt securities to Government accounts is an essential element in accounting for the operation of these funds. The balances of debt represent the cumulative surpluses of these funds due to the excess of their tax receipts and other collections compared to their spending. These balances can be used in later years to finance future payments to the public. The interest on this debt compensates these funds—and the members of the public who pay earmarked taxes or user fees into these funds—for spending some of their income at a later time than when they receive it. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts in order to finance future spending or to measure the accruing cost of

<sup>1</sup> The term "agency debt" is defined more narrowly in the budget than in the securities market, where it includes not only the debt of the Federal agencies listed in table C-3 but also the debt of the Government-sponsored enterprises listed in table A-14 of Chapter VIII.A and certain Government-guaranteed securities.

<sup>2</sup> The Federal sector of the national income and product accounts provides a better measure of the deficit for analyzing Federal dissaving than does the budget deficit or Federal borrowing from the public. The Federal sector and its differences from the budget are discussed in Chapter XVI. Federal expenditures for tangible and intangible capital are not counted as saving in the national income and product accounts and hence in this discussion.



employee retirement plans, as it is doing now with social security and certain other funds.

However, the issuance of debt to Government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction between two accounts, both within the Government itself. It does not represent either current transactions of the Government with the public or an estimated amount of future transactions with the public. If the account conducts a retirement program, it does not represent the actuarial liability or an unfunded actuarial liability. (The future transactions of the major Federal retirement programs, which own about four-fifths of the debt held by Government accounts, are important in their own right and are discussed in Chapter VIII.B, "Identifying Long-Term Retirement Obligations.") Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

Table C-2 summarizes Federal borrowing and debt from 1990 through 1996. This table is supplemented for earlier years by the data in Part Seven, "Historical Tables," tables 7.1-7.3. In 1990 the borrowing from the public was \$220.1 billion, and Federal debt held by the public increased to \$2,410.4 billion. The issuance of debt to Government accounts was \$118.7 billion, and gross Federal debt increased to \$3,206.3 billion. Borrowing is estimated to increase to \$307.2 billion in 1991, decline moderately to \$277.8 billion in 1992, and then decline rapidly and turn into a \$16.7 billion repayment of debt in 1996.

Borrowing from the public depends both on economic conditions and on the Federal Government's expenditure programs and tax laws. The sensitivity of the budget to economic conditions is analyzed in Chapter III.

### MEASUREMENT OF BORROWING AND DEBT

Debt held by the public was formerly measured 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. If Treasury sells a bill with

a \$10,000 par value at a price of \$9,300, it raises \$9,300 of cash and finances \$9,300 of the deficit. For both economic and budgetary analysis, it is more meaningful to say that the Government has borrowed \$9,300 than to say it has borrowed \$10,000.

The budget recently adopted the accrual method of measuring almost all Treasury debt held by the public.<sup>3</sup> At the time of sale, the accrual value equals the sales price. Subsequently, the accrual value equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the accrual value equals the par value less the unamortized discount. (For a security sold at a premium, the definition of accrual value is symmetrical.) Data were revised back to 1956. Agency debt, with one minor exception, continues to be recorded at par. (Treasury reports debt held by the public at both par and accrual values.)

Debt held by Government accounts consists almost entirely of "special issues" of Treasury debt, which are reported only at par. As a result, only a small part of debt held by Government accounts is recorded in the budget at accrual value. Gross Federal debt—the sum of debt held by the public and debt held by Government accounts—is therefore reported in the budget largely on an accrual basis but partly at par. For the same reason, total Treasury debt, which includes almost all Federal debt, is also reported in the budget largely on an accrual basis but partly at par. (Treasury reports its corresponding series only at par.)

### BORROWING AND GOVERNMENT DEFICITS

**Debt Held by the Public.**—Table C-2 shows the relationship between borrowing from the public and the Federal deficit. The total deficit of the Federal Government includes not only the budget deficit but also the surplus or deficit of the off-budget Federal entities, which have been excluded from the budget by law. Under present law the off-budget Federal entities are the old-age and survivors insurance trust fund, the disability insur-

<sup>3</sup> See Special Analysis E, "Borrowing and Debt," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*, pp. E-5 to E-8.



**Table C-2. FEDERAL GOVERNMENT FINANCING AND DEBT**  
(In billions of dollars)

	1990 actual	Estimate					
		1991	1992	1993	1994	1995	1996
FINANCING							
Surplus or deficit (-) .....	-220.4	-318.1	-280.9	-201.5	-61.8	-2.9	19.9
On-budget .....	(-277.0)	(-378.5)	(-344.4)	(-273.8)	(-150.4)	(-106.3)	(-102.6)
Off-budget .....	(56.6)	(60.4)	(63.6)	(72.3)	(88.7)	(103.4)	(122.5)
Means of financing other than borrowing from the public:							
Decrease or increase (-) in Treasury operating cash balance .....	0.8	10.2	.....	.....	.....	.....	.....
Increase or decrease (-) in:							
Checks outstanding, etc. <sup>1</sup> .....	-0.1	1.1	3.4	.....	.....	.....	.....
Deposit fund balances .....	-0.9	-0.9	-0.8	-1.2	.....	.....	.....
Seigniorage on coins .....	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Credit financing account balances:							
Increase or decrease (-) in guaranteed loan financing accounts .....	.....	.....	3.4	3.7	2.3	0.3	-0.4
Increase (-) or decrease in direct loan financing accounts .....	.....	.....	-3.4	-4.0	-2.9	-3.3	-3.3
Total, means of financing other than borrowing from the public .....	0.3	10.9	3.1	-1.0	-0.1	-2.5	-3.2
Total, requirement for borrowing from the public .....	-220.1	-307.2	-277.8	-202.6	-61.9	-5.4	16.7
Reclassification of debt <sup>2</sup> .....	.....	.....	.....	-2.1	.....	.....	.....
Change in debt held by the public .....	220.1	307.2	277.8	204.6	61.9	5.4	-16.7
DEBT, END OF YEAR							
Gross Federal debt:							
Debt issued by Treasury .....	3,173.5	3,595.6	3,998.7	4,340.2	4,560.8	4,748.8	4,925.2
Debt issued by other agencies .....	32.8	22.3	22.4	25.3	26.0	24.5	24.2
Total, gross Federal debt .....	3,206.3	3,617.8	4,021.1	4,365.5	4,586.8	4,773.3	4,949.4
Held by:							
Government accounts .....	755.9	900.2	1,025.7	1,165.5	1,324.9	1,505.9	1,698.7
The public .....	2,410.4	2,717.6	2,995.4	3,200.0	3,261.9	3,267.3	3,250.7
(Federal Reserve Banks) .....	(234.4)	.....	.....	.....	.....	.....	.....
(Other) .....	(2,176.0)	.....	.....	.....	.....	.....	.....
DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR							
Debt issued by Treasury .....	3,173.5	3,595.6	3,998.7	4,340.2	4,560.8	4,748.8	4,925.2
Deduct (-): Treasury debt not subject to limitation <sup>3</sup> .....	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6	-15.6
Agency debt subject to limitation .....	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Unamortized discount (less premium) on Treasury notes and bonds other than zero-coupon bonds .....	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total, debt subject to statutory limitation <sup>4</sup> .....	3,161.2	3,583.3	3,986.4	4,327.9	4,548.5	4,736.4	4,912.8

<sup>1</sup>Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

<sup>2</sup>The Farm Credit System Financial Assistance Corporation is estimated to be reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt is accordingly reclassified as Federal agency debt.

<sup>3</sup>Consists primarily of Federal Financing Bank debt.

<sup>4</sup>The statutory debt limit is \$4,145 billion.

ance trust fund, and the Postal Service fund. Since they had a large combined surplus in 1990 and are estimated to have a growing surplus during 1991-96, they reduce the requirement for Treasury to borrow from the public by a substantial amount.

The total Federal deficit is financed either by borrowing from the public or by several other means, shown in table C-2, such as a decrease in Treasury's cash balance. These other means of financing are normally small relative to borrowing from the public. This is because they are limited by their own nature. Decreases in cash balances, for example, are inherently limited by past accumulations, which themselves required financing when they were built up. In 1990 these other accounts contributed \$0.3 billion toward financing the deficit. In 1991 the estimated borrowing is \$10.9 billion less than the total deficit, primarily because the \$40.1 billion cash balance at the end of 1990 was \$10.1 billion more than the \$30 billion estimated for the end of both that year and 1991.

A new type of means of financing has been created by the Federal Credit Reform Act of 1990. Credit reform will change the method of budgeting for Federal credit programs starting in 1992. As explained in Chapter VIII.A, "Recognizing and Reducing Federal Underwriting Risks," the budget will record the subsidy cost of new direct loans and loan guarantees instead of the annual cash flows. The portion of the cash flows that does not represent a subsidy cost will be non-budgetary, recorded as a means of financing.

The nature of the financing transactions will differ between loan guarantees and direct loans. For loan guarantees, the program account in the budget will pay the subsidy cost of new loan guarantees to a non-budgetary guaranteed loan financing account. This account will hold the subsidy, collect fees, and pay default claims. It will accumulate balances to the extent that its collection of subsidies, fees, and interest exceeds its payments. These balances will be deposited with Treasury in interest-earning, uninvested funds, which are not part of the Federal debt.

When the guaranteed loan financing account collects a subsidy payment or an interest payment from the budget, the increase in its bal-

ances will exactly offset the increase in outlays and the budget deficit. No additional borrowing from the public will be needed to finance the additional deficit; the increase in the balances will itself be the means of financing the increase in the deficit. When the guaranteed loan financing account collects fees from the public, this will increase its balances and provide cash to the Government that will be used to pay the Government's bills just like tax receipts, borrowing, or any other cash collections. And when the account pays default claims to the public, the decrease in its balances will require financing just like any other cash disbursement. An increase in the balances of the guaranteed loan financing accounts will therefore be a means of financing the Federal deficit.

For direct loans, the program account in the budget will likewise pay the subsidy cost of new direct loans to a non-budgetary direct loan financing account. This account will borrow the non-subsidy portion of the direct loan from Treasury and disburse the entire loan to the public. It will subsequently collect interest and repayments of principal from the public, pay interest to Treasury on its balances of debt, and repay its debt to Treasury.

When the direct loan financing account makes a direct loan, the subsidy and non-subsidy portions of the loan disbursement will both require financing. The subsidy portion is a budget outlay and causes an increase in the deficit; the non-subsidy portion is represented by the increase in the balances of debt that the account owes to Treasury. Thus, an increase in the account's balances of debt due to making a direct loan corresponds to a requirement for additional Government financing. A decrease in the account's balances of debt due to the repayment of a loan—and a corresponding repayment of its debt to Treasury—will provide cash to the Treasury that will be used to pay the Government's bills just like any other cash collections. A decrease in the balances of the direct loan financing accounts will therefore be a means of financing the Federal deficit.

An increase in the balances of the guaranteed loan financing accounts and the direct loan financing accounts will thus be means of financing the Federal Government, but they



will have opposite effects. As shown in table C-2, the guaranteed and direct loan financing accounts are estimated to have essentially equal and offsetting effects on the means of financing in 1992. In the following years the direct loan financing accounts are estimated to increase financing requirements by more than the amount that is financed by the guaranteed loan financing accounts. By 1996, the net effect is estimated to add \$3.7 billion to the financing requirements.

**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 1990. In 1990, for example, the total trust fund surplus was \$120.3 billion and Government accounts invested \$118.7 billion in Fed-

eral securities. The small difference is because some other accounts hold Federal debt and because the trust funds may change the amount of their cash assets not currently invested.

### AGENCY DEBT

Several Federal agencies, shown in table C-3, sell debt securities to the public and in a few cases to other Government accounts. The reason for issuing agency debt differs considerably from one agency to another. At the end of 1990, agency debt was only one percent of Federal debt held by the public. During 1990, agency borrowing was \$7.3 billion.

The predominant agency borrowers from the mid-1980s to 1989 were the Federal Savings and Loan Insurance Corporation (FSLIC) and the Federal Deposit Insurance Corporation (FDIC) permanent insurance fund. (FSLIC's li-

Table C-3. AGENCY DEBT

(In millions of dollars)

Description	Borrowing or repayment (-) of debt			Debt end 1992 estimate
	1990 actual	1991 estimate	1992 estimate	
<b>Borrowing from the public:</b>				
Defense .....	-3	-3	2	9
Housing and Urban Development:				
Federal Housing Administration .....	55	65	-137	140
Interior .....				13
Small Business Administration:				
Participation certificates: SBIC and section 505 devel- opment company .....				74
Architect of the Capitol .....		24	13	163
Federal Deposit Insurance Corporation:				
Bank Insurance Fund .....	-149	859	-518	3,322
FSLIC Resolution Fund .....	-632	-11,497	-157	7,685
National Archives .....				302
Postal Service .....				250
Tennessee Valley Authority .....	8,000		930	10,310
<b>Total, borrowing from the public .....</b>	<b>7,271</b>	<b>-10,552</b>	<b>133</b>	<b>22,268</b>
<b>Borrowing from other funds:</b>				
Housing and Urban Development:				
Federal Housing Administration .....	7	*	*	146
<b>Total, borrowing from other funds .....</b>	<b>7</b>	<b>*</b>	<b>*</b>	<b>146</b>
<b>Total, agency borrowing .....</b>	<b>7,278</b>	<b>-10,551</b>	<b>133</b>	<b>22,414</b>

\*\$500 thousand or less.

abilities were subsequently transferred to the FSLIC Resolution Fund, and the FDIC permanent insurance fund was renamed the Bank Insurance Fund, or BIF.) They issued notes to help resolve the financial problems of certain failing thrifts and banks, primarily by providing notes to prospective purchasers as parts of agreements for them to buy the failing institutions. Issuing notes to pay the Government's bills is equivalent to borrowing from the public and then paying the bills by disbursing the cash borrowed, so it was recorded as being simultaneously an outlay and a borrowing.<sup>4</sup> The notes were therefore classified as agency debt.

During 1990, both FSLIC and BIF notes outstanding declined by small amounts. In 1991, however, \$11.5 billion of FSLIC notes are estimated to be repaid, reducing the amount outstanding by over half. BIF, on the other hand, is estimated to issue \$0.9 billion more of notes in 1991. Both agencies are estimated to repay small amounts in 1992 and later years. These notes are estimated to be half of all agency debt at the end of 1992.

A number of FSLIC's assistance agreements during 1988-89 specified that the final determination of the amount of notes given to the purchaser was not to be made until the assets and liabilities of the failed thrift had been fully valued. This was done in 1990. However, the valuation depended on conditions as of the day of the contract, the Government's legal obligation was determined as of that day, and the adjustment to the notes was retroactive to that day. Outlays and borrowing are therefore recorded retroactively as of the day of the contract in 1988 or 1989. This increases FSLIC outlays and borrowing by \$7 million in 1988 and \$1,365 million in 1989 over the amounts previously published.

The budget last year showed that a certain new type of lease-purchase contract was equivalent to direct Federal construction financed by Federal borrowing. The Federal Government guaranteed the debt used to finance the construction of buildings for the National Archives and Architect of the Capitol and is exer-

cising full control over the design, construction, and operation of the buildings. The construction and interest expenditures were therefore classified as Federal outlays, and the borrowing, which took place in 1989, was classified as Federal agency borrowing from the public. The securities used to finance the construction of the building for the Architect of the Capitol were zero-coupon certificates, for which the sales price was about one-fourth of par value. As an exception to the normal treatment of agency debt, they are recorded in the budget at accrual value and the interest is accrued as an outlay.<sup>5</sup>

The proper budgetary treatment of lease-purchases has been further examined during the past year. It has been determined that outlays for a lease-purchase in which the Government assumes substantial risk will be recorded in an amount equal to the asset cost over the period during which the contractor constructs, manufactures, or purchases the asset; if the asset already exists, the outlays will be recorded when the contract is signed. Agency borrowing will be recorded each year to the extent of these outlays. The agency debt will subsequently be redeemed over the lease payment period by a portion of the annual lease payments. This rule is effective starting in 1991. However, no authorizations for lease-purchase agreements in which the Government assumes substantial risk are estimated for 1991 or 1992.

Besides the lease-purchases financed in these ways by agency borrowing from the public, the budget also reflects the cost of lease-purchases financed by the Federal Financing Bank (FFB). The FFB, established within the Treasury Department in 1974, can lend to agencies by purchasing agency debt or in other specified ways. It finances these transactions by borrowing from the Treasury, which in turn borrows from the public. This reduces the cost of financing below what the agency or guaranteed private borrower would have had to pay in the credit market. In 1988, 1989, and 1990 Congress authorized the General Services Administration to enter into lease-purchase contracts for a number of buildings to be constructed over five years at a total cost of \$1.9

<sup>4</sup>The FHA and Interior debt securities are also issued as a means of paying specified bills. The budgetary treatment of these securities is further discussed 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.

<sup>5</sup>Table C-3 reflects corrections to the calculation of accrual value.



billion. The FFB is financing these contracts. The outlays will be recorded in the budget as payments are made for construction and other costs, and the financing will consist of Treasury borrowing from the public.

Because the FFB reduced the cost of agency borrowing below what the agency would have had to pay in the market, agencies for many years after the FFB was established normally borrowed almost nothing from the public. The one large exception was when borrowing was inherent in the operation of an agency program, as it was for the issuance of FSLIC and FDIC notes and a few other securities. FFB purchases of agency debt were not included in tabulations of Federal debt, in order to avoid double counting. Therefore, until FSLIC and FDIC began to issue large amounts of notes, agency debt usually declined every year.

However, because of the decline of interest rates in recent years, the interest rate on outstanding debt is often higher than the rate on new borrowings. The Tennessee Valley Authority decided to repay some of the high-interest debt that it owed FFB when that debt became callable and to finance that repayment by new borrowing from the public. In order to lock-in the prevailing interest rates, TVA borrowed \$8.0 billion from the public in late calendar year 1989 and placed most of the proceeds in a defeasance trust. The defeasance trust, in turn, began using these balances to pay off debt to the FFB during 1990 and is estimated to complete its operations in 1994. In the meantime, the defeasance trust is invested in Treasury securities, as shown in Table C-4, where it is classified as part of TVA.

The sale of TVA bonds combined with the purchase of Treasury securities has no net effect on the amount of Federal debt held by the public. When the defeasance trust sells its Treasury securities in order to pay off TVA debt to the FFB, the FFB and Treasury use the proceeds to retire Treasury securities. Again, there is no effect on the amount of Federal debt held by the public. Only the composition of debt held by the public is changed, as TVA bonds replace Treasury securities. Gross Federal debt does rise temporarily until the defeasance trust uses up its balances.

## DEBT HELD BY GOVERNMENT ACCOUNTS

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.

Investment by trust funds and other Government accounts was around \$10 billion per year in the early 1980s. Primarily due to the Social Security Amendments of 1983, an expanding economy, and the creation of the military retirement trust fund, investment has risen greatly since then. It was \$118.7 billion in 1990 and, as shown in table C-4, it is estimated to be \$125.5 billion in 1992.

The extraordinary rise of investment by Government accounts is concentrated among a few trust funds. The two social security trust funds—old-age and survivors insurance (OASI) and disability insurance (DI)—have large surpluses and invest increasing amounts almost each year: a total of \$178.1 billion during 1990–92, which constitutes 51 percent of the total estimated investment by Government accounts. The hospital insurance trust fund (HI), also financed by the social security payroll tax, has large surpluses at present and accounts for 15 percent of the total investment over this period.

In addition to these three funds, the largest investors in Federal securities are the two major Federal employee retirement funds: the civil service retirement and disability trust fund and the military retirement trust fund. They account for 31 percent of the total investment by Government accounts during 1990–92. Altogether, these two retirement funds and the three funds financed by the social security tax account for 97 percent of the estimated investment by all Government accounts during this period.

The holdings of Federal securities by Government accounts are estimated to rise to \$1,025.7 billion at the end of 1992. This will be 26 percent of the gross Federal debt. The five major trust funds discussed above will account for 82 percent of the total holdings by Government accounts.

**Table C-4. DEBT HELD BY GOVERNMENT ACCOUNTS**  
(In millions of dollars)

Description	Investment or disinvestment (-)			Holdings end of 1992 estimate
	1990 actual	1991 estimate	1992 estimate	
<b>Investment in Treasury debt:</b>				
Overseas Private Investment Corporation .....	147	334	93	1,932
Defense—Civil: Military retirement trust fund .....	11,265	17,395	12,201	94,349
Energy: Nuclear waste fund .....	363	492	507	3,491
Health and Human Services:				
Federal old-age and survivors insurance trust fund <sup>1</sup> .....	55,151	54,941	59,849	318,506
Federal disability insurance trust fund <sup>1</sup> .....	3,077	2,329	2,759	16,593
Federal hospital insurance trust fund <sup>2</sup> .....	13,335	16,049	22,751	135,049
Federal HI catastrophic trust fund <sup>2</sup> .....	-530			
Federal supplementary medical insurance trust fund <sup>2</sup> .....	3,921	1,746	-1,015	15,017
Federal SMI catastrophic trust fund <sup>2</sup> .....	-1,033			
Housing and Urban Development:				
Federal Housing Administration .....	542	391	202	7,228
Other .....	524	63	373	2,636
Interior: Outer Continental Shelf deposit funds .....	35	51	53	1,213
Labor:				
Unemployment trust fund .....	5,533	-3,019	-1,894	45,615
Pension Benefit Guaranty Corporation .....	747	606	551	2,745
State: Foreign Service retirement and disability trust fund .....	509	533	562	5,976
Transportation:				
Highway trust fund .....	701	-450	48	16,276
Airport and airway trust fund .....	1,398	-3,149	278	11,440
Treasury: Exchange stabilization fund .....	684	-68	500	2,295
Veterans Affairs:				
National service life insurance trust fund .....	223	158	105	11,180
Other trust funds .....	51	37	34	1,564
Federal funds .....	136	-10	9	741
Environmental Protection Agency: Hazardous substance trust fund .....	481	963	100	3,294
Office of Personnel Management:				
Civil Service retirement and disability trust fund .....	21,097	21,880	23,648	281,214
Employees life insurance fund .....	925	941	964	12,511
Employees health benefits fund .....	1,190	849	421	5,882
Federal Deposit Insurance Corporation:				
Bank Insurance fund .....	-6,577	-7,938		500
FSLIC Resolution fund .....	-937	-902		
Savings Association Insurance fund .....	13	-13	812	812
National Credit Union Administration: Share insurance fund .....	45	110	120	2,114
Postal Service fund <sup>1</sup> .....	-1,356	1,436	2,600	7,100
Railroad Retirement Board trust funds .....	682	906	519	10,694
Tennessee Valley Authority .....	5,447	-2,445	-2,432	570
Other Federal funds .....	106	11	54	2,541
Other trust funds .....	790	172	744	4,510
<b>Total, investment in Treasury debt .....</b>	<b>118,685</b>	<b>104,308</b>	<b>125,516</b>	<b>1,025,585</b>
<b>Investment in agency debt:</b>				
Housing and Urban Development:				
Government National Mortgage Association .....	7	*	*	146
<b>Total, investment in agency debt .....</b>	<b>7</b>	<b>*</b>	<b>*</b>	<b>146</b>
<b>Total, investment in Federal debt .....</b>	<b>118,692</b>	<b>104,308</b>	<b>125,517</b>	<b>1,025,731</b>
<b>MEMORANDUM</b>				
Investment by Federal funds (on-budget) .....	1,247	-9,459	790	27,749
Investment by Federal funds (off-budget) .....	-1,356	1,436	2,600	7,100
Investment by trust funds (on-budget) .....	60,538	55,009	59,466	654,569
Investment by trust funds (off-budget) .....	58,228	57,270	62,608	335,099
Investment by deposit funds <sup>3</sup> .....	35	51	53	1,213

\* \$500 thousand or less.

<sup>1</sup> Off-budget Federal entity.

<sup>2</sup> The investments of the HI and SMI catastrophic trust funds were transferred to the SMI trust fund in 1990. A further transfer is estimated from the SMI trust fund to the HI trust fund in 1992.

<sup>3</sup> Only those deposit funds classified as Government accounts.



## LIMITATIONS ON FEDERAL DEBT

### *Definition of Debt Subject to Limit.—*

Statutory limitations have normally 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. The latter 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.

Table C-2 compares total Treasury debt with the amount not subject to limit. Most of the Treasury debt not subject to limit was issued by the FFB. It is authorized to have outstanding up to \$15 billion of publicly issued debt, but it normally borrows from the Treasury because Treasury can borrow more cheaply from the public. A few years ago, however, the debt limit constraint led Treasury to issue FFB securities to the civil service retirement and disability trust fund in place of otherwise identical Treasury securities that were subject to the debt limit. This enabled Treasury to raise needed cash by selling securities to the public that were subject to the limit. Since 1986 the civil service retirement fund has normally held \$15.0 billion of FFB securities, and the budget assumes that the FFB securities outstanding at the end of the fiscal year will be kept at the amount authorized by law. The remaining Treasury debt not subject to limit consists almost entirely of silver certificates and other currencies no longer being issued.

The sole type of agency debt now subject to the general limit is the debentures issued by the Federal Housing Administration, which were only \$357 million at the end of 1990. Some of the other agency debt, however, is subject to its own statutory limit. For example, until 1991 the Postal Service was limited to \$10 billion of securities outstanding and \$2 billion of annual borrowing. Under revised legislation, its limit on debt outstanding is rising

in two steps to \$15 billion in 1992, and its limit on annual borrowing has increased to \$3 billion. Besides Treasury debt and agency debt, the debt subject to limit also includes a few very small adjustments.

The amount of debt subject to limit was formerly defined by law as the par value of the securities (except for savings bonds, which were measured at redemption value). This was modified by law in August 1989 in a way that currently applies to Treasury bills and zero-coupon bonds. These securities do not pay any cash interest. They are sold at a discount and pay their entire interest through the periodic amortization of the discount over the term of the security. For Treasury bills, with a maturity of one year or less, the difference between par value and sales price is large enough to be significant. For zero-coupon bonds with a 30-year maturity, the par value could be around ten times the sales price. Measuring zero-coupon bonds at par reduced Treasury's flexibility in debt management, because these securities increased the debt subject to limit by a large multiple of the cash raised to finance the deficit. Furthermore, measuring these securities at par produced a significant difference between the recorded debt and the accrual value, which, as previously explained, is more meaningful for economic and budgetary analysis.

The change in law provided that Treasury securities issued on a discount basis are to be measured at accrual value for calculating the debt subject to limit. The new method is not applied to regular notes and bonds or to "special issues," which are issued almost exclusively to Government accounts and comprise most of the debt that is held by Government accounts. These securities are still recorded at par for calculating the debt subject to limit. However, bills and zero-coupon bonds account for most of the unamortized discount (less premium) on Treasury securities other than "special issues": \$56.9 billion out of \$59.8 billion at the end of 1990.

An adjustment for measurement differences is thus needed in order to derive debt subject to limit from Treasury debt and agency debt. The budget records all Treasury debt except "special issues" at accrual value; the debt subject to limit records Treasury bills, zero-coupon



bonds, and savings bonds at accrual value but regular notes and bonds and "special issues" at par value. The unamortized discount (less premium) on regular notes and bonds is thus part of debt subject to limit but is not part of Treasury debt (as recorded in the budget). Therefore, as in table C-2, the unamortized discount on regular notes and bonds must be added to Treasury debt in order to derive debt subject to limit. (The tables published by the Treasury Department derive the debt subject to limit from a different base than table C-2 but have a similar adjustment.)

***Methods of Changing the Debt Limit.***—

The statutory debt limit has frequently been changed. During the 1960s Congress passed 13 separate acts to raise the limit or to extend the duration of a temporary increase, and during the 1970s Congress passed 18 such acts. During the 1980s Congress passed 24 such acts, two to four every year except 1988. In 1990 Congress passed seven such acts, the most ever enacted in a single year.

The statutory limit can be changed by normal legislative procedures. It can also be changed as a consequence of the annual Congressional budget resolution, which is not itself a law. The budget resolution includes a provision specifying the appropriate level of the debt subject to limit at the end of each fiscal year. The rules of the House of Representatives provide that, when the budget resolution is adopted by both Houses of the Congress, the vote in the House of Representatives is deemed to have been a vote in favor of a joint resolution setting the statutory limit at the level specified in the budget resolution. The joint resolution is transmitted to the Senate for further action. It may be amended in the Senate to change the debt limit provision or in any other way. If it passes both Houses of the Congress, it is sent to the President for his signature. This method directly relates the decision on the debt limit to the decisions on the Federal deficit and other factors that determine the change in the debt subject to limit. Both methods have been used numerous times.

***Recent Changes in the Debt Limit.***—The statutory debt limit was raised to \$3,122.7 billion on November 8, 1989. As the amount of debt approached the limit in the summer of

1990, consideration of the debt limit became part of the overall budget negotiations between the President and the Congress. On August 9, 1990, the limit was temporarily raised to \$3,195 billion through October 2. As the negotiations continued, this temporary increase was extended for a few days at a time in four subsequent acts and was raised to \$3,230 billion from October 28 through November 5. The latter four of these temporary increases were as one provision of a continuing resolution, which provided appropriations to continue to operate the Government for the same temporary time. The budget negotiations were concluded with the Omnibus Budget Reconciliation Act of 1990, which the President signed on November 5, 1990. This increased the debt limit to \$4,145 billion, which is currently estimated to be sufficient until sometime during 1993.

Unlike some previous years when the debt limit was under consideration, the debt limit in 1990 never temporarily dropped below the actual level of debt on a business day. Treasury was always able to fully invest the trust funds and never had to suspend the sales of savings bonds, State and local government series issues, or other securities. However, the debt was virtually at the limit for a number of days, and Treasury postponed several auctions because of uncertainty about congressional action.

***Federal Funds Financing and the Change in Debt Subject to Limit.***—The change in debt held by the public, as shown in table C-2, is determined principally by the total Government deficit. 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 and by the factors that determine the change in debt held by Government accounts.

The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for speci-



**Table C-5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT  
SUBJECT TO STATUTORY LIMIT**  
(In billions of dollars)

Description	1990 actual	Estimate					
		1991	1992	1993	1994	1995	1996
<b>Federal funds surplus or deficit (-)</b> .....	<b>-340.7</b>	<b>-436.3</b>	<b>-405.6</b>	<b>-341.4</b>	<b>-220.3</b>	<b>-181.8</b>	<b>-170.4</b>
(On-budget) .....	(-339.0)	(-436.3)	(-406.8)	(-340.4)	(-219.7)	(-181.3)	(-171.1)
(Off-budget) .....	(-1.6)	(-0.1)	(1.1)	(-1.0)	(-0.7)	(-0.5)	(0.7)
<b>Means of financing other than borrowing:</b>							
Decrease or increase (-) in Treasury operating cash balance .....	0.8	10.2					
Increase or decrease (-) in:							
Checks outstanding, etc. <sup>1</sup> .....	1.4	7.0	6.1				
Deposit fund balances <sup>2</sup> .....	-0.9	-0.9	-0.8	-1.2			
Seigniorage on coins .....	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Credit financing account balances:							
Increase or decrease (-) in guaranteed loan financing accounts .....			3.4	3.7	2.3	0.3	-0.4
Increase (-) or decrease in direct loan financing accounts .....			-3.4	-4.0	-2.9	-3.3	-3.3
<b>Total, means of financing other than borrowing</b> .....	<b>1.8</b>	<b>16.9</b>	<b>5.8</b>	<b>-1.0</b>	<b>-0.1</b>	<b>-2.5</b>	<b>-3.2</b>
Decrease or increase (-) in Federal debt held by Federal funds and deposit funds <sup>3</sup> .....	0.1	8.0	-3.4	0.1	-0.9	-2.2	-2.4
Increase or decrease (-) in Federal debt not subject to limit .....	7.2	-10.6	0.3	2.9	0.7	-1.5	-0.3
Reclassification of debt <sup>4</sup> .....				-2.1			
<b>Total, requirement for Federal funds borrowing subject to debt limit</b> .....	<b>-331.6</b>	<b>-422.1</b>	<b>-403.0</b>	<b>-341.5</b>	<b>-220.6</b>	<b>-188.0</b>	<b>-176.4</b>
Increase or decrease (-) in unamortized discounts (less premiums) on Treasury notes and bonds other than zero-coupon bonds .....	-0.1						
Adjustments including increase in debt subject to limit but not part of Federal debt .....	*						
<b>Increase in debt subject to limit</b> .....	<b>331.5</b>	<b>422.1</b>	<b>403.0</b>	<b>341.5</b>	<b>220.6</b>	<b>188.0</b>	<b>176.4</b>
<b>ADDENDUM</b>							
Debt subject to statutory limit <sup>5</sup> .....	3,161.2	3,583.3	3,986.4	4,327.9	4,548.5	4,736.4	4,912.8

\* \$50 million or less.

<sup>1</sup> Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

<sup>2</sup> Does not include investment in Federal debt securities by deposit funds classified as part of the public.

<sup>3</sup> Only those deposit funds classified as Government accounts.

<sup>4</sup> The Farm Credit System Financial Assistance Corporation is estimated to be reclassified from a Government-sponsored enterprise to a Federal agency as of October 1, 1992, and its debt is accordingly reclassified as Federal agency debt.

<sup>5</sup> The statutory debt limit is \$4,145 billion.

fied purposes, such as paying social security or unemployment benefits.

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts. Federal funds borrowing consists almost entirely of the Treasury issuing securities that are subject to the statutory debt limit. Trust fund surpluses are al-

most entirely invested in these securities, and trust fund holdings include most of the debt held by Government accounts. The change in debt subject to limit is therefore determined principally by the Federal funds deficit, which is equal to the arithmetic sum of the total Government deficit and the trust fund surplus.

Table C-5 derives the change in debt subject to limit. In 1990 the Federal funds deficit was

\$340.7 billion, and other factors reduced the change in debt subject to limit by \$9.2 billion. The largest other factor was the sale of agency debt not subject to limit. As a result, the debt subject to limit increased by \$331.5 billion, which was \$111.3 billion more than the increase in debt held by the public.

As long as the trust fund surplus is large, the Federal funds deficit will be much more than the total Government deficit; and the increase in debt subject to limit will be much more than the increase in debt held by the public. The trust fund surplus is estimated to increase substantially above its present level in the future, so the debt limit will have to be increased by much more than the total Government deficit. In 1996, for example, the Government is estimated to repay \$16.7 billion of debt held by the public. Nevertheless, the debt subject to limit is estimated to increase by \$176.4 billion—a difference of \$193.0 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 C-6, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

Foreign holdings began to grow much faster starting in 1970. This increase has been primarily due to foreign decisions, both official and private, rather than the direct marketing of these securities to foreign residents. At the end of fiscal year 1990 foreign holdings of Treasury debt were \$404.8 billion, which was 17 percent of the total debt held by the public. This proportion rose in most recent years but declined in 1990, when foreign holdings increased by only \$9.9 billion. Although the amount of debt held by foreigners has grown greatly in the past ten years, the proportion is now a little lower than during the late 1970s. At the end of 1990, foreign central banks and other official institutions owned 67 percent of the Federal debt held by foreign residents; private investors owned nearly all the rest. All of the Federal debt held by foreign residents is currently denominated in dollars.

Foreign holdings of Federal debt are about one-fifth of the foreign-owned assets in the U.S., and foreign purchases of Federal debt securities are normally only a moderate part of the total capital inflow from abroad. 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 securities market generally, which affect the market for Federal debt. For example, the capital inflow includes deposits in U.S. financial intermediaries that themselves buy Federal debt.

### 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. Federally assisted borrowing is of two principal types: Government-guaranteed borrowing, which is another term for guaranteed lending, and borrowing by Government-sponsored enterprises (GSEs). The Federal Government also exempts the interest on most State and local government debt from income tax.

Federal guarantees and GSEs are discussed in Chapter VIII.A, "Recognizing and Reducing Federal Underwriting Risks." Detailed data on guaranteed loans are presented in table A-13, and data on GSE borrowing and lending in table A-14. Table C-7 brings together the totals of Federal and federally assisted borrowing and lending and shows the trends since 1965 in terms of both dollar amounts and, more significantly, as percentages of total credit market borrowing. The lending is recorded at face value. It does not take into account the degree of subsidy and does not indicate the extent to which the credit assistance is likely to have changed the allocation of financial and real resources.

The Federal borrowing participation rate increased from an average of 17 percent in the 1960s to 27 percent in the 1970s and 42 percent in the 1980s. Since peaking at 56.6 percent in 1983, it was around 40 percent until 1990 despite the decline in Federal borrowing. The major factor keeping up the participation rate was the marked rise in GSE borrowing.



Table C-6. FOREIGN HOLDINGS OF FEDERAL DEBT

(In billions of dollars)

Fiscal year	Debt held by the public		Borrowing from the public		Interest on debt held by the public	
	Total	Foreign <sup>1</sup>	Total <sup>2</sup>	Foreign <sup>1</sup>	Total <sup>3</sup>	Foreign <sup>4</sup>
1965 .....	260.8	12.3	3.9	0.3	9.6	0.5
1966 .....	263.7	11.6	2.9	-0.7	10.1	0.5
1967 .....	266.6	11.4	2.9	-0.2	11.1	0.6
1968 .....	289.5	10.7	22.9	-0.7	11.9	0.7
1969 .....	278.1	10.3	-1.3	-0.4	13.5	0.7
1970 .....	283.2	14.0	3.5	3.8	15.4	0.8
1971 .....	303.0	31.8	19.8	17.8	16.2	1.3
1972 .....	322.4	49.2	19.3	17.3	16.8	2.4
1973 .....	340.9	59.4	18.5	10.3	18.7	3.2
1974 .....	343.7	56.8	2.8	-2.6	22.7	4.1
1975 .....	394.7	66.0	51.0	9.2	25.0	4.5
1976 .....	477.4	69.8	82.2	3.8	29.3	4.4
TQ .....	495.5	74.6	18.1	4.9	7.8	1.2
1977 .....	549.1	95.5	53.6	20.9	33.8	5.1
1978 .....	607.1	121.0	58.0	25.4	40.2	7.9
1979 <sup>5</sup> .....	639.8	120.3	32.6	-0.7	49.9	10.7
1980 .....	709.3	121.7	69.5	1.4	62.7	11.0
1981 .....	784.8	130.7	75.5	9.0	81.7	16.4
1982 .....	919.2	140.6	134.4	9.9	101.1	18.7
1983 .....	1,131.0	160.1	211.8	19.5	111.5	19.2
1984 .....	1,300.0	175.5	168.9	15.4	133.5	20.3
1985 <sup>5</sup> .....	1,499.4	222.9	199.4	47.4	152.9	22.9
1986 .....	1,736.2	265.5	236.8	42.7	159.3	23.8
1987 .....	1,888.1	279.5	152.0	14.0	160.3	24.9
1988 .....	2,050.3	345.9	162.1	66.4	172.2	28.6
1989 .....	2,190.3	394.9	140.1	49.0	188.9	34.7
1990 .....	2,410.4	404.8	220.1	9.9	202.4	37.4

<sup>1</sup> Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. For the most part they are measured at par value and therefore are not strictly comparable with the data on debt held by the public. However, the zero-coupon bonds sold to Mexico are measured on an accrual basis.

<sup>2</sup> Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.

<sup>3</sup> Estimated as interest on the public debt less "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for other interest received by Government accounts.

<sup>4</sup> Estimated by Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.

<sup>5</sup> Benchmark revisions reduced the estimated foreign holdings of Federal debt as of December 1978 and increased the estimated foreign holdings as of December 1984. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the "borrowing" from foreign residents in 1979 and 1985 reflects the benchmark revision as well as transactions in Federal debt securities.

In 1990, however, the participation rate rose to 55.4 percent because of the increase in Fed-

eral borrowing. The Federal lending participation rate has been much more stable over time than the borrowing participation rate.

**Table C-7. FEDERAL PARTICIPATION IN THE CREDIT MARKET**

(Dollar amounts in billions)

	Actual										Estimates	
	1965	1970	1975	1980	1985	1986	1987	1988	1989	1990	1991	1992
Total net borrowing in credit market <sup>1</sup> .....	67.2	87.9	164.0	329.4	743.3	882.4	742.7	768.4	696.5	678.9	n.a.	n.a.
Federal borrowing from the public .....	3.9	3.5	51.0	69.5	199.4	236.8	152.0	162.1	140.1	220.1	307.2	277.8
Guaranteed borrowing .....	5.0	7.8	8.6	31.6	21.6	34.6	60.4	40.3	41.7	40.7	41.3	41.1
Government-sponsored enterprise borrowing <sup>2</sup> .....	1.2	4.9	5.3	21.4	57.9	103.2	111.7	87.1	123.2	115.4	84.6	75.7
Total, Federal and federally assisted borrowing .....	10.1	16.2	65.0	122.5	278.9	374.5	324.0	289.5	305.0	376.2	433.1	394.6
<b>Federal borrowing participation rate (percent) .....</b>	<b>15.0</b>	<b>18.4</b>	<b>39.6</b>	<b>37.2</b>	<b>37.5</b>	<b>42.4</b>	<b>43.6</b>	<b>37.7</b>	<b>43.8</b>	<b>55.4</b>	<b>n.a.</b>	<b>n.a.</b>
Total net lending in credit market <sup>1</sup> .....	67.2	87.9	164.0	329.4	743.3	882.4	742.7	768.4	696.5	678.9	n.a.	n.a.
Direct loans .....	2.0	3.0	12.7	24.2	28.0	11.2	-19.0	-13.4	-14.6	2.8	1.3	0.7
Guaranteed loans .....	5.0	7.8	8.6	31.6	21.6	34.6	60.4	40.3	41.7	40.7	41.3	41.1
Government-sponsored enterprise loans <sup>2</sup> .....	1.4	5.2	5.5	24.1	60.7	83.3	107.8	82.5	101.5	90.0	78.0	81.4
Total, Federal and federally assisted lending .....	8.3	15.9	26.9	79.9	110.3	129.1	149.2	109.4	128.6	133.5	120.5	123.2
<b>Federal lending participation rate (percent) .....</b>	<b>12.4</b>	<b>18.1</b>	<b>16.4</b>	<b>24.3</b>	<b>14.8</b>	<b>14.6</b>	<b>20.1</b>	<b>14.2</b>	<b>18.5</b>	<b>19.7</b>	<b>n.a.</b>	<b>n.a.</b>

<sup>1</sup>Total net funds borrowed (loaned) in credit market by domestic nonfinancial sectors, excluding equities. Financial sectors are omitted to avoid double counting, since financial intermediaries both borrow and lend in the credit market.

<sup>2</sup>Most Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending), because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that is intermediated by GSEs. It assists the ultimate nonfinancial borrower (lender) whose loans are purchased or otherwise financed by the GSE. In order to avoid double counting, GSE borrowing and lending are calculated net of transactions with Federal agencies, transactions between GSEs, and transactions in guaranteed loans.

Source: Federal Reserve Board flow of funds accounts for total net borrowing and lending.

n.a. = Not available.



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## **IX. MANAGING FOR INTEGRITY AND EFFICIENCY**

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Part Two-299

Sections IX.C and IX.D and portions of IX.A, IX.B, and IX.E have been extracted and reprinted herein.

The entire section IX. may be referred to on pages Part Two-299 through Part Two-394 of the "Budget of the United States Government."

## IX. INTRODUCTION

This chapter describes five efforts the Administration is undertaking to improve Federal management.

- (A) Strengthening Management and Accountability
- (B) Improving Returns on Investment
- (C) Reforming Regulation and Managing Risk-Reduction Sensibly
- (D) Reforming the Budget Process
- (E) Managing by Objectives

The Federal Government is an enormous enterprise. It spends 22 percent of the GNP, total economic activity larger than all countries except the United States itself, Japan, the Soviet Union and a newly united Germany. By virtue of its size, Government suffers, in many instances, from diseconomies of scale. Like other enterprises, it is, on occasion, incompetent. It has been taken advantage of, gamed, and even looted. It can also be extraordinarily effective, as was evidenced in preparations for Desert Shield and Desert Storm, and, on a more routine level, in most of the programs for which increases are being requested in the budget.

Unlike private enterprise, the Government's purpose is to provide for, assist, and regulate where the marketplace cannot or does not satisfactorily do so. It is rightly directed by the politics and policies of democratic institutions. These politics and policies can, however, pose barriers to good management.

The Government has no simply quantifiable objectives such as profits or market share against which to measure its success or failure. Its measures of success are difficult to arrive at. Since the matters it deals with are affected by much more than Federal actions, it is difficult to know the exact impact of Federal intervention. Yet, knowledge of these matters can be improved significantly. At the same time, the Federal Government's day-to-day

management is impeded by unreliable information of its operations and financial condition. This should not be; it must be remedied.

Chapter IX.A. addresses progress to date, and the investments and future savings anticipated in 1992, relating to the strengthening of management and accountability. It describes the Administration's efforts to improve the machinery and integrity of Government—people and systems. Its focus is the delivery of Government programs and the improvement of confidence of Americans in governmental operations. Of particular note are the actions and investments in improving financial management and reducing risk in High Risk areas.

Chapter IX.B. addresses the improvement of Government returns on investment—improved outcomes of Federal policies and programs in relation to their costs. This section begins with the Administration's evaluation agenda, and then describes discretionary program terminations, decreases and increases presented in the budget. Its focus is informed choices within resource constraints.

Chapter IX.C. addresses the reform of Federal regulation and the more sensible management of risk-reduction in the areas of health and safety. Its focus is also informed choices within resource constraints. But it goes beyond Chapter IX.B. in that it discusses the non-Federal costs of Federal mandates, as well as the direct costs of Federal programs.

Chapter IX.D. discusses the reform of the budget process. It notes the progress achieved through the Budget Enforcement Act of 1990 and renews proposals for additional reforms to make the process work better and become more effective in reducing the deficit.

Finally, Chapter IX.E. reports on the Administration's progress in achieving the objectives selected by the President for management by objective.



## IX.A. STRENGTHENING MANAGEMENT AND ACCOUNTABILITY

For too many years, the Nation has been justifiably outraged by revelations of Government mismanagement.

This section describes progress in:

- Improving Financial Management
- Addressing High Risk Areas
- Information Resources Management
- Procurement Reform
- Partnerships with the States
- Pay Reform

It also describes:

- Management Investments and Savings in the 1992 Budget

### OVERVIEW

In October 1989, the Administration made a major commitment to identifying the areas of highest risk and vulnerability in Government operations. The current High Risk List totals 106 entries. In each of these areas, the Administration has developed and is implementing corrective action plans; and the risks in many of the areas have been, and are continuing to be, substantially reduced. The results of these efforts are summarized in this Chapter.

The corrective actions will take time. Long term strategies are needed. The High Risk approach ensures that the Administration publicly identifies the Government's most severe management problems and that these problems receive priority attention.

Financial management issues, which account for over one-third of the High Risk areas, clearly illustrate the need for long-term efforts. In the early 1980s, Federal cash flows were not under control, and there was no comprehensive Federal credit and debt collection policy. The Government had over 500 financial systems, many of them antiquated, incompat-

ible, or redundant, and many not in compliance with applicable accounting standards.

Under the banner of Reform '88, the previous Administration made some progress in these areas. This progress has enabled the Bush Administration to start focusing on the quality, relevance, and timeliness of Federal financial data—to make it accurate and useful to policy and program officials, the Congress, and the public. The Administration's efforts in this area have been strongly reenforced by a series of cooperative efforts with Congress to produce needed legislation.

Good management begins with people. Recruiting and retaining a quality Federal workforce is central to ensuring responsive and effective public services. Passage of the Federal Employees Pay Comparability Act of 1990, and earlier enactment of increased senior-level pay, will over time, and for most functions, eliminate noncompetitive pay as a disincentive to Federal recruitment and retention. There remains, however, the need for more successful recruitment strategies and initiatives, more attention to the development of management skills, and more delegation of personnel management authority to line managers.

Good Federal management also requires good partnerships—with State and local governments and with private parties. Partnerships make sense. But they are hampered by the desire of too many at the Federal level to control all possible contingencies. Congress seeks to micro-manage. Auditors insist on endless procedural safeguards. Program officials overly design. Regulators require technologies as opposed to outcomes. Virtually everybody gets into the act. A balance must be found: based on trust and mutual respect, on analysis of the merits, and on accountability.

### IMPROVING FINANCIAL MANAGEMENT

There has been progress. But much remains to be done to improve financial management.

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**OMB's Five Point Program.**—Announced in May 1990, this Program has obtained results in each of five targeted areas.

- *Accounting Standards.*—Unlike the private sector and State and local government, the Federal Government has had no agreed means to establish and enforce accounting standards. Without such a mechanism, consistent Federal financial data reflecting the operations and condition of the Federal Government cannot be obtained. On October 10, 1990, the Secretary of the Treasury, the Director of OMB, and the Comptroller General signed a Memorandum of Understanding establishing a Federal Accounting Standards Advisory Board (FASAB). FASAB allows the Federal Government, for the first time, to develop comprehensive accounting standards through a public process. The Board began its work in January 1991.
- *Financial Information and Functional Standards.*—Consistent, Governmentwide financial reporting requires financial information standards for all data elements in Treasury and OMB financial reports. The Joint Financial Management Improvement Program (JFMIP)—whose principals are the Secretary of the Treasury, the Director of OMB, the Comptroller General, and the Director of the Office of Personnel Management—will issue these definitions by May 1991. Building on the Core Financial System Requirements established in January 1988, the JFMIP issued functional standards in May 1990 for personnel/payroll systems and in January 1991 for travel. Additional functional standards will be developed in 1991, starting with standards for procurement and credit systems.
- *Agency Financial Systems.*—In order to improve funding recommendations and policy guidance, OMB-led interagency teams reviewed in September 1990 the financial systems plans of five agencies: the Departments of Agriculture, Commerce, Transportation, and Veterans Affairs, and the Internal Revenue Service. In addition to agency-specific improvements, these reviews indicated the need for better integration of program and financial data, and for stronger OMB policy guidance, require-

ments, and monitoring. In 1991, OMB will address these needs and undertake additional agency reviews.

- *Central Agency Systems.*—Treasury and OMB have embarked on a major project to integrate their financial data bases by 1994. The first step, automating budget execution data through use of a Treasury data base, has already been implemented. As a result, in February 1991, the Government will know, for the first time, what its current unobligated balances are.
- *Audited Financial Statements.*—Annual, audited financial statements are essential to improving the quality and usefulness of financial data, and providing policy and program managers with reliable information on the operations and condition of their programs and agencies. The Administration's program would have provided such statements for all major agencies by 1994, but this program has now been superseded by the requirements of the Chief Financial Officers Act of 1990.

**Chief Financial Officers Act of 1990 (CFOs Act).**—The CFOs Act strongly reenforces the Administration's efforts to improve Federal financial management. First, it puts in place a powerful financial management organizational structure: 23 agency chief financial officers, and, within OMB, a Deputy Director for Management, a Controller, and an Office of Federal Financial Management. Second, the Act requires accountability—through detailed financial plans and status reports—from the agencies and from OMB. Third, the Act lays out a strategy for producing audited financial statements—beginning with revolving and trust funds, primarily commercial activities, and ten pilot agency-wide statements (for the Departments of Agriculture, the Air Force, the Army, Housing and Urban Development, Labor, and Veterans Affairs; the Bureau of Customs, the General Services Administration, the Internal Revenue Service and the Social Security Administration.)

**Credit Management.**—At the end of 1990, the Government's loan portfolio totaled about \$840 billion, of which \$210 billion was in direct loans and \$630 billion in guaranteed loans. The Administration and the Congress have worked to strengthen management of this port-



folio by improving organizational capacity, improving the quality of information provided to decisionmakers, and helping agencies reduce their risk exposure.

- *Improved Organizational Capacity.*—The CFOs Act charges agency chief financial officers with either directing and managing, or providing policy guidance and oversight of, “all financial management personnel, activities, and operations, including ... systems for credit management...” This is an important step toward getting agency credit programs on a sound financial footing. It complements an Administration initiative to strengthen the technical qualifications of credit staff. Since June 1990, the Federal Credit Policy Working Group, chaired by OMB, has been working on a core training curriculum and certification standards for Federal credit professionals. The initial curriculum and standards will be issued by June 1991.
- *Improved Information for Decisionmakers.*—The Omnibus Budget Reconciliation Act of 1990 reforms credit budgeting by requiring calculation of, and annual appropriations for, the subsidies inherent in direct and guaranteed loan programs. Beginning in 1992, budgets will reflect the real costs of Government credit. Credit reform will require credit agencies to become more accurate and accountable; there will be budget consequences for inaccuracy after 1994. In addition, the budget sets out, for the first time, allowances for doubtful debt for the Government's existing direct and guaranteed loan portfolios. Further, OMB's Five Point Program directly addresses the need for more accurate, consistent, and meaningful financial information on the Government's credit programs; and the CFOs Act requires, no later than 1992, annual audited financial statements for all credit programs.
- *Reduced Risk Exposure.*—In November 1990, OMB issued policy guidance regarding management of the Government's guaranteed loan programs. This policy guidance resulted from an intensive, government-wide study of ways to reduce the Government's risk of losses from its \$630 billion guaranteed loan portfolio. The pol-

icy guidance sets out extensive requirements for lender qualification, standard lender agreements, lender reviews, portfolio management, inventory management, and asset disposition.

In addition, through the Federal Credit Policy Working Group, OMB has developed “Early Warning Reports” that highlight, for each major credit agency, significant trends in portfolio performance and relevant economic indicators. These quarterly reports help to ensure that senior agency and credit officials have timely information on actual or potential problems in their credit programs.

**Cash Management.**—The Administration's goal is to convert the Government's \$2 trillion plus annual cash flow, to the maximum feasible extent, to a fully electronic payment and collection system. This effort will save administrative costs, reduce borrowing, and improve service to the public.

- *Payments.*—A series of demonstration projects, started in 1990, are currently testing delivery of Federal benefits through automated teller machines and point-of-sale terminals. Aggressive implementation of the Prompt Payment Act has resulted in over 90 percent of Federal payments to vendors being made on time, avoiding interest and late payment penalties. (This compares with 84 percent of Federal payments made on time in 1986.) In addition, OMB strongly supports agency use of electronic payments through Vendor Express and the GSA Small Purchase Card.

These efforts to improve the Government's payment systems have been reenforced by the Cash Management Improvement Act of 1990 and the Food, Agriculture, Conservation, and Trade Act of 1990. The Cash Management Improvement Act requires payment of interest when the Federal Government does not provide, or the States do not disburse, Federal funds in a timely and efficient manner. The Food, Agriculture, Conservation, and Trade Act requires establishment of electronic benefit transfer standards for the Food Stamp Program by April 1992.



- **Collections.**—Enactment of the Federal Debt Collection Procedures Act of 1990 will improve the prospects for Federal collections, by providing for uniform Federal procedures for enforcement of judgments to collect Federal debt. The Federal Tax Deposit Redesign Project—now in its testing phase and scheduled for completion in 1994—will automate the receipt, processing, and deposit of nearly \$1 trillion in annual employer tax deposits. In addition, the Internal Revenue Service is studying the feasibility of offsetting tax refunds to businesses with delinquent Federal debt; and OMB and the Department of Treasury are working closely with agencies to implement mechanisms such as those involving lockboxes, pre-authorized debits, and credit/debit cards.

**Expired Accounts Legislation.**—During the summer and fall of 1990, OMB worked with the Congress to address concerns that inadequate controls over expired appropriation accounts had allowed inappropriate uses of the funds in these accounts. Comprehensive reform legislation was enacted as part of the National Defense Authorization Act of 1990. This legislation puts an end to agencies using expired accounts for indefinite periods; expired accounts must now be canceled five years after their establishment. The legislation also places significant restrictions on the use of expired account funds during that 5-year period. In January 1991, OMB issued government-wide guidance for implementation of the legislation.

## ADDRESSING THE HIGH RISK AREAS

From the many hundreds of weaknesses exposed in reports required by the Federal Managers' Financial Integrity Act (FMFIA) and fresh assessments by agency heads, OMB identified, in October 1989, 106 high risk areas requiring priority attention. Since that date, 12 new areas have been added to the list, two areas have been merged, and 11 areas have been eliminated (sufficiently corrected so as no longer to require highlighting as a high risk). Of the 12 additions to the list, 5 are based on agencies' 1990 FMFIA reports (which were submitted to the President in December 1990). High risk areas are those where the Government's vulnerability is such that agency heads

must personally see to their correction as a matter of priority.

OMB's commitment is to ensure that reasonable resources are provided in the budget to assist agencies in taking appropriate and timely corrective actions. OMB has also attempted to focus agency attention on these areas of high risk, and provide OMB and other staff assistance in selected areas. Over a third of the high risk areas involve financial management; the efforts described above under Financial Management are, in part, aimed at reducing risk in these areas. In addition, OMB agency teams have directly investigated problems in the Railroad Retirement Board, the Department of Education's Guaranteed Student Loan program, the Internal Revenue Service, and the Bureau of Indian Affairs. The Secretaries of Housing and Urban Development and Defense have made high risk corrections major Departmental priorities.

The results, however, have been mixed. In assessing the High Risk List prior to addition of five areas based on 1990 FMFIA reports, OMB found that:

- In 36 of the high risk areas, agencies had made significant progress in correcting the deficiencies (Status 1).
- In 42 of the high risk areas, active efforts were underway to improve progress in correcting the deficiencies (Status 2).
- In 23 of the high risk areas, OMB had reservations about the adequacy of agency plans and/or progress (Status 3).

There follows, at the end of this Chapter, a list of the high risk areas (organized by agency) that summarizes agency progress to date in correcting them.

**1991 Priorities.**—The Administration plans intensive efforts in 1991 with respect to the following high risk areas:

- **Department of Agriculture (USDA).**—In 1991, OMB will focus on USDA high risks related to the Farmers Home Administration and the Food and Nutrition Service's Food Stamp Program.

—**Farmers Home Administration (FmHA).**—FmHA has embarked on a major endeavor to improve management



controls over loan making and loan servicing. A 14-State pilot (involving 42 percent of FmHA's loan volume) is under-way to improve loan collection and property disposal efforts. In January 1991, OMB and the Department of Agriculture established a high level advisory committee to review progress on a regular basis, recommend improvements to the pilot, and facilitate solutions to problems outside FmHA control.

—*Food Stamp Program.* In its 1990 FMFIA report, USDA advised that illegal food stamp trafficking represents an area of high risk. An estimated \$100 million in program benefits are illegally exchanged each year for cash and items such as drugs and weapons. In 1991, OMB will work closely with USDA to evaluate Food Stamp internal controls and alternative delivery mechanisms, such as electronic benefit transfer, to minimize this problem.

- *Department of Defense (DOD).*—In 1991, OMB will focus on DOD high risks in the areas of information systems, contracted advisory and assistance services, and property accountability.

—*Information Systems.*—The military Services and DOD agencies have, in the past, each developed and maintained separate data processing systems for common administrative functions. These redundant, overlapping, and non-standard data systems and communications seriously impede the efficient functioning of the Department. In November 1990, the Secretary of Defense approved the Corporate Information Management (CIM) Program, which is designed to correct these problems. CIM is designed to ensure integration of computing, telecommunications and information management activities, and implementation of policies, programs and standards governing the acquisition and operation of automated data processing equipment. In 1991, OMB designated CIM as a Priority System, ensuring OMB oversight of CIM implementation.

—*Contracted Advisory and Assistance Services (CAAS).*—The Department will

implement in 1991 strengthened controls over contracts for advisory and assistance services. There will be a special focus on competition and contract approvals. Better controls will also be pursued over funding provided to Federally Funded Research and Development Centers and DOD funding passed through to projects managed by the Department of Energy. DOD expects that these increased controls will result in reduced Departmental reliance on advisory and assistance services and yield substantial savings during the period 1991–97. The DOD Inspector General continues to identify problems with the definition of CAAS, and to recommend increased attention to the cost-effectiveness of contractor support. OMB will in 1991 closely monitor DOD's efforts in this area.

—*Property Accountability.*—In its 1990 FMFIA report, DOD identified a new material weakness: inadequate financial accountability for real and personal property in the Department of the Army. The value of this property is estimated at \$200 billion. Property systems maintaining line item accountability are not integrated with financial accounting systems, resulting in a lack of financial control over line item transactions. In 1991, OMB will closely monitor DOD efforts to correct this weakness in the Department of the Army, and will request that DOD determine the extent to which this weakness may also exist in the other Services.

- *Department of Education Guaranteed Student Loan (GSL) Program.*—The GSL program has long been recognized as a high risk area due to its statutory complexity and rapidly rising default costs. Administrative steps to begin to address the default problem were implemented in 1989. In the summer of 1990, a major student loan guarantor, the Higher Education Assistance Foundation (HEAF), faced insolvency due to its inability to cover a large number of defaults, primarily at vocational schools. Following Education and OMB staff review of HEAF's operating policies and financial condition, the Department of Education ended HEAF's authority to



guarantee new loans and reached agreement with the Student Loan Marketing Association (Sallie Mae) to assume management responsibility for the HEAF portfolio in September 1990.

As part of the budget reconciliation negotiations in 1990, the Administration sought a package of GSL program restructuring and default reduction measures. Many of these were enacted, and, as a result, hundreds of schools that have been abusing the system are now barred from participation. Savings are projected at \$1.7 billion over five years. In December 1990, a joint Education/OMB Management Review Team, with participation from other agencies and the private sector, was established to evaluate GSL program operations. Early in February 1991, the Team will provide the Department with a management improvement plan to strengthen the Department's administration of the GSL program and provide the capabilities necessary to manage a large financial enterprise. The Administration will also work with Congress in 1991 to improve the legislative foundation of the GSL Program, as part of the 1992 Higher Education Act Reauthorization.

- *Department of Energy (DOE) Environmental Clean-up.*—DOE is responsible for addressing the serious environmental, health and safety, and waste management problems caused by Government weapons production and nuclear facilities. DOE has an active program underway to correct these problems, and has completed "Tiger Team" assessments of 18 of its 36 facilities. However, the full extent of the problems is not known; planned corrective actions are not adequately prioritized; and reliable completion dates for corrective actions have not been determined. OMB will work with DOE in 1991 and 1992 to: ensure that environmental, health, and safety risks are being appropriately assessed; establish better means of prioritizing corrective actions based on risk assessment and effective allocation of scarce dollars; improve cost estimates and management and oversight of the cleanup program; and establish realistic, achievable plans for corrective action. OMB, DOE, the Depart-

ment of Justice and other affected agencies will also seek to address the impact that employee liability issues are having on program accomplishments.

- *Department of Health and Human Services (HHS), Health Care Financing Administration (HCFA) Financial Systems.*—Effective operations of Medicare and Medicaid programs require accurate and timely program data. A system (nine regional data bases containing all beneficiary entitlement, utilization, and claims history data) has been developed for Medicare. Although this information should be convertible into management information reports to permit timely and accurate identification of payment problems, these reports have not been completed. A similar informational gap exists for Medicaid. Medicaid relies on quarterly State reports to determine Medicaid grants to States and estimate Federal Medicaid expenditures by hundreds of millions of dollars. These reports routinely misestimate Medicaid expenditures and provide little explanation for errors. HHS has established an *ad hoc* adjustment factor for budget estimates and has indicated its willingness to address the underlying problems associated with State reporting. During 1991, OMB will work closely with HHS to develop better program data systems.
- *Department of Housing and Urban Development (HUD).*—HUD programs account for 10 of the high risk areas. The passage of the Department of Housing and Urban Development Reform Act of 1989 and the National Affordable Housing Act of 1990, and the aggressive leadership of HUD management, have resulted in progress toward acceptable management controls within the Department. HUD quarterly reports on material weaknesses show continuing overall improvement. Key financial management officials are now in place: a Departmental Chief Financial Officer and five Controllers (including one at the Federal Housing Administration (FHA)). FHA has completed a management strategy and funding plan that provide management and staff with reasonable goals and understandable operational methods.



In 1991, OMB will continue to monitor HUD reform, notably the Department's development of a new 5-Year Financial Management Systems Plan and the Department's efforts to minimize on-going risks associated with terminated programs. In addition, OMB will be looking at the two new high risk areas identified in HUD's 1990 FMFIA Report—Modernization Projects (cost overruns and improperly awarded contracts) and FHA Title I Manufactured Housing Loans (excessive insurance claims through 1990 estimated at \$500 million).

- *Department of the Interior's Bureau of Indian Affairs (BIA).*—The BIA has failed to address its long-standing administrative and financial management problems. Numerous Inspector General and General Accounting Office audits have reported problems in BIA control over tribal trust funds, operations of field finance offices, travel advances and vouchers, data systems, and individual Indian money accounts. A special Senate report issued in 1989 underscored BIA's management problems.

In December 1990, in response to reports of significant year-end account reconciliation problems, Interior and OMB reviewed the BIA financial system. The review confirmed the audit findings, as well as OMB's assessment, that the Department's corrective action plans were inadequate. OMB and the Department collaborated in January 1991 in designing a plan to correct BIA management problems, particularly its accounting system problems, by October 1991. The Secretary of the Interior and the Director of OMB jointly announced in January 1991 the establishment of a special management team to approve all future transaction adjustments in the BIA financial system and assist in its complete overhaul and revamping.

The budget provides \$26 million (\$12 million over 1991) to improve the management and accountability of programs serving Indian tribes and individual Indians. The budget also provides additional resources (\$21 million over 1991) for a pilot program to improve Indian education, child welfare, reservation development,

and road improvement programs administered by BIA. This increased funding is being proposed on a pilot basis only, due to BIA's longstanding and widespread problems in properly accounting for the use of funds. Any further funding of this program beyond the pilot will be strictly conditioned on improved BIA management and accountability.

- *Department of Justice Debt Collection.*—The Department of Justice has made progress in implementing central planning for its debt collection efforts, including those on behalf of other agencies; but more remains to be done. For example, the Department has not met the needs of referring agencies, OMB, and the Department of the Treasury for information on case status, plans for case resolution, and reconciliation of case values. OMB is working with the Department and the referring agencies, through the Litigation Subgroup of the Federal Credit Policy Working Group, to correct these problems, and has asked the Department to submit, by May 1991, a comprehensive corrective action plan. In December 1990, the Department appointed a senior official within the Deputy Attorney General's Office to coordinate Department debt collection activities.
- *Department of Labor Job Training Partnership Act (JTPA) Program.*—In its 1990 FMFIA report, the Department identified the JTPA program as a high risk area, due to inappropriate procurement practices by some Service Delivery Area administrative units. Problems have included: payment for inadequate performance; lack of competition in contracting; actual or apparent conflicts of interest; and inadequate contract monitoring. A number of these issues were addressed in the Administration's proposed JTPA amendments, which were transmitted to Congress in June 1989. The Administration will repropose legislation designed to strengthen JTPA's fiscal integrity. In 1991, OMB will work closely with the Department in implementing planned corrective actions.
- *Department of the Treasury's Internal Revenue Service (IRS).*—In the summer of



1990, a joint OMB/Treasury/IRS Work Group was established to define long-term IRS resource needs and performance expectations. A key aspect of the Work Group's mission has been to address, through proposals for IRS improvements and additional IRS resources, the need for increased collection activity and taxpayer compliance. The budget reflects the Administration's commitment in both areas. In 1991, the Work Group will analyze IRS long term needs in the area of tax systems modernization.

At the end of 1990, IRS delinquent accounts receivable totaled more than \$61 billion, including an estimated allowance for doubtful accounts of \$17 billion. This estimated allowance is preliminary.<sup>1</sup> It in no way changes the IRS enforcement responsibilities for all unpaid tax accounts. By September 1991, the IRS will present a detailed analysis of accounts receivable collectibility and a corresponding allowance for doubtful accounts.

- *Department of Veterans Affairs (DVA) Loan Guaranty Fund.*—The DVA has made progress in developing alternatives to foreclosure for defaults on guaranteed single family mortgage loans. However, DVA portfolio management could be improved through a more systematic approach to detecting, monitoring, and reacting to variations in credit underwriting practices and changing economic conditions. In 1991, OMB will work with the Department to begin addressing this situation through selection and testing of a model for predicting DVA defaults. The budget provides DVA with \$367,000 in 1992 to implement this model and enhance the Lender Monitoring Unit's capacity to oversee loan servicers as well as loan originators.
- *National Aeronautics and Space Administration (NASA) Contractor Oversight.*—During 1990, NASA conducted—in col-

laboration with OMB—an analysis of its staffing, including a thorough review of its reliance on contractors (rather than NASA staff) for various programs and services. The principal conclusion of the study was that too few staff resources had been available to monitor and oversee NASA contractors—resulting in decreased quality and timeliness in contractor performance. To correct this situation, NASA established in 1990 a Headquarters Contract and Subcontract Management Branch, and expanded contract management training of NASA staff. Further, NASA's personnel ceiling for 1991 includes a sizeable increase for project management (including staff increases for the contract administration function). The budget provides for continued increases in NASA staffing for that function. In 1991, OMB will monitor the results of the 1990 and 1991 investments in improving NASA's contract management.

- *Railroad Retirement Board (RRB).*—In April 1990, OMB led a management review of the operations and programs of the RRB. The RRB's Inspector General had previously identified large mass adjustment backlogs in retirement and survivor annuities, program fraud, problems in railroad tax compliance, uncertainty about the integrity of the RRB's trust funds, and weaknesses in managing accounts receivable. Further, the RRB's 1989 FMFIA report acknowledged 20 material weaknesses and an inability to certify the adequacy of controls for the Board's biggest benefit program.

Following a two week on-site review, a 20-person interagency review team issued a report documenting 42 findings and recommending 104 corrective actions. The report formed the basis for an OMB Management Review Hearing in June 1990. In December 1990, RRB and OMB negotiated an agreement whereby \$14 million was placed in the budget (to remain available through 1996), but subject to annual apportionment releases as RRB problems are solved. It is specified that "these funds are to supplement, not supplant, existing resources devoted to such operations and improvements." These actions and funding

<sup>1</sup>The estimated allowance is based on a 1988 study of IRS accounts receivable conducted by Price Waterhouse. The estimate assumes that approximately 40 percent of delinquent amounts beyond the 6-month notice stage may not be collected, as a result of abatements (due to IRS or taxpayer error) or less than full payments. The estimate does not allow for conversions into repayment due to stepped up efforts of the IRS to collect on tax delinquencies.



provide the RRB with the means to achieve substantially improved service to RRB beneficiaries and to restore a basis for confidence in the operations and integrity of the Railroad Retirement System.

### INFORMATION RESOURCES MANAGEMENT

The Paperwork Reduction Act requires OMB, through its Office of Information and Regulatory Affairs (OIRA), to work to improve the Federal Government's management of information resources. Information resources management (IRM) is a critical area—not only because information resources constitute a growing portion of agencies' expenditures, but also because the Government is so dependent on information technology to operate its programs. The earlier section outlining OMB activities to implement the CFOs Act indicates the extent to which both the Congress and the Executive Branch recognize this. OIRA's recent IRM initiatives include:

- Reviewing, with assistance from the National Institute of Standards and Technology and the National Security Agency, computer security oversight, especially where computer security is identified as a material weakness (posing risks to the integrity of data and programs).
- Beginning development of a government-wide policy on the dissemination of government information (ensuring that information created at taxpayer expense is accessible, on an equal and equitable basis, to all users).
- Revising OMB Circular No. A-130, "Management of Federal Information Resources," which establishes Federal policies and procedures to guide agencies in managing information resources.
- Improving records management policies so as to help agencies identify and deal with electronic records.
- Issuing guidance on what agencies may charge for records under the Freedom of Information Act.
- Issuing guidance to help agencies implement the Privacy Act.
- In concert with the Office of Federal Procurement Policy, promoting the use of electronic data interchange between the Government and its business partners in order to reduce paperwork and eliminate errors.
- Integrating agency paperwork reduction efforts and the annual Information Collection Budget into overall agency IRM planning process.
- Conducting the Program for Priority Systems, explained in the following section.

### Priorities

The Program for Priority Systems (PPS) was established in 1984 to provide visibility and give impetus to efforts to improve Government service delivery and administration through more effective use of computer and related information technology. One objective of PPS is to involve top management in the planning (including cost-benefit analysis) for Federal uses of modern information technology, particularly in setting directions and making critical decisions for its development and use. PPS projects are selected for their size, complexity, sensitivity, or proposed use of a precedent setting technology or approach. The PPS provides an opportunity to identify and facilitate successful information management practices and technologies in areas where they are critical to Government services and management.

Two PPS information systems have advanced sufficiently, so that they no longer require PPS planning assistance. These are the Department of Commerce's Advanced Weather Interactive Processing System (AWIPS-90) and its Patent and Trademark Office automation plan. Two new systems, the Defense Corporate Information Management (CIM) program and the FBI Integrated Automated Fingerprint Identification System (IAFIS), have been added to the program as presented below.

***Internal Revenue Service's (IRS) Tax Systems Modernization (TSM).***—The IRS has made substantial progress in defining the information and systems architecture for the TSM. It will provide a modern automated approach to processing taxes. TSM will decentralize to the ten service centers many of the processing functions currently performed at IRS' central computing centers. TSM should reduce



the paperwork burden associated with the filing of tax returns and enable the IRS to respond to taxpayer inquiries faster and with more accurate information. The IRS will, during 1991, update and publish an approved Design Master Plan that outlines the IRS systems architecture in more detail and lays out plans for transition from the current to the target architecture. The budget includes \$4.8 billion for TSM from 1990 through 1996.

**General Service Administration's FTS 2000.**—The Federal Telecommunications System (FTS) 2000 is a nationwide, interagency telecommunications system that uses digital switching and fiber optics technology to provide voice, data and video communications services. Two 10-year contracts (aggregating up to \$25 billion) were awarded in December 1988 to replace the existing FTS voice communications network. The transition for 1.2 million Federal users from the old FTS was completed ahead of schedule in June 1990, saving agencies \$75 million in 1990. The new FTS 2000 is expected to save \$200 million in 1991 on voice services alone. By law, the system is mandatory for use by Federal agencies.

In addition to providing such enhanced voice services as teleconferencing, calling card authorization codes, call screening, and "800" service, FTS 2000 offers a wide variety of computer-to-computer data communications services (including packet switching, electronic mail, video teleconferencing, and integrated voice-data service). Detailed billing information will improve agencies' ability to control costs. In 1992, GSA will continue to bring agency data communications onto the FTS 2000 network to improve the ability of Federal agencies to share weather, law enforcement, and financial information. GSA will also conduct a recompetition between the two incumbent vendors to help keep prices competitive with commercial services.

**Social Security Administration's Strategic Plan.**—By the year 2000, the number of beneficiaries is expected to reach 45 million, and the benefits disbursed will increase to over \$250 billion. During the 1980s, SSA developed and implemented its System Modernization Plan, updating the computer and telecommunications facilities supporting major SSA programs. This modernization provided for signifi-

cant increases in productivity and allowed SSA to replace its 1950s technology. SSA is expected to formulate a strategic plan, in the spring of 1991, to provide for the next stage of improvements. In addition to meeting increased workload, the SSA plan will attempt to improve service to existing beneficiaries. The improvements will include pre-retirement notification of benefit status and eligibility and increased reliance on electronic communication with the public.

**Governmentwide Financial Management System (FMS).**—Government standards call for a single primary financial system in each major agency. The objective is to integrate agency financial systems with other administrative systems (e.g., payroll, loans, etc.) and with major program systems. This PPS will integrate agency primary systems, Treasury's system, and OMB's system to form a single governmentwide system. The FMS will provide quality financial information to all levels of management and improve control of the Government's budget and other resources.

**Securities and Exchange Commission's (SEC's) Electronic Data Gathering, Analysis, and Retrieval (EDGAR) System.**—The SEC receives 200,000 disclosure documents annually from 13,200 registrants (9 million pages per year). The EDGAR system automates, in electronic format, the filing, processing, and dissemination of disclosure documents—ensuring more rapid information flows to financial markets and as a result more effective reviews of SEC filings, greater market efficiency, and more productive allocations of capital.

The SEC has operated a pilot EDGAR program since 1984. In 1987, it revised the proposed operational program design to fund the complete receipt, acceptance, and review process for required filings. The SEC awarded a contract in January 1989 to implement the EDGAR System by 1997, at a currently estimated cost of about \$77 million over its life.

**Federal Aviation Administration's (FAA's) Advanced Automation System.**—The FAA has been provided \$1.5 billion to modernize computer systems supporting air traffic control as part of its responsibility for ensuring safe and efficient operation of airways and airports. FAA's Advanced Automation System (AAS) will be the backbone of the



entire air traffic control system. The modernized system will include new controller work stations, advanced communications, and greater use of satellite navigation technology. By 2000, the new system will annually support 185 million aircraft operations, 27 percent more than at present. It will also generate fuel savings and reduce maintenance personnel costs. The budget provides \$716.9 million in 1992 for this system.

**Interagency Border Inspection System (IBIS).**—Three agencies (State, Customs, and the Immigration and Naturalization Service) created IBIS, a shared system, to assist law enforcement officials at the border in identifying individuals of interest. By December 1990, IBIS was operating at 17 airports handling two-thirds of the 30 million travelers arriving each year in this country by air. In 1991, IBIS will be tested at three land border entry points. In addition to budgetary savings from resource sharing, IBIS has freed Customs inspectors to move among travelers and expedite those who warrant no more than a cursory inspection. IBIS will also improve border law enforcement through ensuring cooperation in the development of border information systems. Although total IBIS costs are only about \$10 million annually, this system is proving to be a model of interagency cooperation.

**Defense's Corporate Information Management (CIM) Program.**—As noted above in the discussion of high risk areas, in October 1989, the DOD initiated CIM as an effort to eliminate unneeded redundancy in automated information systems across the Department. The CIM effort will identify common business areas (e.g., inventory, payroll, warehousing) and develop uniform information requirements and data formats. Later, these requirements will be incorporated as review criteria for systems acquisitions.

CIM was added to the PPS in 1991 for its promising approach to information management. The program has completed the concept development phase, and CIM functional groups are studying various areas where improved methods and requirements would be developed.

**FBI's Integrated Automated Fingerprint Identification System (IAFIS).**—The IAFIS is the keystone of the FBI Identification Divi-

sion's modernization initiative which includes relocation of fingerprint services to Clarksburg, West Virginia. The IAFIS will be a rapid response, paperless system that will receive and process electronic fingerprint images, criminal histories, and related data on convicted felons. Providing access to the data through the National Crime Information Center (NCIC) 2000 network will allow 63,000 Federal, State and local law enforcement users to receive fingerprint identification data in hours instead of weeks. The FBI is currently preparing the requirements and concept studies for the IAFIS.

## PROCUREMENT REFORM

The Administration continued in 1990 its efforts to reduce and eliminate red tape, excessive delays, "influence peddling" and outright fraud in administering the Federal Government's \$200 billion procurement budget. While program offices and Inspectors General continue to ferret out criminal wrongdoing, agencies and OMB's Office of Federal Procurement Policy (OFPP) have developed new policy approaches to streamline and improve the procurement process. These address not only the types of goods and services bought, but also the procedures used to acquire them. They emphasize looking first to the commercial marketplace—for both services and products—and ensuring that the procurement process is open, fair and free of bias.

**Contracting for Services.**—Over the past decade, the Government's purchase of services from the private sector has grown in real terms by over thirty percent—almost five times more than the growth rate for the purchase of supplies and equipment. Today, the Government spends roughly as much on purchased services as it does for civilian personnel. These services range from such routine activities as mowing lawns on military installations to developing high technology proposals for new aerospace systems.

The General Accounting Office (GAO) and others have articulated a number of concerns with service contracting. These include cost overruns and delays; and problems of performance, violations of law, and bias. Questions have also been raised about contracting in "inherently Governmental" areas. For its part, industry has argued that "fixed price", low-bid



contracting is inappropriate for acquiring sophisticated professional and technical services—placing as it does too much emphasis on price as opposed to quality, and providing insufficient flexibility for contractors to use innovative methods to accomplish the Government's objectives.

OFPP published in the Federal Register in September 1990 a draft policy letter for comment which directly addresses these concerns. The policy would require Government officials to look to quality as well as price, define their needs at the time of contract award, and emphasize "what" should be accomplished (not "how" the work should be performed). A final policy letter will be published in February 1991, and regulations carrying out the policy will be issued by July 1991.

**Consultants.**—The key rulemaking agencies (Defense, NASA and GSA) published regulations in the Federal Register in October 1990 to implement OFPP's December 1989 Policy Letter on Conflict of Interest Policies Applicable to Consultants (developed at Congress's direction). The policy requires contractors to report whether they have conflicts of interest or enjoy an unfair competitive advantage. In 1991, the Administration will propose alternative legislative disclosure requirements that will ensure procurement integrity, while making the legal requirements more straightforward and understandable. Both existing law and the Administration's proposal include severe penalties for the misuse by Government officials, contractors or consultants of sensitive procurement information.

OFPP is working closely with the GAO to improve other aspects of the Government's use of consulting or advisory and assistant services. These efforts are aimed at two goals: defining more clearly the activities which constitute such services, and identifying those activities that should be considered "inherently Governmental." Policies in both of these areas should be published for comment in 1991.

**Commercial Products and Technical Data Initiatives.**—The Administration proposed legislation in April 1990 to authorize more flexible, commercial-style procedures for acquiring commercial products. Congress was, however, only prepared to enact a provision authorizing the Government to require offerors

to show that the products being offered were commercial products, and even that legislation failed passage. However, the Congress did enact provisions which allow award to other than the lowest bidder for a defense contract, where factors other than price are important. The Administration will again seek enactment of its 1990 proposal to authorize more flexible procedures for the acquisition of commercial products, and will seek to extend government-wide the provisions to allow factors other than price to be considered in the award of a contract.

Existing procurement practices prevent the Government from tapping the best of American industry's commercial products. Too often, the Government interprets full and open competition to require the issuance of detailed specifications or the dissemination of proprietary technologies. These practices level firms' competitive advantages and take away their incentive to innovate and offer their best expertise. Ironically, these practices frequently are coupled with Government demands for cost and pricing or sales data in place of reliance on competition to ensure reasonable prices. This raises the costs and risks of Government contracts—causing firms, in some cases, to be unwilling to offer their goods to the Government.

**Cost Accounting Standards.**—The Cost Accounting Standards (CAS) Board, authorized by the Office of Federal Procurement Policy Act Amendments of 1988, was established in July 1990 to improve the consistency and accuracy of the cost accounting practices of firms doing business with the Government. The Board has exclusive statutory authority to make, promulgate, amend and rescind cost accounting standards and interpretations of those standards. It is chaired by the OFPP Administrator and includes two private sector members and two other Government members.

The Board has set, as its first priority, the recodification of the two rules in the Code of Federal Regulations affecting cost accounting standards into one coherent and logical rule. Special efforts will be made to ensure that no one relying on one of the existing sets of rules will be detrimentally affected by the transition to the new recodified Cost Accounting Standards. The Board has, in addition, decided to



apply existing cost accounting standards to contracts of the civilian procurement agencies; national defense contracts are currently subject to CAS coverage. The Board has also agreed to establish a set of research priorities.

To provide for maximum public participation, the Board solicited in November 1990 recommended agenda items from affected contractors, as well as from Federal agencies and the general public. The response to this solicitation will form one basis for determining the major areas of focus of the Board over the next year.

### **PARTNERSHIPS WITH THE STATES**

The Federalism Executive Order, E.O. 12612, establishes fundamental principles and policymaking criteria to guide Federal departments and agencies in developing and carrying out Federal policy. President Bush reaffirmed in a Cabinet meeting in February 1990 his commitment to Federalism and the Executive Order.

One tenet of Federalism is a commitment to State deregulation, in particular to not reimposing Federal regulations with respect to block grants. Block grants are designed to allow states and localities the flexibility to determine how best to serve their constituencies in administering Federal programs. The Administration is continuing its efforts to achieve the necessary balance between maintaining program integrity and accounting for Federal dollars, while, at the same time, assuring that States and localities are not overburdened by Federal administrative requirements. These balances were carefully maintained in promulgating final rules for the Department of Education's Chapter 2 block grant program and publishing proposed rules for the Department of Housing and Urban Development's Community Development Block Grant (CDBG) program.

Administration officials met with State and local elected officials and their representative organizations on the details and potential impacts of the President's 1991 Federal budget, and will do so again with respect to this budget. Forty-eight Governors urged, as a top priority, that there be no further Medicaid mandates for the next several years; in response,

the Administration has proposed no new mandates.

In keeping with this spirit of cooperation and partnership, significant State and local government achievement and innovation are again highlighted in the States as Laboratories section of this budget.

### **PAY REFORM**

The 1991 budget noted the deficiencies in the Federal civilian pay system, and indicated that the Administration would submit legislation to begin Federal pay reform. Much more than a beginning has been accomplished. Working closely with the Congress over the past year, the Administration was able to secure passage of a comprehensive Federal civilian pay reform bill.

The Federal Employees Pay Comparability Act (FEPCA), enacted in November 1990, made much needed structural changes to the pay system that make it more responsive and flexible. Among its major features, FEPCA provides for:

- a locality-based pay system that will reflect geographical variations in pay;
- special flexibilities, such as bonuses, that will permit the Government to respond to difficult or unusual staffing problems; and
- a requirement to develop, and institute, systems that strengthen the link between pay and performance.

With enactment of FEPCA, the Federal Government will now be able to compete more successfully for the skilled and dedicated employees that it needs to accomplish effectively its many complex and important missions.

### **MANAGEMENT INVESTMENTS AND SAVINGS IN THE 1992 BUDGET**

The budget requests \$29.5 billion in budget authority and \$27.5 billion in outlays, \$4.1 billion and \$3.3 billion, respectively, more than in 1991—to improve service delivery, invest in financial management, reduce the risks in areas of high risk, and improve information resources management. The budget also highlights \$4.1 billion in savings and/or increased receipts which will be achieved from selected

management reforms, and a new initiative to improve Federal economic statistics.

### Selected Improvements in Service Delivery

**Internal Revenue Service.**—Roughly 115 million tax returns are filed each year. The budget requests \$6.7 billion and over 118,000 staff in 1992 for the Internal Revenue Service (IRS), \$622 million more than in 1991. The IRS's budget specifically includes \$450 million to enable it to continue to modernize the tax system to ensure that taxpayers pay the right amount and get their refunds promptly.

**Social Security.**—Over 40 million Americans receive Social Security payments. The budget requests \$4.5 billion for operating the Social Security Administration, \$375 million more than enacted in 1991. These amounts will help the Social Security Administration to continue replacing and upgrading obsolete computer systems and enhance the level of service provided to beneficiaries by claims representatives.

**Railroad Retirement Board (RRB).**—888,000 retired railroad workers and their families receive Social Security equivalent,

Medicare and railroad pension benefits from the RRB. The budget requests \$113 million for operating the RRB, \$22 million more than enacted in 1991. As part of that increase, the budget requests a new Special Management Improvement Fund with \$14 million in five year budget authority to finance reforms that evolved out of the joint RRB/OMB Management Review in 1990. The RRB has developed an agreement with OMB, complete with annual performance measures, to carry out these operational improvements. They should substantially improve service to America's railroad pensioners.

**Civil Aviation.**—Last year, Americans boarded commercial aircraft 457 million times. The budget requests \$9.3 billion in budget authority for the Federal Aviation Administration (FAA), \$1.3 billion more than in 1991. The budget will allow the FAA to increase the number of air traffic controllers, safety inspectors, and security personnel and procure equipment to modernize the National Airspace system.

Table A-1. INVESTMENTS IN MANAGEMENT IMPROVEMENT

(In millions of dollars)

	1991 Enacted	1992 Proposed	1991-92 Increase
Net Total: <sup>1</sup>			
Budget authority .....	25,402	29,525	+4,123
Outlays .....	24,242	27,519	+3,277
Selected Improvement in Service Delivery:			
Budget authority .....	18,206	20,546	+2,340
Outlays .....	17,388	18,966	+1,578
Investments in Financial Management:			
Budget authority .....	1,487	1,825	+338
Outlays .....	1,432	1,748	+316
Investments to Reduce Risks in High Risk Areas:			
Budget authority .....	6,234	7,912	+1,678
Outlays .....	5,922	7,516	+1,594
Information Resources Management Priorities:			
Budget authority .....	1,672	2,289	+617
Outlays .....	1,641	2,220	+579

<sup>1</sup> Budget authority and outlay totals for 1991 and 1992 are adjusted for duplication of items included in more than one category.



Table A-2. INVESTMENTS IN FINANCIAL MANAGEMENT

(Budget authority in millions of dollars)

	1991 Enacted	1992 Proposed	1991-92 Increase
Credit and Cash Management .....	1,035	1,118	+82
Audited Financial Statements .....	10	104	+94
Financial Systems .....	440	596	+157
Central Agency Systems and Standards .....	2	7	+5
Total .....	1,487	1,825	+338

### Investments in Financial Management

The budget requests \$1.8 billion for financial management improvements, \$338 million more than enacted in 1991.

**Credit and Cash Management.**—The budget requests \$1.1 billion for credit and cash management, \$82 million more than enacted in 1991. The largest single agency increase in 1992 is \$35 million to FmHA for a 14-State internal control pilot, accounting system improvements, and increased personnel costs (including salaries and training). \$44 million is requested for the Departments of Education and Veterans Affairs and the Small Business Administration to improve guaranteed loan programs and debt collection. Treasury's Financial Management Service is requesting \$6 million to improve credit and cash management activities governmentwide.

**Financial Systems.**—The budget requests \$603 million for financial systems upgrades, \$162 million more than enacted in 1991. (These amounts include Central Agency Systems and Standards funding of \$7 million as reflected in Table A-2. They do not include financial system upgrades to be undertaken in 1992 as part of the Defense Corporate Information Management (CIM) Program. CIM funding requirements attributable to specific financial systems are still being defined). This funding provides for continued improvement of agency financial systems throughout the Government, as well as the integration of agency systems with upgraded central systems at Treasury and OMB. These improved agency and central systems will provide for more complete, accurate, and timely information for management of the Government's programs,

and for disclosure of the Government's financial operations and condition through annual financial statements.

**Audited Financial Statements.**—The budget requests \$104 million for audited financial statements, \$94 million more than enacted in 1991. These amounts include \$31 million for agency preparation of financial statements and \$73 million for audits. The preparation and audit of financial statements will improve the quality of the Federal Government's financial data. The audits will also provide a means for identifying financial management deficiencies.

### Reducing the Risk in High Risk Areas

The budget requests \$7.9 billion to reduce the risk in high risk areas, \$1.7 billion more than enacted in 1991.

The largest requested investment (\$5.1 billion) is for the Department of Energy (including development and implementation of the Environmental Restoration and Waste Management Five Year Plan). Other significant requested investments include \$533 million for Department of Justice prison construction and \$243 million for Department of State security improvements at overseas posts. (See listing at the end of this chapter.)

### Information Resources Management

The budget requests \$2.3 billion for priority systems, \$617 million more than enacted in 1991. The areas of emphasis are noted in the section on Information Resources Management.

Table A-3. SUMMARY OF THE PROGRAM FOR PRIORITY SYSTEMS

(Budget authority in millions of dollars)

	1990 Actual	1991 Estimate	1992 Proposed
SSA Strategic Plan .....	207	225	260
Tax Systems Modernization .....	158	278	451
Governmentwide Financial Management System <sup>1</sup> .....	433	442	603
FTS 2000 .....	38	20	20
FAA Advanced Automation System .....	537	585	717
Interagency Border Inspection System .....	10	10	10
SEC EDGAR System .....	12	12	9
Defense Corporate Information Management .....		100	219
FBI Automated Fingerprint Identification System <sup>2</sup> .....			
<b>Totals .....</b>	<b>1,395</b>	<b>1,672</b>	<b>2,289</b>

<sup>1</sup> 1990 and 1991 adjusted to reflect change in reporting basis.<sup>2</sup> Estimate not available because project in preliminary planning.

### Illustrative Savings from Management Reform

The budget anticipates \$4.1 billion in savings and/or increased receipts as a result of selected management reforms.

**Defense Management Reform (DMR).**—The budget reflects nearly \$700 million in DOD management reform savings for 1992. Total savings for the period 1992–96 are expected to be about \$10 billion. The combination of new initiatives and those announced last year are projected to yield savings of over \$72 billion during the 1991–1997 period. The Department's implementation of DMR recommendations is being tracked in the Management by Objectives (MBO) system; the specific reforms are described in the Chapters on MBOs and Preserving National Security.

**Improved Debt Collection.**—The budget anticipates \$2.7 billion in additional 1991 receipts from the collection of debt—\$1 billion from delinquent tax debt and \$1.7 billion from non-tax debt. At the end of 1990, total delinquent debt stood at \$107 billion. Allowances for doubtful accounts stand at \$105 billion at the end of 1990—\$17 billion for tax debt and \$88 billion for nontax debt. As noted above in the discussion of IRS under “Addressing The High Risk Areas”, the estimated allowance for doubtful tax debt is preliminary. The composition of the allowance for doubtful nontax

debt is detailed in Chapter VIII.A., Table A-9, “Actual and Anticipated Losses from the Government's Pre-Credit Reform Portfolio.”

The growth in actual delinquent debt between 1989 and 1990 is shown in Table A-4. The 4.8 percent growth in tax receivables delinquent is due to factors such as increased penalties, stepped up enforcement, and the growth in taxes due. For loan receivables delinquent, most of the growth is due to the continued high rate of student loan defaults, over \$2 billion in 1990. For other delinquent receivables, the growth is principally the result of first-time agency reporting to Treasury of \$336 million for uncollected Medicare overpayments and \$1.3 billion due to the Department of Energy's Petroleum Violation Escrow Fund.

- **Tax Debt.**—The budget includes \$47 million for the second year of a 3-year tax collection initiative to slow the growth in tax debt. The additional 799 collection personnel hired in 1991 and the additional 922 budgeted in 1992 should, by themselves, increase collections by \$757 million between 1991 and 1993. The IRS will develop a management improvement plan to increase collections by up to \$2.25 billion through various initiatives such as: increasing the use of installment agreements; modifying non-filer notices to include a demand for payment; improving ability to locate and contact taxpayers;



Table A-4. **GROWTH IN DELINQUENT DEBT 1989-1990**

(Dollar amounts in millions)

	1989	1990	Dollar Change	Percent Change
Tax Receivables Delinquent .....	58,660	61,451	+2,791	+4.8
Loan Receivables Delinquent .....	27,265	29,870	+2,605	+9.6
Other Receivables Delinquent .....	13,147	15,549	+2,402	+18.2
Total .....	99,072	106,870	+7,798	+7.9

Source: Treasury Schedule 220-9.

streamlining the offer-in-compromise procedure; and expanding cooperation with State agencies.

- **Non-Tax Debt.**—The budget requests in 1992 \$606 million and 10,224 staff to enhance non-tax collection efforts, \$63 million and 478 staff more than in 1991. For example, 92 staff and \$4 million have been added to enhance Department of Veterans Affairs collection of delinquent medical debt from third party insurers; additional collections of \$185 million are expected from this investment. Legislation is under consideration to mandate the use by all agencies of special collection tools (e.g., Federal income tax refund offsets, use of private collection agencies, and Federal employee salary offsets).
- When all delinquency prevention and collection methods fail, the Department of Justice seeks recovery through litigation. The Administration has long recognized the need for improvements in the Justice Department's ability to collect debt re-

ferred by other Federal agencies (currently \$6.5 billion). Additional recoveries of \$35 million over 1991 are anticipated from implementation of a centralized prescreening and case tracking system and the Federal Debt Collection Procedures Act of 1990.

**Davis-Bacon Reform.**—The budget includes savings of \$734 million in budget authority and \$237 million in outlays from legislative and regulatory reform of the Davis-Bacon Act. Legislative reform will include proposals to raise the threshold for contracts subject to the Act's provisions from \$2,000 to \$250,000 and to reduce paperwork requirements. In addition, a Federal District Court has allowed implementation of a Department of Labor regulation permitting the use of "helpers" on Federally funded construction projects. Savings from implementation of the DOL regulation have also been included in the budget.

#### Economic Statistics Initiative

Federal economic statistics alter private and public spending patterns, move markets and

Table A-5. **DAVIS-BACON REFORM SAVINGS**

(In millions of dollars)

	1992	
	Budget Authority	Outlays
Federal Funds .....	387.5	168.0
Trust Funds .....	346.3	68.7
Total .....	733.8	236.7

drive Government policy. The budget requests nearly \$30 million over 1991 enacted levels for an Economic Statistics Initiative that builds on the improvements requested in the 1991 budget. The Initiative provides for an increase of more than \$200 million over the five year period 1992-96.

The Initiative includes: (1) modernizing the National Income and Product Accounts to improve their accuracy, breadth, and international comparability; (2) improving the coverage and detail of international flows of funds; (3) separating quality and inflation changes in price data; and (4) increasing the coverage of the service sector which accounts for more than 70 percent of total U.S. output. The Initiative is concentrated in three agencies: the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Bureau of the Census. Funds are also requested for the

National Agricultural Statistics Service and the National Science Foundation.

In addition to these program improvements, the Initiative will result in fundamental changes in the Federal statistical system itself. First, through an accompanying legislative initiative, it will provide a standardized mechanism for limited sharing of confidential statistical information solely for statistical purposes between statistical agencies under stringent safeguards. This will improve data quality throughout the Federal statistical system. Second, the Initiative will help the Government acquire an improved statistical workforce by creating a graduate program specifically designed to meet Federal statistical survey needs. This program will improve the talents and skills of the existing workforce, and attract new highly qualified applicants to the Federal statistical system.

## PROGRESS REPORT CORRECTION OF HIGH RISK AREAS

This is a progress report on agency efforts to correct high risk areas. OMB's assessment of agency progress is presented in Column 3, "Status." The status codes are: (1) Significant progress; (2) Active efforts underway to im-

prove progress; (3) Reservations about adequacy of progress and/or plans; (A) Added to High Risk List as a result of 1990 FMFIA report; (D) Deleted from High Risk List.

### DEPARTMENT OF DEFENSE

(In thousands of dollars)

High Risk Area	Progress to Date	Status	1991 Estimate	1992 Proposed
<i>Departmental and Service supply operations inadequate, weakening effective management of inventories (\$103B at stake).</i>	Defense Management Report (DMR) actions have produced major improvements. 9 of 29 material weaknesses resolved. Major changes: supply depots consolidated; inventory points centralized from Services to Defense Logistics Agency (DLA). Problem area: private contractor access to DOD supply system inadequately controlled. Next steps: current DMR initiatives will continue as part of an overall inventory reduction plan. Policy and procedure revisions scheduled for completion in 1991 to address private contractor access weakness.	2	80,000	20,500



## DEPARTMENT OF DEFENSE—Continued

(In thousands of dollars)

High Risk Area	Progress to Date	Status	1991 Estimate	1992 Proposed
<i>Departmental and Service information technology development and ADP security deficient (\$9B at stake for general purpose ADP).</i>	Eleven of fifteen identified weaknesses have been addressed. DOD is developing a Corporate Information Management System (CIMS) that: improves information life cycle management; eliminates multiple information systems; and standardizes and improves the quality of MIS. As part of CIMS and other initiatives, ADP equipment acquisition and inventory controls will be enhanced. Problem areas: ADP security and system support for MIS; these are being addressed. Next steps: CIM initiative planned for implementation during 1991 through 1995. Over 100 information resources management reviews are planned for 1991.	2	364,700	395,700
<i>Foreign Military Sales (FMS) Program: unreconciled balances (\$170B of active cases at stake).</i>	1990 FMFIA report shows 3 of 5 weaknesses corrected. No new unreconciled balances following major revisions in accounting procedures. New integrated financial management system now charges customers for costs and surcharges. Most unreconciled balances are resolved. DOD believes that significant progress has been made in this area; OMB maintains its assessment that active efforts are underway to correct this deficiency until there is an opportunity to evaluate DOD's recent accomplishments. Next steps: reconcile remaining out of balance conditions, specifically case level detail records with country level summary records.	2	N/A	N/A
<i>Departmental and Service controls over DOD property in private contractor possession and post-award oversight inadequate. (Contractors held \$56.5 billion in DOD property in 1989.).</i>	Significant progress in resolving the eight identified weaknesses including: improved oversight by Contract Administration Offices; better documentation for contract awards; improved monitoring of subcontractors by prime contractors; better controls over acceptance of material into DOD inventory. DLA and Service components implementation plans are on schedule. DMR initiative will streamline and provide improved ADP systems for management purposes. Next steps: CIM plans in 1991 to develop functional requirements needed to gain auditable control of government material held by contractors.	2	15,000	N/A
<i>Departmental and Service controls over contracted advisory and assistance services (CAAS) inadequate or non-existent (almost \$2B at stake in 1990).</i>	Major reductions in CAAS expected in 1991 and outyears as a result of a DMR initiative. Policy changes were implemented to improve control over CAAS expenditures. The DOD Inspector General continues to identify problems with the definition of CAAS, and recommends that the cost-effectiveness of contractor support for continuing requirements be given more attention. Competition and the use of firm-fixed-priced contracts for CAAS can be increased. Next steps: DOD plans to revise the definition of CAAS and develop CAAS reporting, accounting and tracking requirements during 1991.	2	N/A	N/A
<i>Departmental and Service financial accountability for real and personal property is inadequate (\$200B at stake in Army).</i>	In its 1990 FMFIA report, DOD identified a new material weakness: inadequate financial accountability for real and personal property in the Department of the Army. Property systems maintaining line item accountability are not integrated with financial accounting systems, resulting in a lack of financial control over line item transactions. Next steps: in 1991, OMB will closely monitor DOD efforts to correct this weakness, and will request that DOD determine the extent to which this weakness may also exist in the other Services. ADDED TO HIGH RISK LIST.	A	.....	.....

N/A = Not available.

**UNITED STATES SOLDIERS AND AIRMEN'S HOME**

(In thousands of dollars)

High Risk Area	Progress to Date	Status	1991 Estimate	1992 Proposed
Financial management controls weak (particularly accounting and contract functions).	DOD IG audit confirmed poor accounting and internal controls; new guidance issued on contract administration; improved reconciliation with Treasury financial data. Next steps: 1991 and 1992 funding provided for conversion costs, equipment needs and training to implement a cross-servicing arrangement for financial accounting with another Federal agency; implementation in 1992.	2	859	1,626



## **IX.B. IMPROVING RETURNS ON INVESTMENT**

This budget reflects a set of choices on relative program priorities and funding needs. These choices are based on policy decisions and various types of analysis and studies. Choices are often made using the information that is available—information that too often is incomplete or dated.

Rigorous program evaluations are rarely done, and those that are done may not be properly used. There is a dearth of good data on many of the conditions and problems that Federal programs are intended to address.

Data series and indices are irregular, estimates can vary widely, projections sometimes conflict, and consequences often cannot be predicted reliably.

This chapter of the budget (1) discusses the history and state of program evaluation, notes evaluations used in formulating the budget, and sets out an evaluation agenda for 1992 and beyond; and (2) sets out significant discretionary program terminations, decreases, and increases in the budget.

### **EVALUATION**

Evaluations of program results and performance should become an important (but not always prerequisite) factor in deciding program funding levels under the new spending caps.

By looking at whether programs are working and why, evaluations are also a valuable management tool. They allow sound judgments to be formed on funding allocations and policy issues. Resources can be shifted from programs that are ineffective to those that work.

#### **DEFINITION**

Program evaluation is a formal assessment, through objective measurement and systematic analysis, of the manner and extent that Federal programs (or their components) achieve intended objectives. Program evaluation complements long-range program planning; oversight, monitoring, and analysis of program performance and progress; and management analyses and audits that examine program administration.

Several elements are critical to successful evaluation. First, the objectives must be sufficiently defined to allow assessment of whether they are being met. Second, there must be a properly structured study design and methodology. Third, adequate data must exist and

be available, so that the requisite level of independent analysis can be done and the program impacts gauged objectively.

#### **HISTORY AND CURRENT STATE OF EVALUATION**

Program Budgeting or PPBS (Planning-Programming-Budgeting System) was installed in various agencies in 1965; the emphasis was on the analysis of alternatives to achieve specified objectives. In theory, PPBS forced analysis; the options had to be identified, compared, and ranked for effectiveness. Policy analysis groups were set up in most of the Departments and agencies, and several thousand staff were engaged in system and cost-benefit analyses of alternative means of delivering program objectives.

But PPBS essentially failed, except in the Department of Defense where sufficient expertise, management practice and data existed to initiate and maintain PPBS. Elsewhere, PPBS often fell victim to "mindless quantification" without causal analysis. The result was that agency heads were often oversupplied with numbers and undersupplied with analysis of the impact of Government actions. So, while agencies collected prodigious amounts of meaningless data under vague program structure

categories, actual budget decisions continued to be made in terms of the old budget categories.

Despite the use of analytic studies to improve program planning under PPBS, the Government did not systematically measure the effectiveness of existing programs. To address this need, many Federal agencies (such as the Department of Health, Education and Welfare and the Office of Economic Opportunity) began in the late 1960's, on a more selective basis, to design, fund and use rigorous assessments of the costs and effects of major programs.

By the mid to late 1970s, however, program evaluation had developed a frayed and somewhat academic reputation. Policymakers often found it irrelevant to their needs—too slow, too inconclusive, too cumbersome. Further, in the mid-1970s, some evaluation units were dis-

placed when Inspectors General were created with broad oversight authority which often included performance auditing for economy, efficiency and effectiveness.

In the 1980's, funding cutbacks and program re-structuring (e.g., block grants) led to further reductions in agency evaluation staffs and cuts in the resources that funded outside evaluations.

Agencies are now performing relatively few outcome-oriented program evaluations; they are also producing significantly fewer evaluations with strong, data-supported information about program results. The remaining analytic products tend to involve program compliance (fraud & waste) management studies, which, while important, fail to provide reliable measures of program effectiveness.

## FUTURE EVALUATIONS

The Administration supports a systematic and sustained investment in more rigorous evaluation—as an aid to both the Executive Branch and Congress in planning, monitoring, and assessing program results, and in determining future program needs. Evaluations include short-term and long-term efforts, comprehensive longitudinal outcome studies, and assessments of demonstrations or pilots.

There follow descriptions of priority evaluations for 1993 budget formulation and post-1993 budget formulation. The budget includes \$35 million in 1992 for those evaluations for which cost estimates are available.

### EVALUATIONS FOR USE IN FORMULATING THE 1993 BUDGET

#### Department of Agriculture (USDA)

**Federal Crop Insurance Program.**—The Federal Crop Insurance Corporation provides crop insurance to farmers for protection against losses from adverse climate or weather conditions, fire, plant disease, insect and animal damage (over \$10 billion in protection currently outstanding). In recent years, indemnity payments have significantly exceeded premium income by several hundred million dollars. A

premium subsidy is authorized. Alternatively, the Commodity Credit Corporation (CCC) has provided ad hoc disaster relief on a retrospective basis, allowing farmers to decline insurance coverage. The CCC's future ability to provide relief will now be constrained by the provisions of the Omnibus Budget Reconciliation Act of 1990. An evaluation will be undertaken of the effectiveness of the crop insurance program, including an assessment of why farmers choose not to be insured. (Cost \$300,000)

#### Department of Defense (DOD)

**Force Mobility.**—DOD will evaluate the effectiveness of defense mobilization (particularly transportation of equipment and supplies) for Desert Shield and Desert Storm. The results will be available in 1991 to support future mobilization planning.



## SUMMARY OF TERMINATIONS, REDUCTIONS, AND INCREASES

The Budget Enforcement Act of 1990 (BEA), part of the budget agreement reached last fall, set limits for total spending on discretionary programs for each of the next four years. The budget requests \$522.7 billion in budget authority for discretionary programs, a level consistent with the BEA limits. This includes \$197.4 billion for domestic programs and \$291.4 for defense programs. This level of spending requires restraint in numerous programs in order to fund high priority discretionary programs. Under the BEA requirements, limited funds must be spent where they are most needed. Significant increases for health research, education, environmental protection, drug prevention and treatment, and law enforcement, for example, could not be made if other programs are not restrained.

### TERMINATION OF SUBSTANDARD PROJECTS

Many projects funded by the Congress do not meet established programmatic standards established by Congress itself in authorizing statutes or by published agency regulations. These substandard projects are commonly referred to as "pork" or "pork-barrel" projects. Standards most commonly violated are:

- Requirements to use competitive procedures in making grants and awarding contracts are waived in order to fund legislatively designated projects.
- Requirements to fund only projects of national or regional importance are disregarded in order to fund projects of purely local interest.
- Requirements that design work for construction projects be significantly underway (35-50 percent completed) to ensure that funded projects can be executed on time and within authorized funding levels are disregarded.

In this section, examples of such substandard projects, for which \$574 million in budget authority was provided in 1991, are identified. The budget proposes to eliminate new funding for such projects in 1992. (A

broader definition of "pork" would add about \$2 billion to this total. This definition would allow inclusion of projects that technically do not violate legislative or regulatory standards—in many cases because there are none—but most of which are funded only to provide for very narrow interests with little or no national benefit.) The types of substandard projects that are included in this discussion are summarized in Table B-1.

### Department of Commerce

**National Oceanic and Atmospheric Administration (NOAA).**—The budget requests no funding for 6 NOAA programs, totaling \$6 million in 1991, that are direct industry subsidies, pass-throughs to State and private organizations, or State-specific projects. These programs either lack enabling legislation or fail to conform to published guidelines or regulations.

### Department of Defense—Military

**Military construction.**—Congress has required that at least 35 percent of planning and design be completed before construction projects are funded. However, \$182 million was added by Congress to the 1991 military construction program for projects that did not meet this requirement.

**Research, development, test, and evaluation.**—Section 220 of the National Defense Authorization Act for 1989 requires that grants or awards of contracts to colleges or universities for the performance of defense research and development, or for the construction of research facilities, be made on a competitive basis. However, a number of projects totaling \$95 million were added to the appropriations acts and accompanying reports for 1991 that did not meet this standard.

**Operation and maintenance.**—Four projects for which there are no military requirements were added by Congress to the 1991 Budget. These totaled \$16 million and included a parliament building for the Solomon Islands, grants to two museums, and the up-

**Table B-1. TERMINATIONS OF SUBSTANDARD PROJECTS BY AGENCY**  
(In millions of dollars)

	Number of Programs	Number of Projects	1991 Enacted		1992 Proposed		Increase or Decrease (-)	
			Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
Commerce:								
NOAA projects .....	6	6	6	4			-6	-4
Defense:								
Military construction .....		44	182	18		76	-182	59
Research, development, test, and eval- uation .....		13	95	53		31	-95	-21
Operation and maintenance .....		4	16	13		3	-16	-10
Subtotal, Defense .....		61	293	83		110	-293	28
Energy:								
Office of Energy Research .....	2	17	114	58		40	-114	-18
HUD:								
Special project grants .....	1	61	54	27		27	-54	
Transportation:								
Urban Mass Transit Administration <sup>1</sup> ..		2	15			2	-15	2
Federal Highway Administration .....		5	15	3		4	-15	1
Conrail commuter transition assistance ..	1	N/A	5	2		14	-5	12
Amtrak corridor improvement loans .....	1	N/A	1	1			-1	-1
Subtotal, Transportation .....	2	7	21	6		20	-21	14
Environmental Protection Agency:								
Construction grants .....		2	5	1		1	-5	
General Services Administration:								
Grants to organizations .....		45	72				-72	
SBA:								
Miscellaneous grants .....	7	7	6	6			-6	-6
Other agencies:								
D.C. Children's National Medical Cen- ter .....	1	1	3	3			-3	-3
Total, terminations of substandard projects .....	19	207	574	188		198	-574	11

<sup>1</sup> Budget authority shown for this program is not counted under the discretionary caps and is not included in the totals for this table.

grade of port facilities in the territory of American Samoa.

evaluated and selected on the basis of their scientific and technical merit or their relevance to the agency mission.



Federal programs or cannot be afforded within available Federal resources. Some procurement programs can be terminated because inventory requirements have been satisfied.

A discussion of the major terminations proposed in the budget follows. Terminations of defense discretionary programs are discussed first, followed by terminations of domestic discretionary programs listed by agency.

### OTHER PROGRAM AND PROJECT TERMINATIONS

In addition to the terminations of substandard projects, the budget requests termination of 283 other programs. Programs are proposed for termination for a variety of reasons. Some should not be Federal responsibilities since they can be more efficiently managed by either State and local governments or the private sector. Others have fulfilled their original missions and are no longer needed. Still others duplicate other more effective

### Department of Defense—Military

**Acquisition programs.**—Table B-2 lists programs that are being proposed for termination in this budget. Examples are: the A-12 aircraft, because of technical and cost problems, and the Trident submarine, because of changing requirements. Several other programs are proposed for termination because they can not be afforded within available resources.

Table B-2. OTHER TERMINATIONS OF DEFENSE DISCRETIONARY PROGRAMS

(In millions of dollars)

	Number of Programs	1991 Enacted		1992 Proposed		Increase or Decrease (-)	
		Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays
Defense:							
A-12 Aircraft .....	1	1,637	657	.....	.....	-1,637	-657
Trident Submarine .....	1	1,331	67	.....	.....	-1,331	-67
LHD Amphibious Assault Ship .....	1	958	48	.....	.....	-958	-48
F-14D Aircraft Remanufacturing .....	1	897	121	.....	.....	-897	-121
Bradley Fighting Vehicle .....	1	657	13	109	2	-548	-11
Peacekeeper Missile .....	1	655	198	195	55	-460	-143
Boost Surveillance & Tracking System Satellite .....	1	210	122	.....	.....	-210	-122
Ground-launched Tacit Rainbow Missile .....	1	103	56	.....	.....	-103	-56
Non-Line Of Sight Missile Development .....	1	99	55	.....	.....	-99	-55
Navy Advanced Tactical Fighter .....	1	66	37	.....	.....	-66	-37
Long-Range Conventional Stand-off Weapon Development .....	1	55	29	.....	.....	-55	-29
Air-launched Tacit Rainbow Missile .....	1	37	21	.....	.....	-37	-21
105mm RAKE Tank Cartridge .....	1	35	19	.....	.....	-35	-19
HAWK Missile Modifications .....	1	44	3	10	1	-34	-2
High Explosive Anti-Armor Weapon .....	1	29	3	.....	.....	-29	-3
Over-the-Horizon Backscatter Radar .....	1	35	22	8	5	-27	-17
Directed Energy Anti-Satellite System .....	1	25	14	.....	.....	-25	-14
NATO Naval Anti-Air Warfare System .....	1	21	4	.....	.....	-21	-4
CATFAE Land Mine Countermeasure System .....	1	16	1	.....	.....	-16	-1
Modular Automated Test Equipment .....	1	13	8	.....	.....	-13	-8
SSN-688 Submarine Improvement .....	1	13	7	.....	.....	-13	-7
SAR-8 Electro-Optic Ship Sensor .....	1	11	6	.....	.....	-11	-6
16-Inch Gun Ammunition Improvement .....	1	10	6	.....	.....	-10	-6
Low Cost Seeker for HARM Missile .....	1	10	6	.....	.....	-10	-6
AN/SQR-18 Sonar System Backfit .....	1	10	1	.....	.....	-10	-1
MK-92 Coherent Receiver/Transmitter .....	1	7	4	.....	.....	-7	-4

**Table B-2. OTHER TERMINATIONS OF DEFENSE DISCRETIONARY PROGRAMS—Continued**  
(In millions of dollars)

	Number of Programs	1991 Enacted		1992 Proposed		Increase or Decrease (-)	
		Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays
Relocatable Over-the-Horizon Radar .....	1	6	1	.....	.....	-6	-1
Navy Directed-Energy Countermeasures .....	1	5	3	.....	.....	-5	-3
Air Force Advanced Tactical Aircraft .....	1	5	3	.....	.....	-5	-3
Navy Command/Control/Communications Counter- measures .....	1	5	3	.....	.....	-5	-3
5-Inch/38 Gun Ammunition .....	1	4	.....	.....	.....	-4	.....
Navy Command and Control System—Ashore Nodes .....	1	3	2	.....	.....	-3	-2
European Command Information Systems .....	1	2	.....	.....	.....	-2	.....
3-Inch/50 Gun Ammunition and Modifications .....	1	1	.....	.....	.....	-1	.....
Electro-Optical Sensor .....	1	1	1	.....	.....	-1	-1
Marine Mine Clearing System .....	1	1	1	.....	.....	-1	-1
Carrier Inertial Navigation System .....	1	1	1	.....	.....	-1	-1
Tactical Fuel System .....	1	1	1	.....	.....	-1	-1
Remote Undersea Mine Detonation System .....	1	1	1	.....	.....	-1	-1
NFR-90 NATO Frigate .....	1	1	1	.....	.....	-1	-1
P-7 Maritime Patrol ASW Aircraft .....	1	#	#	.....	.....	-#	-#
Follow-on to Lance Missile .....	1	#	#	.....	.....	-#	-#
Bigeye Chemical Bomb .....	1	#	#	.....	.....	-#	-#
155mm Binary Chemical Artillery Projectile .....	1	#	#	.....	.....	-#	-#
155mm Nuclear Artillery Projectile .....	1	#	#	.....	.....	-#	-#
Air Force A-7 Aircraft Modifications .....	1	#	#	.....	.....	-#	-#
Air Force F-4 Aircraft Modifications .....	1	#	#	.....	.....	-#	-#
Minuteman II Missile Improvements .....	1	#	#	.....	.....	-#	-#
Direct Airfield Attack Conventional Munition .....	1	#	#	.....	.....	-#	-#
Bell Weather (classified program) .....	1	#	#	.....	.....	-#	-#
B-90/BDM Nuclear Depth Bomb .....	1	#	#	.....	.....	-#	-#
P-3C Aircraft Update IV Modification .....	1	#	#	.....	.....	-#	-#
CH-60 Medium Lift Helicopter .....	1	#	#	.....	.....	-#	-#
Submarine Tender Development .....	1	#	#	.....	.....	-#	-#
AGOS ASW Surveillance Ships .....	1	#	#	.....	.....	-#	-#
Rolling Airframe Missile .....	1	#	#	.....	.....	-#	-#
Navy ASRAAM Missile Support .....	1	#	#	.....	.....	-#	-#
16-Inch Ship Gun Ammunition .....	1	#	#	.....	.....	-#	-#
NOMOADS Diving Suit .....	1	#	#	.....	.....	-#	-#
Excaliber Long Range Cruise Missile .....	1	#	#	.....	.....	-#	-#
Marine Corps Mine Detection .....	1	#	#	.....	.....	-#	-#
Marine Corps Remotely Piloted Vehicle .....	1	#	#	.....	.....	-#	-#
Cooperative Engagement .....	1	#	#	.....	.....	-#	-#
MK-XV Aircraft Identification System .....	1	#	#	.....	.....	-#	-#
Total, other defense discretionary terminations ...	64	7,022	1,540	322	62	-6,699	-1,478
Substandard project terminations .....	.....	293	83	.....	110	-293	28
Total, defense discretionary terminations .....	64	7,315	1,623	322	172	-6,992	-1,450

# These programs have been proposed for termination since submission of the 1991 Budget.

<sup>1</sup> All outlays are first year outlays only.



**Table B-4. REDUCTIONS IN SELECTED DEFENSE DISCRETIONARY PROGRAMS**

(In millions of dollars)

	Number of Programs	1991 Enacted		1992 Proposed		Increase or Decrease (-)	
		Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays <sup>1</sup>	Budget Authority	Outlays
Defense:							
F-16 Aircraft .....	1	2,082	94	1,151	52	-931	-42
Trident II (D-5) Missile .....	1	1,536	149	1,195	116	-341	-33
EA-6B Aircraft Remanufacturing .....	1	349	47	110	15	-239	-32
Peacekeeper Rail-Garrison Basing .....	1	478	277	260	151	-218	-126
MK 50 Torpedo .....	1	327	32	262	25	-65	-6
Kinetic Energy Anti-Satellite .....	1	126	69	65	36	-61	-34
MK 48 Advanced Capability Torpedo .....	1	347	34	295	29	-52	-5
Total, major defense discretionary reductions .....	7	5,245	702	3,338	423	-1,907	-279

<sup>1</sup> All outlays are first year outlays only.

#### Department of Defense—Military

**Acquisition programs.**—Table B-4 lists examples of acquisition programs for which 1992 funding is significantly lower than previously planned. These reductions reflect changes in requirements including those associated with planned force structure adjustments.

## **IX.C. REFORMING REGULATION AND MANAGING RISK-REDUCTION SENSIBLY**

Protecting and enhancing human health and welfare has always been an essential purpose of Government at all levels. The Federal Government both funds programs and imposes regulations to reduce risks to health and safety. Federal involvement in these areas has expanded enormously since World War II. There have been benefits, but also costs.

This section of the budget describes:

- The Administration's approach to regulatory reform.
- Problems associated with managing risk-reduction sensibly.
- Concepts for managing, and budgeting for, risk reduction.
- A 1991 Risk Management Budgeting Initiative to affect development of the 1993 budget and the regulatory agenda

### **THE ADMINISTRATION'S APPROACH TO REGULATORY REFORM**

The Administration is committed to the prudent use of Federal regulation to achieve social benefits where these are not provided by the marketplace. This commitment is based on the principles of Executive Order Nos. 12291 and 12498 which require that Federal regulation be based on adequate information; that the benefits of Federal regulations exceed their costs; and that regulatory agencies develop an annual regulatory plan so that Congress and the public may know what regulations are likely in the coming year.

OMB's Office of Information and Regulatory Affairs (OIRA), working with the President's Council on Competitiveness, reviewed in 1990 over 2,100 rules—to ensure that necessary and cost-effective Federal regulations were promulgated and that the principles of Executive Order No. 12291 were applied. OMB also reviewed more than 3,000 agency information collection requests—to ensure they imposed minimal burdens, had practical utility, and

were not duplicative. These reviews led to significant improvements.

The Administration has, in addition, reaffirmed the principle of Executive Order No. 12612, "Federalism," that decisionmaking be left to State and local governments wherever possible. Many policy decisions are best left to those levels of government closest to the constituencies the decisions will affect.

In conducting its reviews, OIRA emphasized benefit cost analysis and the use of performance standards that establish regulatory goals, letting the regulated community devise the most efficient method of meeting the standards. Performance standards govern outcomes and results rather than inputs and methods.

Where possible, the Administration has also encouraged the tailoring of regulatory programs and information collections to reduce their burdens on small business. Small business often lacks the capacity easily to absorb the costs related to regulatory programs.

### **PROBLEMS ASSOCIATED WITH RISK MANAGEMENT**

There is risk in everything—in nature, in individual behavior, in the behavior of others. Table C-1 shows risks related to certain common events and activities.

- Out of every one million people in the United States exposed to the following risks, 196,000 die from all forms of cancer, 13,400 from motor vehicle accidents, 7,700 from home accidents, 960 from fires, and 17 from venomous bites and stings.
- Heart disease claims one of every four Americans, and much of this risk could be classified as both behavioral (smoking, diet) and natural (genetic predisposition, aging).
- Accidents involving motor vehicles claim one life in every 75; fatality risk is, of course, dramatically influenced by individ-

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Table C-1. SELECTED RISKS TO LIFE

Cause of Death	Mortality Risk <sup>1</sup> per million persons exposed	Average Risk per exposed individual
Smoking (1 pack/day) <sup>2,4</sup>	252,000	1 in 4.0
Heart Disease <sup>8</sup>	230,000	1 in 4.3
Cancer (all causes) <sup>4,7</sup>	196,000	1 in 5.1
Motor vehicle accidents <sup>10</sup>	13,400	1 in 75
Passenger cars	7,350	1 in 140
Passenger cars, restraints used	4,816	1 in 210
Passenger cars, restraints not used	8,757	1 in 110
Home accidents <sup>4</sup>	7,700	1 in 130
Homicide <sup>8</sup>	7,000	1 in 140
White females, 15-24 years <sup>3</sup>	400	1 in 2,500
White males, 15-24 years <sup>3</sup>	1,100	1 in 910
Black females, 15-24 years <sup>3</sup>	1,700	1 in 590
Black males, 15-24 years <sup>3</sup>	10,100	1 in 100
Drowning <sup>6</sup>	2,520	1 in 400
Cancer from exposure to medical X-rays <sup>7</sup>	1,400	1 in 710
Fires <sup>6</sup>	960	1 in 1,050
Cancer due to cosmic radiation from living at 5,280 feet instead of sea level <sup>7</sup>	560	1 in 1,800
Cancer from aflatoxin in 4 tablespoons of peanut butter per day <sup>4,7</sup>	560	1 in 1,800
Electrocution <sup>6</sup>	371	1 in 2,700
Cancer from radon in drinking water at 1.5 picocuries per liter <sup>4</sup>	259	1 in 3,900
Commercial aircraft accidents (one round trip per year) <sup>9</sup>	51	1 in 19,600
Cancer from chloroform in drinking water at EPA limit of 0.1 milligram per liter <sup>4</sup>	42	1 in 24,000
Lightning <sup>6</sup>	35	1 in 28,500
Bites and stings by venomous animals and insects <sup>6</sup>	17	1 in 58,800

<sup>1</sup> Based on a 70 year average lifetime.

<sup>2</sup> Includes cancer and heart disease.

<sup>3</sup> Based on 10 years within age category.

<sup>4</sup> Richard Wilson and Edmund Crouch, "Risk Assessment and Comparisons: An Introduction," *Science*, vol. 236 (April 17, 1987), pp. 267-270.

<sup>5</sup> Don Colburn, "The Risky Lives of Young Black Men," *Washington Post Health*, December 18/25, 1990, p. 7.

<sup>6</sup> Richard Wilson and Edmund Crouch, *Risk-Benefit Analysis*, (Cambridge: Ballinger, 1982), Table 7-2.

<sup>7</sup> *Ibid.*, Table 7-5.

<sup>8</sup> Estimated from Vital Statistics of the United States.

<sup>9</sup> Derived from Department of Transportation, *National Transportation Statistics*, 1989

<sup>10</sup> Derived by DOT from Fatal Accident Reporting System (FARS).

ual behavior—miles driven, driver care, use of alcohol, use of seat belts and vehicle weight.

- The risk of death from homicide (about 1 in 140) is distributed unevenly across the population—for the 15-24 age group, for example, about 1 in 2,500 for white females, but almost 1 in 100 for black males (25 times greater).

Risks also vary by an individual's age and the duration of individual exposure. Whereas cancer and heart disease are highly correlated with old age, accidents are the leading cause of death up to the age of 44. Risky activities (e.g., automobile travel) may result in immediate death or serious injury, while other behavioral choices (e.g., smoking) involve long-term exposures that may lead to chronic illness or death later in life.

### Cost Effectiveness of Federal Intervention

Table C-2 shows the risks and costs associated with selected Federal regulations.<sup>1</sup> As can be seen, the cost-effectiveness (in constant 1990 dollars) of regulatory actions varies over more than eight orders of magnitude—from about \$100,000 per premature death prevented (for certain automotive safety features) to more than \$5 trillion per premature death prevented (for regulating wood preserving chemicals as hazardous wastes). This range shows clearly that society's resources for reducing risk are being poorly allocated. On average, spending \$2 million dollars on highway safety saves at least one life in just a few years. However, the same amount spent regulating cancer risks posed by wood preserving chemicals prevents one cancer case every 2.9 million years.

Table C-2 also shows that:

- Department of Transportation agencies (i.e., the Federal Aviation Administration

<sup>1</sup>All cost-effectiveness ratios provided are in constant 1990 dollars. These estimates can be compared to what can be discerned from individual behavior. A recent survey of this literature found estimates ranging from \$1.6 million to \$8.5 million. The authors placed more confidence in the estimates at the lower end of this range. See Ann Fisher, Lauraine G. Chestnut, and Daniel M. Violette, "The Value of Reducing Risks of Death: A Note on the New Evidence," *Journal of Policy Analysis and Management*, vol. 8, no. 1 (1989), pp. 88-100.

and the National Highway Traffic Safety Administration) apply relatively consistent standards to determine whether benefits warrant costs. Most significant OSHA safety standards are similarly cost effective. But EPA regulations and OSHA health standards often entail very large costs for every premature death prevented.

- Programs intended to prevent deaths caused by injury are generally more cost-effective than programs aimed at reducing the mortality risk of environmental and occupational cancer. The cost of regulations aimed at reducing transportation injury risks have consistently remained under \$2 million per death averted. However, many regulations targeted at occupational, environmental and dietary cancer risks have been extraordinarily costly.
- Many cancer risks from environmental exposures (excluding smoking and diet) are very small relative to other threats to human health. Nevertheless, about half of the significant regulations listed in Table C-2 (and a much larger percentage of the most expensive Federal regulatory actions) are aimed at reducing these same small cancer risks.



Table C-2. RISKS AND COST-EFFECTIVENESS OF SELECTED REGULATIONS

Regulation <sup>1</sup>	Year Issued	Health or Safety?	Agency	Baseline Mortality Risk per Million Exposed	Cost per Premature Death Averted (\$Millions 1990)
Unvented Space Heater Ban .....	1980	S	CPSC	1,890	0.1
Aircraft Cabin Fire Protection Standard .....	1985	S	FAA	5	0.1
Auto Passive Restraint/Seat Belt Standards .....	1984	S	NHTSA	6,370	0.1
Steering Column Protection Standard <sup>2</sup> .....	1967	S	NHTSA	385	0.1
Underground Construction Standards <sup>3</sup> .....	1989	S	OSHA-S	38,700	0.1
Trihalomethane Drinking Water Standards .....	1979	H	EPA	420	0.2
Aircraft Seat Cushion Flammability Standard .....	1984	S	FAA	11	0.4
Alcohol and Drug Control Standards <sup>3</sup> .....	1985	H	FRA	81	0.4
Auto Fuel-System Integrity Standard .....	1975	S	NHTSA	343	0.4
Standards for Servicing Auto Wheel Rims <sup>3</sup> .....	1984	S	OSHA-S	630	0.4
Aircraft Floor Emergency Lighting Standard .....	1984	S	FAA	2	0.6
Concrete & Masonry Construction Standards <sup>3</sup> .....	1988	S	OSHA-S	630	0.6
Crane Suspended Personnel Platform Standard <sup>3</sup> .....	1988	S	OSHA-S	81,000	0.7
Passive Restraints for Trucks & Buses (Proposed) .....	1989	S	NHTSA	6,370	0.7
Side-Impact Standards for Autos (Dynamic) .....	1990	S	NHTSA	NA	0.8
Children's Sleepwear Flammability Ban <sup>4</sup> .....	1973	S	CPSC	29	0.8
Auto Side Door Support Standards .....	1970	S	NHTSA	2,520	0.8
Low-Altitude Windshear Equipment & Training Standards ..	1988	S	FAA	NA	1.3
Electrical Equipment Standards (Metal Mines) .....	1970	S	MSHA	NA	1.4
Trenching and Excavation Standards <sup>3</sup> .....	1989	S	OSHA-S	14,310	1.5
Traffic Alert and Collision Avoidance (TCAS) Systems .....	1988	S	FAA	NA	1.5
Hazard Communication Standard <sup>3</sup> .....	1983	S	OSHA-S	1,800	1.6
Side-Impact Stds for Trucks, Buses and MPVs (Proposed) ...	1989	S	NHTSA	NA	2.2
Grain Dust Explosion Prevention Standards <sup>3</sup> .....	1987	S	OSHA-S	9,450	2.8
Rear Lap/Shoulder Belts for Autos .....	1989	S	NHTSA	NA	3.2
Standards for Radionuclides in Uranium Mines <sup>3</sup> .....	1984	H	EPA	6,300	3.4
Benzene NESHAP (Original: Fugitive Emissions) .....	1984	H	EPA	1,470	3.4
Ethylene Dibromide Drinking Water Standard .....	1991	H	EPA	NA	5.7
Benzene NESHAP (Revised: Coke By-Products) <sup>3</sup> .....	1988	H	EPA	NA	6.1
Asbestos Occupational Exposure Limit <sup>3</sup> .....	1972	H	OSHA-H	3,015	8.3
Benzene Occupational Exposure Limit <sup>3</sup> .....	1987	H	OSHA-H	39,600	8.9
Electrical Equipment Standards (Coal Mines) <sup>3</sup> .....	1970	S	MSHA	NA	9.2
Arsenic Emission Standards for Glass Plants .....	1986	H	EPA	2,660	13.5
Ethylene Oxide Occupational Exposure Limit <sup>3</sup> .....	1984	H	OSHA-H	1,980	20.5
Arsenic/Copper NESHAP .....	1986	H	EPA	63,000	23.0
Haz Waste Listing for Petroleum Refining Sludge .....	1990	H	EPA	210	27.6
Cover/Move Uranium Mill Tailings (Inactive Sites) .....	1983	H	EPA	30,100	31.7
Benzene NESHAP (Revised: Transfer Operations) .....	1990	H	EPA	NA	32.9
Cover/Move Uranium Mill Tailings (Active Sites) .....	1983	H	EPA	30,100	45.0
Acrylonitrile Occupational Exposure Limit <sup>3</sup> .....	1978	H	OSHA-H	42,300	51.5
Coke Ovens Occupational Exposure Limit <sup>3</sup> .....	1976	H	OSHA-H	7,200	63.5
Lockout/Tagout <sup>3</sup> .....	1989	S	OSHA-S	4	70.9
Asbestos Occupational Exposure Limit <sup>3</sup> .....	1986	H	OSHA-H	3,015	74.0
Arsenic Occupational Exposure Limit <sup>3</sup> .....	1978	H	OSHA-H	14,800	106.9
Asbestos Ban .....	1989	H	EPA	NA	110.7
Diethylstilbestrol (DES) Cattlefeed Ban .....	1979	H	FDA	22	124.8
Benzene NESHAP (Revised: Waste Operations) .....	1990	H	EPA	NA	168.2
1,2-Dichloropropane Drinking Water Standard .....	1991	H	EPA	NA	653.0
Haz Waste Land Disposal Ban (1st 3rd) .....	1988	H	EPA	2	4,190.4
Municipal Solid Waste Landfill Standards (Proposed) .....	1988	H	EPA	<1	19,107.0
Formaldehyde Occupational Exposure Limit <sup>3</sup> .....	1987	H	OSHA-H	31	86,201.8
Atrazine/Alachlor Drinking Water Standard .....	1991	H	EPA	NA	92,069.7
Haz Waste Listing for Wood Preserving Chemicals .....	1990	H	EPA	<1	5,700,000.0

<sup>1</sup>70-year lifetime exposure assumed unless otherwise specified.<sup>2</sup>50-year lifetime exposure.<sup>3</sup>45-year lifetime exposure.<sup>4</sup>12-year exposure period.

NA=Not available.

Agency Abbreviations.—CPSC: Consumer Product Safety Commission; MSHA: Mine Safety and Health Administration; EPA: Environmental Protection Agency; NHTSA: National Highway Traffic Safety Administration; FAA: Federal Aviation Administration; FRA: Federal Railroad Administration; FDA: Food and Drug Administration; OSHA-H: Occupational Safety and Health Administration, Health Standards; OSHA-S: Occupational Safety and Health Administration, Safety Standards.

Source: John F. Morrall, III, "A Review of the Record," *Regulation*, Vol. 10, No. 2 (1986), p. 30. Updated by the Author, et. al.



### **The Context of Risk Management**

Progress has been made in reducing health and safety risks. Life expectancy has increased from approximately 45 years at the turn of the century to the present 71 years for men and 78 years for women. Government helped with this, through immunization and public health programs. But longer lives have also resulted in more instances of chronic disease, such as cancer and heart disease, which now account for almost 60 percent of deaths.

Significant percentages of cancer and heart disease are attributable to such self-induced risks as smoking, alcohol abuse and poor diet. In fact, smoking is responsible for one in every six deaths in America—390,000 deaths per year (87 percent of lung cancer deaths, 30 percent of all cancer deaths and 21 percent of heart disease deaths). Alcohol abuse was responsible for half of the 47,000 highway deaths in 1988 and 40 percent of drownings. It is a major cause of cirrhosis, the ninth leading cause of death in the United States; it has also been linked to violence, homicide and suicide.

Indeed, Secretary of Health and Human Services Sullivan has pointed out that control of fewer than ten risk factors could prevent between 40 and 70 percent of all premature deaths, a third of all cases of acute disability and two-thirds of all cases of chronic disability. Most of these risk factors are within the control of the average citizen—stop smoking, wear seat belts, increase exercise, improve eating habits, end drug or alcohol abuse, seek early prenatal care and necessary medical examinations and immunizations.

The individual's perception of risk to health and safety depends on a variety of factors including the individual's confidence in private and public institutions. Those with confidence in America's institutions tend to rely on those institutions to implement general injunctions to reduce risks. Those who lack such confidence tend to want Government to regulate potential risks, assuming "worst case" scenarios for both risk and institutional behavior. The problem of perception is further complicated by what is often a lack of agreement among scientists and "experts."

### **Federal Budgetary Programs**

The Federal Government now funds a variety of programs to reduce risks to health and safety. While many of these programs produce important benefits—Corps of Engineers flood control programs and Department of Transportation air safety programs—they are also costly. The budget requests \$18.4 billion in 1992 for major health and safety risk-reduction programs, \$91.4 billion over the 5-year period 1992-96 (see Table C-3).

### **Federal Regulatory Programs**

Federal health and safety regulation has similarly resulted in significant benefits. Federal control of emissions to air and water and of the safe disposal of wastes can yield substantial environmental and health benefits. EPA's cost-effective rule phasing down the use of lead in gasoline has resulted in a marked decline in the ambient air levels of lead in U.S. cities. Similarly, Federal regulation of auto safety over the last 20 years has yielded important reductions in the annual toll of deaths and injuries on the Nation's highways.

The costs of regulation are, however, enormous—estimated as high as \$185 billion annually in direct costs on the private sector and State and local governments—nearly \$1700 for every taxpayer. Federal regulation is also intrusive. The Code of Federal Regulations contains well over 100,000 pages. In 1990, over 1200 new rules were added, and 1990 amendments to the Clean Air Act, alone, will require scores of new rules over the next several years.

### **REDUCING THE MOST RISK FOR THE BUCK**

The standards for determining Government spending and regulatory program priorities are haphazard, leading to great disparities in benefits in relation to costs. To remedy this problem, the Administration is advancing a new initiative: Risk Management Budgeting—careful risk assessment and analysis of programmatic alternatives. Risk Management Budgeting should enable decision makers to reallocate scarce resources to produce both lower risks and lower costs.



**Table C-3. EXAMPLES OF FEDERAL HEALTH AND SAFETY PROGRAMS<sup>1</sup>**  
(Budget authority; in millions of dollars)

	1992	1992-96
<b>Department of Agriculture:</b>		
Rural Water and Disposal Grants .....	225	1,125
Food Safety Inspection Service .....	425	2,124
Forest Service Firefighting .....	302	1,511
<b>Environmental Protection Agency:</b>		
Superfund .....	1,750	8,750
Sewage Grants .....	1,900	3,700
Air .....	505	3,523
Water .....	413	2,067
Hazardous Waste .....	334	1,672
Pesticides <sup>2</sup> .....	140	664
<b>Department of Energy:</b>		
Environmental Restoration		
Civilian .....	523	2,708
Defense .....	3,705	22,619
Uranium Enrichment Cleanup .....	124	799
<b>Department of Commerce:</b>		
National Weather Service .....	499	2,033
<b>Corps of Engineers:</b>		
Flood Control .....	1,000	5,200
<b>Department of Labor:</b>		
OSHA .....	302	1,511
Mine Safety .....	186	931
<b>Department of Transportation:</b>		
Highway Safety .....	437	1,886
Aviation Safety .....	598	2,448
Rail, Boating, Other Safety .....	771	3,155
<b>Department of Defense:</b>		
Environmental Restoration (Non-nuclear) .....	1,253	7,354
<b>Department of Health and Human Services:</b>		
Food and Drug Administration <sup>2</sup> .....	770	3,902
Medicare and Medicaid Survey and Certification .....	881	4,692
Centers for Disease Control .....	1,397	6,985
<b>Total</b> .....	<b>18,440</b>	<b>91,359</b>

<sup>1</sup> Selected programs \$100 million or more annual budget authority.

<sup>2</sup> Obligations (includes user fees).

### Risk Management Budgeting

**Risk.**—Risk is the individual likelihood (e.g., one accident in over nine million airline flights) of harm (e.g., airplane crash) from some level of exposure (e.g., 110 million airline flights 1975-85) to a hazard (e.g., windshear at airports). Risk and exposure are combined to determine how much harm (e.g., 12 crashes and 400 lives lost) is caused. The term "risk" is also used to represent the sum of all individ-

ual risks, particularly when developing population estimates.

**Risk-reduction Analysis.**—Risk Management Budgeting requires the establishment of common units of measurement that enable risk reduction benefits and costs to be compared across a range of options and incremental funding levels within a program. This will allow the allocation of resources to achieve the greatest net benefits. Initially, Risk Manage-

ment Budgeting will be applied to resource allocation within individual programs. In subsequent years, as many programs employ the technique, it will be possible to allocate resources across programs. Thus, benefit estimation requires the establishment of uniform government-wide standards for performing risk assessments.

Cost estimates should include the opportunity cost of the resources required by a given program (or program alternative) including both private and Federal budget costs. The opportunity cost of an alternative is the value of the benefits foregone due to the selection of that alternative.

Some programs address activities and events that may lead to immediate death (e.g., automobile safety), while others seek to reduce chronic or latent illness (e.g., reduced air pollution or the fostering of low-fat diets). The measure used in Table C-2 is cost per premature death avoided (adjusted for some of these differences, but not all).

Some suggest analysis should use "life-years" instead of "lives," since the public generally places a higher value on reducing risks faced by children than on increasing longevity *per se*. Others suggest it should also take into account ancillary benefits (for example, the commercial and private benefits of an improved highway system, in addition to reduced highway fatalities brought about by the system).

Good analysis must also avoid upper-bound estimates or "worst-case" scenarios; these mislead policy makers and the public and exaggerate the amount of risk reduction that can be achieved; they also create a systemic bias in favor of programs and policies that would eliminate exaggerated risk, while neglecting high risks elsewhere.

For example, the first five regulatory actions listed in Table C-2 have identical cost-effectiveness ratios of \$100,000 per premature death avoided. However, the baseline mortality risk varies from five premature deaths per million persons exposed to almost 40,000—a factor of more than 7,000. Focusing exclusively on risk would have led decision makers to ignore the relatively low hazards from aircraft cabin fires, even though they were relatively

inexpensive to remedy. Similarly, many of the regulations in Table C-2 have relatively large baseline risks that are very expensive to remedy—hence, their cost-effectiveness ratios are quite unfavorable.

If individual or population risk alone is used in setting program priorities, there is no guarantee that the programs selected are reducing risk sensibly. Large individual or population risks, that are very expensive to reduce, may not be cost-effective. Only by considering both the benefits and the costs of risk reduction can sensible decisions be made.

### 1991 RISK MANAGEMENT BUDGETING INITIATIVE

The 11 pilot programs selected for Risk Management Budgeting in 1991 span the interests of Government—from nuclear waste cleanups at the Department of Defense and the Department of Energy to regulation of clinical laboratories by the Department of Health and Human Services. Each program was evaluated for Risk Management Budgeting potential, as well as agency interest in applying Risk Management Budgeting to a particular program.

These pilot programs have been chosen because they:

- are aimed at mitigating health and safety risks;
- have substantial resource requirements over the next five years;
- are amenable to risk budgeting analysis in program priority settings; and
- are minimally quantifiable.

### Budgetary Programs

There follow descriptions of four budgetary programs which will be subjected to Risk Management Budgeting in developing the 1993 budget. Agencies will, in consultation with OMB, complete the assessments during 1991.

**Department of Energy (DOE).**—Environmental Restoration and Waste Management is one of the fastest growing programs in DOE (\$4.2 billion requested in the Budget for 1992). DOE has nearly 100 sites located in 31 States and territories containing various waste types (including radioactive, hazardous mixed, and



sanitary wastes). Some of these date from World War II. DOE is developing a methodology for better setting cleanup priorities in order to maximize risk reduction across its many sites and, by 1993, will be ready to use this methodology more effectively in formulating future budget requests.

**Department Defense (DOD).**—The DOD Environmental Restoration Program is currently addressing the cleanup requirements of over 17,000 sites, with \$1.3 billion requested in the budget in 1992. DOD is testing, a "Defense Priority Model" designed to use site-specific environmental data and other factors (including the proximity of hazardous wastes to human populations) to develop preliminary rankings of risk. The purpose is to assist decision makers in determining funding priorities for remedial actions among DOD sites requiring clean-up. The DOD model was developed in consultation with EPA and the States, and is being evaluated for technical validity by the National Academy of Sciences.

**Defense/Energy.**—While the safety record of the U.S. nuclear weapons stockpile has been impressive to date, the recent report of the "Drell Panel" raised health and safety concerns about current and future nuclear warheads and missile systems, primarily with respect to the risk of accidentally dispersing plutonium into the environment. DOD has budgeted funds to address some of these concerns, and, in conjunction with the Department of Energy, is studying whether additional steps should be taken. Existing analyses seem to focus primarily on the tradeoffs between the safety and military capabilities of weapons systems, rather than on the tradeoffs between safety and costs. Risk Management Budgeting would be used as a means of determining whether to augment the existing nuclear weapons safety program, and, if so, which risks to address first. It would provide a focused assessment of the actual gains in safety that can be made, and at what cost. Also, to the extent that more data on nuclear safety is required to provide an adequate benefit-cost analysis, Risk Management Budgeting would clarify which experiments are the most cost-effective to conduct.

**Department of Health and Human Services (HHS) Immunizations.**—Although over 95 percent of all children entering school have

received their immunizations, low immunization levels among low-income urban infants and toddlers have been a factor in the rising number of measles cases (33 percent more in 1990 than in 1989). The budget includes an infant immunization initiative intended to evaluate the potential effectiveness of linking continued participation in low-income assistance programs (Women, Infants, and Children, Medicaid, Aid to Families with Dependent Children) with documented immunization of young children. Risk Management Budgeting can be an effective tool in reducing both health risks and future budget exposure.

### Regulatory Programs

OMB will in 1991 undertake Risk Management Budgeting with respect to the following seven regulatory programs.

**Food Safety.**—The Department of Agriculture (USDA) is responsible for the safety of meat and poultry, and operates a universal inspection system intended to achieve such safety. The Food and Drug Administration (FDA) regulates foods not regulated by USDA based on a number of concerns, including pesticide residue tolerances set by the Environmental Protection Agency (EPA).

Two of these agencies are currently addressing certain of these risks through new regulatory initiatives—USDA regarding meat and poultry inspection, and EPA regarding pesticide regulation. Risk Management Budgeting will estimate food risks and the costs of the risk reduction so as to provide a useful benchmark for evaluating these initiatives and ensure that Federal expenditures obtain the highest possible return on investment.

**Seafood Safety.**—Industry, consumer groups, and several Congressional committees have all called for legislation to expand the existing mandatory seafood inspection program operated jointly by the Food and Drug Administration (FDA) and the Commerce Department's National Oceanic and Atmospheric Administration (NOAA). The National Academy of Sciences' (NAS) Institute of Medicine released in January 1991 the first comprehensive evaluation of the health effects of fishery products available to the consumer. The NAS concluded that (1) most health risks associated with seafood originate in the envi-



ronment and should be dealt with by control of harvest or at the point of capture and (2) that, although inspection at the processing level is important to maintain safety of seafood, there is little evidence that increased inspection activities at this level would effectively reduce the incidence of foodborne disease.<sup>1</sup>

A joint Food and Drug Administration (FDA)/Center for Disease Control (CDC) risk assessment shows that the risk of acute foodborne disease from eating fish (excluding raw shellfish) is 1 in 2 million; from chicken, 1 in 25,000; and from raw shellfish alone, 1 in 1,400.<sup>2</sup> FDA's risk assessment thus supports the first conclusion of the NAS report: the health problem associated with seafood lies primarily with raw shellfish, and regulators should try to solve that problem in the water—before shellfish are harvested.

To address the shellfish risk, the budget increases spending for Federal seafood regulation by \$23 million and proposes new Federal authorities that will help FDA, NOAA and State regulators prevent shellfish from contaminated waters from reaching the marketplace. Of the \$23 million, \$9 million will be recovered through user fees charged to seafood processors to cover the costs of incremental increases in inspections (in accordance with Administration policy to charge fees for Federal services that provide a private benefit to industry over and above any benefit to public health or safety). The budget also includes an additional \$7.5 million in FDA (a 22 percent increase over 1991) and \$6.5 million in NOAA (a 37 percent increase over 1991) to support FDA and NOAA research, consumer education efforts, and cooperation with States to improve seafood safety overall.

Seafood regulation should be based on science and epidemiology. It thus offers an important opportunity to test Risk Management Budgeting. Risk Management Budgeting should assist FDA, NOAA and the States in designing a regulatory and inspection system

that maximizes risk reduction at minimum cost.

**Occupational Exposure to Cadmium.**—Cadmium is a heavy metal which appears in different forms in the workplace, some more toxic than others. Studies show a correlation between adverse health effects and high-level exposure, but these associations are much more uncertain at exposure levels commonly found in the workplace. Compounding the uncertainty of low-dose risk estimates is the fact that epidemiological studies show a synergistic (but unquantified) effect between cadmium exposure and smoking.

The Occupational Safety and Health Administration (OSHA) issued a proposed rule in February 1990 which would reduce the permissible exposure limit (PEL) to cadmium from the present 100 or 200 micrograms per cubic meter of air ( $\mu\text{g}/\text{m}^3$ ), depending on its form, to 1 or 5 ( $\mu\text{g}/\text{m}^3$ ). (Major industrial nations generally limit cadmium exposure to 50 ( $\mu\text{g}/\text{m}^3$ ); none has set a limit below 20 ( $\mu\text{g}/\text{m}^3$ ).) According to the latest *Regulatory Agenda*, OSHA plans to issue a final rule on cadmium exposure by September 1991.

OSHA has estimated that achieving the 1 ( $\mu\text{g}/\text{m}^3$ ) PEL would prevent 14 excess cancer deaths and 13–189 kidney dysfunction cases a year at a cost of about \$160 million per year; and compliance with the 5 ( $\mu\text{g}/\text{m}^3$ ) PEL would prevent four excess cancer deaths and 11–41 excess kidney dysfunction cases per year at a cost of \$57 million per year. Since estimates of both health effects may be exaggerated (particularly in light of observed synergism between smoking and cadmium inhalation), the Risk Management Budgeting effort will carefully review OSHA's risk assessment.

**1988 Clinical Laboratory Improvement Amendments (CLIA 88) Implementing Rules.**—The Health Care Financing Administration (HCFA) is responsible for surveying and certifying all Medicare participating clinical laboratories (hospital-based and independent) and interstate commerce laboratories, but not physician office laboratories. CLIA 88 was enacted to enhance the quality of laboratory services by extending Federal oversight to Medicare physician office laboratories (POLs) and establishing new quality assurance standards for cytology. CLIA 88 requires the Depart-

<sup>1</sup>Committee on Evaluation of the Safety of Fishery Products, *Seafood Safety*, National Academy of Sciences, National Academy Press, Washington, D.C., 1991.

<sup>2</sup>Center for Food Safety and Nutrition, Food and Drug Administration, manuscript in preparation, 1990. These risk calculations are based on a single, 4 oz. serving.



ment of Health and Human Services (HHS) to promulgate rules outlining these standards for July 1991 implementation.

In May 1990, HHS published a proposed rule describing the standards. Most of the 60,000 comments received by the close of the comment period in September 1990 expressed concern regarding the effects of the rule on health care cost containment, access, and quality. While HCFA failed to provide a regulatory impact analysis, comments indicated that the rule would cost the private sector billions of dollars and have uncertain benefits. HCFA estimates user fees covering enforcement alone would cost \$540 million. The Risk Management Budgeting effort will assist HHS and HCFA to access risks associated with physician office laboratories and design cost effective standards for them.

***Corrective Action for Certain Hazardous Waste Treatment, Storage and Disposal Facilities.***—Current regulations promulgated under the Resource Conservation and Recovery Act (RCRA) give the Environmental Protection Agency (EPA) authority to require “corrective action” only at Regulated Units (RUs) that have received hazardous waste since July 1982. Solid Waste Management Units (SWMUs) that have not received wastes since that date are not subject to these requirements. However, legislation enacted in 1984 directs EPA to develop a program to deal with these units as appropriate. In July 1990, EPA published a proposed rule that would require “corrective actions” at virtually any facility with a SWMU that has releases to the environment.

EPA has estimated that this rule would impose net present value social costs of \$10–60 billion (other estimates are higher); \$3–18 billion of these costs would be borne by the Federal government. (DOE estimates the cost of cleaning up its own facilities will exceed \$100 billion.)

Human health and environmental benefits expected to be obtained through these actions

have not been estimated, making it difficult for policy makers to determine a cost-effective regulatory strategy. EPA is now engaged in an effort to develop an improved analysis of both benefits and costs before policy makers select a course of action. Risk Management Budgeting will help to assure cost effective regulations of SWMU's and proper stewardship of scarce Federal budget authority.

***Department of Labor (DOL).***—Certain OSHA Regulations are more effective than others in reducing occupational illnesses and injuries. Risk Management Budgeting will enable OSHA to identify the most successful regulatory approaches. Currently, OSHA's regulatory planning is largely reactive. As a result, OSHA often regulates high-profile, low-risk hazards, while leaving low-profile, high-risk hazards unregulated. Risk Management Budgeting will help OSHA develop an analytical approach to ranking workplace hazards for the Administration's 1992 regulatory agenda—according to magnitude, preventability, and potential benefit of regulations.

***Department of Transportation (DOT).***—Motor vehicle accidents are responsible for about 45,000 fatalities and 3.2 million injuries annually. The Department of Transportation is now in the process of examining its highway safety programs to determine their relative cost effectiveness. Included will be projects that prevent crashes, such as evaluation of heavy truck antilock brake technology, as well as those that protect individuals if a crash were to occur. In addition, the Department is attempting to improve its risk analysis capability with the development of a National Advanced Driving Simulator. The Simulator, when completed, will be the most advanced of its kind in the world, and will significantly enhance the capabilities of the Department and safety experts to evaluate risk reduction strategies in highway safety. Risk Management Budgeting will assist DOT in designing its future regulation to target the highest risks and then regulate to reduce these risks in the most cost effective manner.



## IX.D. REFORMING THE BUDGET PROCESS

The Budget Enforcement Act of 1990, which resulted from the bipartisan negotiations on the 1991 budget, made important changes in the Federal budget process. The Act:

- extended and overhauled the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings);
- strengthened the rules and procedures of the Congressional Budget Act of 1974;
- reformed the rules for budgeting and accounting for the cost of Federal credit programs; and
- established rules and procedures to put caps on discretionary spending; enforce pay-as-you-go rules for mandatory spending and revenue programs; and help protect the social security trust fund reserves.

These measures, if carried out in good faith by all participants in the budget process, should significantly improve the effectiveness of the budget process. However, there is still room for additional improvement—as would be achieved with the addition of the following.

### MAKING THE PROCESS WORK BETTER

**Joint Budget Resolution.**—Under current law, the annual congressional resolution on the budget is a concurrent resolution, which does not require the President's signature. A joint resolution, which needs the President's approval, would guarantee Presidential involvement in budget negotiations early in the process. The budget resolution sets the parameters for all subsequent legislation related to the budget—appropriations bills, revenue measures, and reforms of mandatory programs in reconciliation bills. Formal Presidential involvement in the development of the budget resolution should reduce the potential for conflict between the Administration and the Congress on the subsequent bills that typically pass in the later stages of each session of Congress.

**Biennial Budgeting.**—If the budget process covered 2 years instead of 1, the time spent on allocating resources would decrease, leaving more time to spend on program oversight and management. The 2-year bipartisan agreement reached in 1987 for 1988 and 1989 and the 5-year agreement reached last fall for 1991 through 1995 have demonstrated that it is possible for the Administration and the Congress to agree on the resource levels for broad budget categories. However, there have been no attempts by Appropriations Committees to actually appropriate comprehensively on a 2-year basis. In the past, there was justifiable concern that biennial budgeting could easily degenerate into a process of nearly continuous supplemental appropriations. The threat of within-session sequesters provided by the new Budget Enforcement Act has reduced the likelihood of that happening.

### MAKING THE PROCESS MORE EFFECTIVE IN REDUCING THE DEFICIT

**Enhanced Rescission Authority.**—The Impoundment Control Act of 1974 severely restricted the President's powers to withhold funds from spending. If the President determines that all or some of the amount provided in an appropriations item should not be spent, the President must ask Congress to "rescind" it. Under the 1974 Act, rescissions are not effective unless approved by both houses of Congress within 45 days. If the rescission is not approved, the funds must be spent. This means that either house of Congress can defeat the President's rescission proposals by simply ignoring them.

In practice, the Congress has used these procedures to virtually eliminate the President's ability to reduce unnecessary spending through rescissions. The majority of rescissions proposed since the Act was passed have been defeated by congressional inaction. In recent years, Congress has approved very little of the savings proposed by the President. In the last 5 years 173 rescissions were submitted, totaling \$16.7 billion. Of those, just 7 were ap-

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proved, totaling \$181 million, or just 1 percent of the amount the President proposed.

Proposing a rescission under current law is ineffective and using Presidential veto authority to eliminate individual items is often impractical. At present, the President is faced with vetoing an entire appropriation bill in order to eliminate an item the bill contains. The entire Government is financed by only 13 appropriations bills, each of which includes many billions of dollars to fund many programs. Vetoing an entire bill, and possibly shutting down major portions of the Government's operations, in order to eliminate a few items of expenditure is an undesirably crude procedure.

As discussed below, the President strongly supports a line-item veto amendment to the Constitution as the most effective solution to the current situation. However, absent such an amendment, he has supported a form of enhanced rescission authority called "legislative line item veto." This form of rescission (first proposed in the 101st Congress and reintroduced this year by Senators Coats, McCain, and others) would require an up-or-down vote in Congress on Presidential rescission proposals. The Congress could still disapprove the President's proposals, but it would be required to consider and vote on each one.

#### **FUNDAMENTAL CHANGE—AMENDING THE CONSTITUTION**

**Line-Item Veto.**—The President, as representative of the general interest, should have the power to strike from legislation provisions

that reflect only narrow local or special interests. As with any other veto, a veto by the President of an item in a spending or revenue bill would be subject to override by a two-thirds vote in each house of Congress. This essential tool is available to the Governors of more than 40 States, who have used it successfully, without unduly shifting the balance of power between the executive and the legislature.

**Balanced Budget Amendment.**—A balanced budget constitutional amendment, with safeguards against achieving the balance through higher taxes, is needed to stem the steady build-up of the national debt. The health of the economy demands more fiscal discipline, and it is wrong to saddle future generations with a huge debt about which they had no say.

The Constitution should not be amended without good cause. However, efforts to balance the budget under statutory requirements, such as the Gramm-Rudman-Hollings law, have shown that statutory requirements alone are insufficient. Although the changes made by the Budget Enforcement Act are expected to increase discipline in the budget process, the weight of a constitutional requirement is needed to balance the general taxpayer's interest in spending restraint against more organized forces demanding higher spending for particular purposes.

Such an amendment would give greater weight to the interests of the future generations of voters who are not here to represent themselves in the present.

## **IX.E. MANAGING BY OBJECTIVES**

Reflecting the President's commitment to improving the management of the Government, the Management by Objectives (MBO) system tracks the implementation of selected, major initiatives and priorities of the Administration from the time of their formulation and announcement to their ultimate outcomes.

The MBO system covers the Cabinet Departments, EPA, and NASA. In addition, there are seven crosscutting objectives: adult literacy, credit and cash management, drug control, government management and integrity, international trade and export promotion, the public service, and research and development. Agencies were asked during the 1992 budget process to pay particular attention to the adequacy of resources for achieving these MBOs.

The following sections provide progress reports for each of the participating agencies and for the selected government-wide objectives.

### **DEPARTMENT AND AGENCY OBJECTIVES**



### Department of Defense

Objectives are (1) to allocate scarce defense dollars to the most urgent national security requirements; (2) to implement recommendations of the Defense Management Report; (3) to improve Defense medical services and readiness; and (4) to strengthen the defense technology base.

**Resources for National Security.**—As a consequence of a reduced threat of war with the Soviet Union, U.S. military force structure can be reduced by about 25 percent by 1995. However, as demonstrated by events in the Middle East, necessary military capabilities must be maintained and selectively strengthened and restructured to meet other contingencies. Priorities reflected in the budget for this MBO include implementing arms control while maintaining strategic deterrence and adapting conventional forces to 1990's threats.

**Defense Management.**—The Defense Management Report (DMR), submitted to the Congress by the President in July 1989, estab-

lished a broad framework for improving the management of Defense programs. The DMR included six broad goals: (1) reduce overhead costs while maintaining military strength; (2) enhance weapons systems program performance; (3) reinvigorate the planning and budgeting system; (4) reduce micro-management; (5) strengthen the defense industrial base; and (6) improve the observance of ethical standards in government and industry. DMR achievements include a strengthened defense decision making process, a reformed acquisition process, streamlined and reduced procurement systems, standardization of automated management information systems, and significant reductions in civilian and military personnel. New initiatives in the budget and those proposed last year are projected to yield savings of over \$72 billion during the 1991–1997 period.

**Medical Services.**—The Department of Defense is moving to improve the coordination between the military direct care system and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The objective is to bring the cost of providing health care under control and to improve the readiness of the medical system to support combat operations. Using a managed health care approach, the Department strives for the most cost effective and appropriate use of medical resources. A CHAMPUS reform initiative, controlling the delivery of health services in California and Hawaii, achieved savings estimated at 20 percent of the cost of CHAMPUS health programs in those States. Ultimately, a health management model, which combines the best features of CHAMPUS reform and other initiatives, will be developed for use throughout DoD.

**Technology Base.**—The Department is aggressively pursuing new technologies needed for the Nation's defense and ensuring maximum efficiency in the acquisition process. The Department's goals are to strengthen technology development programs in the Military Departments and the Defense Advanced Research Projects Agency through improved management, to encourage technical competition and technology prototyping that promise increased military capabilities, and to exploit the cost-reduction potential of innovative or commercially developed technologies. Research and

development (R&D) laboratories and test and evaluation (T&E) facilities are being consolidated to increase their efficiency. Technology base programs will be coordinated Defense-wide to minimize duplication of effort while improving the quality, productivity, and effectiveness of RDT&E.

## GOVERNMENTWIDE OBJECTIVES

### Credit and Cash Management

The objective is to protect the value of Federal credit and cash assets through (1) sound budget presentation; (2) cost-effective manage-



ment; and (3) aggressive collection of delinquent debt.

**Sound Budget Presentation.**—The Omnibus Budget Reconciliation Act of 1990 requires Federal credit agencies to estimate and seek appropriations to cover the subsidy costs of all Federal direct loans and loan guarantees in 1992 and future years. This will ensure that the true costs of credit programs are reflected in the budget.

**Cost-effective Credit Management.**—In November 1990, OMB issued "Guidance for Management of Guaranteed Loans," prescribing policies and procedures for Federal guaranteed loan program management. The policy sets standards for lender eligibility and monitoring, guaranteed loan origination and servicing, and asset management and disposition.

**Cash Management.**—The Food, Agriculture, Conservation and Trade Act of 1990 requires electronic benefit transfer (EBT) standards for the Food Stamp program by April 1992. The Cash Management Improvement Act of 1990 requires standards for payment of interest by October 1992 when the Federal Government does not provide, or the States do not disburse, Federal funds in a timely manner. Three EBT demonstration projects were initiated in 1990 to test the delivery of benefits to the unbanked by plastic access cards at automated teller machines and point-of-sale terminals.

**Collection of Tax Debt.**—The budget includes \$47 million for the second year of a 3-year tax collection initiative to slow the growth in tax debt. The additional 799 collection personnel hired in 1991 and the 922 budgeted in 1992 should increase collections by \$700 million between 1991 and 1993. The IRS and OMB will develop a management improvement program to increase collections even further.

**Collection of Non-Tax Debt.**—The budget also requests an additional \$63 million to provide for the acceleration of collections of non-tax debt and improved management controls. Enactment in November 1990 of the Federal Debt Collection Procedures Act provides the Department of Justice, for the first time, uniform Federal procedures for enforcement of judgments to collect Federal debt. The IRS is

also studying the feasibility of offsetting tax refunds to businesses with delinquent Federal debt. So far, the study has identified for potential tax refund offset \$700 million in delinquent Federal debt owed by businesses.

### Drug Control

Objectives are (1) to develop a National Drug Control Strategy; (2) to reduce the supply of illegal drugs; and (3) to reduce the demand for illegal drugs.

**National Drug Control Strategy.**—The Administration has prepared a National Drug Control Strategy (the first strategy in September 1989, the second in January 1990, and the third in February 1991). The Strategy sets goals for (1) the reduction of current and frequent drug use (as measured by the National Institute on Drug Abuse's Household Survey and the High School Senior Survey); (2) changes in student's attitudes toward drug use (as measured by the High School Senior Survey); (3) decreases in the number of drug-related medical emergencies (as measured by the Drug Abuse Warning Network); and (4) reduced drug availability and production. It also includes provision for substantial Federal funding increases, more stringent law enforcement efforts, interdiction of drugs coming across our borders, and prevention and treatment efforts. The budget requests \$11.7 billion in 1992, a \$1.1 billion increase over 1991.

**Reduced Demand.**—Drug use has in recent years declined. The 1989 National Household Survey shows that the number of people who reported current cocaine use declined by 72 percent in the last 5 years (from 5.8 million in 1985 to 1.6 million in 1990). The National High School Senior Survey's data show a decline in the number of adolescents reporting current cocaine use (from a peak of 6.7 percent in 1985 to 2.8 percent in 1989). Reported marijuana use continues its steady drop (from a peak of 37 percent in 1979 to 17 percent in 1989). At the same time, the percentage of high school seniors who report that they disapprove of individuals who use illicit drugs continues to rise. The budget requests an increase of 8 percent over 1991, or a total of \$3.2 billion, for drug treatment and prevention activities. These resources include continued expansion of prevention efforts and a new



treatment capacity expansion initiative. Almost \$500 million is requested for drug control research.

**Reduced Supply.**—In February 1990, the United States signed the Document of Cartagena, establishing drug control cooperation with Peru, Bolivia and Colombia. Although worldwide production of all illicit drugs has increased, there are signs of progress. According to the Drug Enforcement Administration (DEA), cocaine prices at the wholesale level have been rising nationwide for about a year. For example, in New York and Los Angeles, wholesale cocaine prices have jumped by more than 40 percent since December of 1989. In addition, the purity of cocaine sold at the wholesale level has been falling since late 1988. At the retail level, prices have not increased measurably, but drug purity has decreased. This has the effect of raising the price, since addicts have to buy more cocaine to attain the same "high."

The budget requests a total of \$8.0 billion for international, interdiction, and other drug law enforcement activities, a 12 percent increase over 1991. These resources include expansion of the interagency task forces, continuation of the President's Andean Strategy, and improved interdiction efforts.

### Government Management and Integrity

The objective is to improve the delivery of programs for the public and Federal stewardship over public resources. This objective has three parts: (1) improved financial management; (2) enhancement of senior management's decisionmaking and oversight capacity through the development of quality data bases which integrate budget and accounting data and program results; and (3) increased priority for internal controls under the Federal Managers' Financial Integrity Act (FMFIA) and audit follow-up under the Inspector General Act Amendments of 1988.

**Financial Management.**—OMB established a Five Point Program in 1990 to address each of the primary requirements of quality financial management: accounting standards; system and information standards; agency system development; integration of agency and central systems; and financial reporting.

In October 1990, OMB, Treasury and the General Accounting Office established a Federal Accounting Standards Advisory Board to develop needed accounting standards. Progress was made in defining governmentwide financial systems and information standards through the release of personnel/payroll and travel system standards and the ongoing identification and definition of governmentwide data standards. Reviews of the financial management systems of five major agencies were conducted. Automated governmentwide budget execution information will be produced in February 1991, for the first time, through the electronic linkage of agency and central systems. An initiative was begun to produce annual audited financial statements to improve disclosure of the Government's financial condition and the quality of financial data. In addition, the National Defense Authorization Act established in November 1990 new procedures for closing expired accounts to assure better control and accountability of Federal funds.

The Chief Financial Officers Act of 1990 enhanced these improvement efforts by requiring the appointment of a chief financial officer in each major agency and a Deputy Director for Management and a Controller within OMB. The Act also required the selected production and audit of annual financial statements and prescribed other important planning and reporting requirements.

**Information Systems.**—An important part of this objective is to build upon improved financial systems as a base to meet broader information needs. Annual financial statements required by the Chief Financial Officers Act will initially report primarily financial information, but will be expanded in phases to report associated programmatic information (including performance measures). Initial reporting requirements for financial statements are being developed with the advice of the President's Council on Management Improvement, the President's Council on Integrity and Efficiency and the Chief Financial Officers Council; decisions are expected by April 1991. A task force of the President's Council on Management Improvement is complementing this effort by surveying agency managers to identify management information requirements to guide the development of general management reports and associated data bases.



***Internal Controls and Audit Followup.***—

The FMFIA program has been strengthened in 1990. FMFIA implementation has been made the personal responsibility of agency Deputies. OMB established the High Risk List and required agencies to report, in July 1990, on their plans for, and progress in, correcting their high risk areas. In assessing the agency reports, OMB found that, in most areas, agencies were making good progress and had active efforts underway to improve programs and operations. In addition, OMB established special teams to move forward in reducing risk in selected areas. These teams have actively worked with agency management in 1990 to help correct problems in the Railroad Retirement Board (RRB), the Internal Revenue Service (IRS) and the Department of Education student loan program. In January 1991, OMB initiated, in concert with the Department of the Interior, a review of the Bureau of Indian Affairs (BIA) financial management system.

**International Trade and Export Development**

Objectives are (1) to improve the U.S. trade position through securing freer and fairer trading conditions in international negotiations; and (2) to define, articulate, and implement the U.S. Government's role in export development.

***Free and Fair Trade.***—The United States Trade Representative (USTR) has sought to open world markets and liberalize trade through the Uruguay Round of multilateral trade negotiations and through the active pursuit and implementation of regional and bilateral initiatives (e.g., the U.S.-Canada Free Trade Agreement).

***Multilateral.***—The Uruguay Round is a multi-year set of negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) to liberalize trade in goods and services. It is expected that negotiations on the Uruguay Round will resume in February if, as the United States assumes, the European Community adjusts its position on agriculture.

***Regional and Bilateral.***—USTR has coordinated with the Canadian government to use the U.S. Canada Free Trade Agreement's (FTA) U.S.-Canada Commission to expand trade liberalization. The Administration has

launched a Structural Impediments Initiative (SII) with Japan to address such impediments as rigidities in the Japanese distribution system and pricing mechanisms. In addition to the Enterprise for the Americas Initiative, with its goal of hemispheric free trade, the Administration has initiated a Framework approach with Mexico which includes the negotiation of an accelerated Uruguay Round package and the initiation of bilateral trade and investment facilitation talks. The 1990 ASEAN-U.S. Initiative is examining the current state of, and possible new frameworks for, trade and investment relationships with the six ASEAN member countries.

Sectoral initiatives have been launched in both steel and shipbuilding. Trade liberalization priorities were identified in May 1990 under the "Super and Special 301" provisions of the Trade Act, and bilateral negotiations in these respects will be conducted over the next 12 to 18 months concerning trade-distorting practices and outstanding intellectual property issues.

***Export Promotion.***—The Department of Commerce is drafting a policy statement describing the role of the U.S. Government in export development. The proposed policy will be reviewed by all Federal agencies with export development responsibility and, subsequently, by representatives of the States and other agencies and organizations with which the Federal Government shares export-related commitments. New areas of attention will include European Community integration in 1992, the U.S.-Canada Free Trade Agreement, the Uruguay Round negotiations, continued efforts to open up Japanese markets, and planning to increase the involvement of "multipliers" in export development activities.

**The Public Service**

The objective is to improve the quality and image of the Federal civil service through more effective recruitment, retention, development, performance evaluation, and compensation practices.

***Pay and Evaluation.***—Federal pay systems were reformed through passage of the Federal Employees Pay Comparability Act of 1990 (Pay Act) in November 1990. The Act provides for locality-based pay differentials, re-



cruitment and retention incentives, and other provisions leading to closing the gap between Federal and private sector pay practices. Earlier enacted legislation provided for increased senior-level pay. A Pay-for-Performance Labor-Management Committee, called for in the new pay legislation, will advise the Office of Personnel Management (OPM) on the design of systems to strengthen the linkage between performance and pay. The National Academy of Sciences has concluded research on performance appraisal methodologies for OPM.

**Recruitment and Retention.**—OPM has introduced a new examination program for entry into more than 100 key administrative and white-collar occupations. The "Administrative Careers With America" staffing system was initiated in 1990. It is targeted to enhance the recruitment of talented new college graduates in 100 occupations. In addition, OPM published a comprehensive "Federal Career Directory" and inaugurated public service recognition celebrations and Job Fairs. The Pay Act also provides new flexibilities which will help recruitment, retention, and performance.

**Federal Health Benefits.**—OPM transmitted an outline for Federal Employees Health Benefits (FEHB) reform to Congress in March 1990. Several Administration initiatives to enhance program operations were enacted in the Omnibus Budget Reconciliation Act of 1990. These included hospital cost containment measures, improved coordination with Medicare, application of Medicare payment limits to certain services provided retirees, improved cash management, and exemption of FEHB carriers from State premium taxes. The Administration is currently studying options for more comprehensive reform.

## Research and Development

Objectives are (1) to develop a long-range R&D investment policy; (2) to encourage private investment in R&D; (3) to increase the supply of engineers and scientists through appropriate Federal actions and to coordinate Federal strategies for science education in order to assure a technologically literate workforce; and (4) to manage direct Federal investments in R&D more effectively.

**Long Range R&D Investment Policy.**—The President's Science Advisor and the Office

of Science and Technology Policy (OSTP) coordinated the development of a U.S. Technology Policy in September 1990, to help guide future investments in the area of applied civilian R&D. In addition, the Federal Coordinating Council on Science, Engineering, and Technology (FCCSET), working with OMB, has developed long-term research strategies and plans in the areas of global change research, high performance computing and communications, and math and science education.

**Private Sector Investment in R&D.**—The budget proposes to make the 20 percent research and experimentation (R&E) tax credit permanent by allowing 100 percent of total research expenses to be used for the computation of the credit for all years after December 31, 1989. The budget proposes a 1-year extension of the rules, as modified by the Omnibus Budget Reconciliation Act of 1990, for the allocation of foreign and domestic R&E expenditures for companies with foreign operations. The proposal would also allow 100 percent of U.S. expenditures to be covered, rather than the current 75 percent.

**Supply of Engineers and Scientists.**—Through the FCCSET's Committee on Education and Human Resources, a plan was developed to coordinate Federal efforts and focus Federal activities in the areas of (1) precollege teacher enhancement and preparation; (2) precollege curriculum development, R&D in teaching and learning, dissemination, and technical assistance; (3) organization reform, system operation, and comprehensive reform; and (4) student incentives and opportunities.

**Management of Federal R&D.**—The Office of Science and Technology Policy has coordinated the development of a framework to assist in working towards these MBO objectives. Further, the President has appointed the members of the President's Council of Advisors on Science and Technology, and FCCSET has been established to coordinate Federal research and development programs that involve more than one agency. Such coordination allows for better management of Federal R&D and more effective use of Federal R&D investments. Committees and work groups of the FCCSET have developed plans for global change research, mathematics and science education, and high performance computing.



# **PART THREE**

## **RECEIPTS**

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### **X. RECEIPTS, USER FEES, AND OTHER COLLECTIONS**

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Part Three-1

## X. RECEIPTS, USER FEES, AND OTHER COLLECTIONS

### GOVERNMENTAL RECEIPTS

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

Table X-1. RECEIPTS BY SOURCE

(In billions of dollars)

Source	1990 actual	Estimate					
		1991	1992	1993	1994	1995	1996
Individual income taxes .....	466.9	492.6	529.5	572.0	632.9	688.9	742.1
Corporation income taxes .....	93.5	95.9	101.9	109.0	120.6	130.0	138.3
Social insurance taxes and contributions .....	380.0	402.0	429.4	463.8	501.0	534.1	568.5
On-budget .....	(98.4)	(103.7)	(114.1)	(125.1)	(135.5)	(144.2)	(151.3)
Off-budget .....	(281.7)	(298.3)	(315.3)	(338.7)	(365.5)	(389.8)	(417.2)
Excise taxes .....	35.3	44.8	47.8	50.1	52.0	53.6	47.8
Estate and gift taxes .....	11.5	12.2	13.3	14.1	13.7	14.6	15.7
Customs duties and fees .....	16.7	17.7	19.3	20.8	22.0	22.7	23.9
Miscellaneous receipts .....	27.3	26.2	23.9	22.8	23.2	23.5	24.5
<b>Total receipts .....</b>	<b>1,031.3</b>	<b>1,091.4</b>	<b>1,165.0</b>	<b>1,252.7</b>	<b>1,365.3</b>	<b>1,467.3</b>	<b>1,560.7</b>
On-budget .....	(749.7)	(793.2)	(849.8)	(914.0)	(999.8)	(1,077.5)	(1,143.5)
Off-budget .....	(281.7)	(298.3)	(315.3)	(338.7)	(365.5)	(389.8)	(417.2)

**Growth in receipts.**—Total receipts in 1992 are estimated to be \$1,165.0 billion, an increase of \$73.6 billion or 6.7 percent from the \$1,091.4 billion estimated for 1991. Receipts are projected to grow at a much higher average annual rate of 7.6 percent between 1992 and 1996, to \$1,560.7 billion. Because the rate of growth of receipts in 1992 exceeds the rate of growth of GNP, the receipts share of GNP is projected to rise from

19.4 percent in 1991 to 19.5 percent in 1992. The rate of growth of receipts exceeds the rate of growth of GNP in subsequent years, causing the receipts share of GNP to rise to 20.0 percent in 1996. This is well above the average receipts shares of GNP of 18.3 percent and 19.0 percent realized in the 1970s and 1980s, respectively.

Table X-2. CHANGES IN RECEIPTS

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
<b>Receipts under tax rates and structure in effect January 1, 1990<sup>1</sup> .....</b>	<b>1,064.9</b>	<b>1,117.8</b>	<b>1,206.3</b>	<b>1,309.5</b>	<b>1,403.0</b>	<b>1,499.7</b>
<b>Enacted legislative changes:</b>						
Omnibus Budget Reconciliation Act of 1990 <sup>2</sup> .....	23.2	35.0	31.9	36.5	37.4	28.8
Social security (OASDI) taxable earnings base increases:						
\$51,300 to \$53,400 on Jan. 1, 1991 .....	0.7	2.2	2.6	3.1	3.6	4.2
\$53,400 to \$55,500 on Jan. 1, 1992 .....		0.8	2.3	2.8	3.3	3.8
\$55,500 to \$57,900 on Jan. 1, 1993 .....			1.0	2.9	3.3	3.9
\$57,900 to \$61,800 on Jan. 1, 1994 .....				1.6	4.7	5.5
\$61,800 to \$65,400 on Jan. 1, 1995 .....					1.4	4.3
\$65,400 to \$69,000 on Jan. 1, 1996 .....						1.4
Medicare (HI) taxable earnings base increases:						
\$51,300 to \$125,000 on Jan. 1, 1991 .....	2.3	6.5	7.7	9.1	10.5	12.2
\$125,000 to \$130,200 on Jan. 1, 1992 .....		0.1	0.2	0.2	0.2	0.3
\$130,200 to \$135,900 on Jan. 1, 1993 .....			0.1	0.2	0.2	0.3
\$135,900 to \$145,200 on Jan. 1, 1994 .....				0.1	0.4	0.4
\$145,200 to \$153,900 on Jan. 1, 1994 .....					0.1	0.3
\$153,900 to \$162,600 on Jan. 1, 1996 .....						0.1
<b>Proposed legislation and administrative action .....</b>	<b>0.4</b>	<b>2.7</b>	<b>0.6</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-4.3</b>
<b>Total, receipts under existing and proposed legislation and administrative action<sup>3</sup> .....</b>	<b>1,091.4</b>	<b>1,165.0</b>	<b>1,252.7</b>	<b>1,365.3</b>	<b>1,467.3</b>	<b>1,560.7</b>

<sup>1</sup> These estimates assume a social security taxable earnings base of \$51,300 through 1996.

<sup>2</sup> Excludes the effect of medicare (HI) base changes shown below.

<sup>3</sup> These estimates include both the direct and indirect effects of administrative and legislative changes.



**Composition of receipts.**—The Federal tax system will rely predominantly on income and payroll taxes in 1992, with these sources accounting for 82.2 percent of receipts. The Federal tax system will continue to rely predominantly on these sources of receipts in 1996, when their combined share will rise to 83.7 percent.

### ENACTED LEGISLATION

**The Omnibus Budget Reconciliation Act of 1990.**—This Act, which is the largest deficit reduction package in history, is an important measure for ensuring America's long-term economic growth. It was the result of long, hard work by the Administration and the Congress. Less than 30 percent of its deficit reductions were achieved through revenue increases. The major revenue provisions of the Act are described below:

#### Individual Income Tax Provisions

**Modify individual income tax rates.**—Two statutory tax brackets and tax rates—15 percent and 28 percent—were in effect under prior law. However, the benefit of the 15 percent bracket was phased out for taxpayers with taxable income exceeding specified levels, implicitly creating a marginal tax rate of 33 percent in the affected income range. Effective January 1, 1991, the phaseout of the benefit of the 15 percent bracket is repealed and a third statutory tax rate of 31 percent is imposed on taxable income greater than or equal to the level at which the phaseout of prior law began.

**Limit itemized deductions.**—Effective January 1, 1991, otherwise allowable deductions (with the exception of medical expenses, casualty and theft losses, and investment interest), are reduced for taxpayers with adjusted gross income in excess of \$100,000. The reduction is equal to three percent of the taxpayer's adjusted gross income in excess of \$100,000; however, a taxpayer's deductions may not be reduced by more than 80 percent.

**Phase out personal exemptions.**—The deduction for personal exemptions is phased out as the taxpayer's adjusted gross income exceeds threshold amounts. For 1991, the threshold amounts are \$150,000 for taxpayers filing a joint return, \$125,000 for a head of household, \$100,000 for a single taxpayer, and \$75,000 for a married taxpayer filing a separate return; these amounts are indexed for inflation beginning in 1992. Each otherwise allowable exemption is reduced by two percent for each \$2,500 (or fraction thereof) that the taxpayer's adjusted gross income exceeds the threshold amount.

#### Earned Income Tax Credit

**Modify and expand earned income tax credit (EITC).**—Certain individuals who maintain a home for one or more children are allowed an advance refundable tax credit based on the taxpayer's earned income. Under prior law, the earned income tax credit (EITC) for 1990 was equal to 14 percent of the first \$6,810 of earned income, for a maximum credit of \$953. The credit was phased out at a rate of 10 percent of the amount by which adjusted gross income in 1990 exceeded \$10,730. Effective for taxable years beginning

after December 31, 1990, the rate of the credit is increased, an adjustment is provided for family size, and the phaseout rates are modified as follows:

	Credit percentage	Phaseout percentage
1991:		
1 qualifying child .....	16.7	11.93
2 or more qualifying children .....	17.3	12.36
1992:		
1 qualifying child .....	17.6	12.57
2 or more qualifying children .....	18.4	13.14
1993:		
1 qualifying child .....	18.5	13.21
2 or more qualifying children .....	19.5	13.93
1994 and thereafter:		
1 qualifying child .....	23.0	16.43
2 or more qualifying children .....	25.0	17.86

The prior law dollar thresholds, indexed for inflation, are retained. In addition, the eligibility rules are modified.

**Establish supplemental credit for young children.**—An additional credit is provided for qualifying children under the age of 1, as of the close of the taxable year of the taxpayer. The maximum credit for 1991 is \$355.

**Establish supplemental credit for certain health insurance premium expenses.**—Effective for taxable years beginning after December 31, 1990, a credit is available to taxpayers for qualified health insurance expenses that include coverage for a qualifying child. The eligibility criteria, income and phaseout requirements are the same as those for the EITC. However, the credit percentage is 6.0 percent of earned income and the phaseout rate is 4.285 percent. For 1991, the maximum credit is \$428.

#### Excise Tax Provisions

**Increase excise taxes on distilled spirits, beer and wine.**—Excise taxes on distilled spirits are increased by \$1.00 to \$13.50 per proof gallon effective January 1, 1991. Excise taxes on beer generally are doubled on that date from \$9.00 to \$18.00 per barrel. Wine, which generally had been taxed at rates ranging from \$0.17 to \$2.40 per wine gallon prior to January 1, 1991, is now taxed at rates ranging from \$1.07 to \$3.30 per wine gallon.

**Increase tobacco excise taxes.**—Excise taxes on all tobacco products, including cigarettes, cigars, chewing tobacco, snuff, and pipe tobacco, are increased by 50 percent relative to prior law. The first increase, equal to 25 percent of prior law, is effective January 1, 1991. The second increase, equal in dollar amount to the first increase, will be effective January 1, 1993. Specifically, the excise tax on small cigarettes is increased from \$.16 per pack to \$.20 per pack on January 1, 1991 and will be increased to \$.24 per pack on January 1, 1993.

**Expand excise tax on ozone depleting chemicals.**—The prior law fee imposed on certain ozone-depleting chemicals is expanded to apply to additional chemicals including carbon tetrachloride and methyl chloroform effective January 1, 1991. The amount of the fee is determined by multiplying a base fee amount by a factor—ranging



from 0.1 to 10.0—that represents the ozone-depleting potential of the chemical. The base fee per pound applicable to chemicals taxed under prior law is \$1.37 for calendar year 1991, \$1.67 for calendar year 1992, and \$2.65 for calendar years 1993 and 1994. Thereafter, the base fee increases by \$.45 per pound per year. The base fee per pound is phased in for newly taxed chemicals, equaling \$1.37 for 1991 and 1992, \$1.67 for 1993, \$3.00 for 1994, and \$3.10 for 1995. Thereafter, the base fee increases by \$.045 per pound as it does for chemicals taxed under prior law.

*Increase highway and motor boat fuels excise taxes.*—The prior law excise taxes imposed on gasoline and special motor fuels used in highway transportation and motor boats are increased from \$.09 per gallon to \$.14 per gallon effective December 1, 1990. On that date the prior law excise tax on diesel fuel used in highway transportation is increased by \$.05 per gallon to \$.20 per gallon and a \$.025 per gallon tax is imposed on fuels used in rail transportation. The Act specifies that one-half of the increases in highway fuels taxes and motor boat fuels taxes be deposited in the Highway Trust Fund and the Aquatic Resources Trust Fund, respectively; the remaining half of the increases are to be deposited in the General Fund of the Treasury. The tax imposed on fuels used in rail transportation is also to be deposited in the General Fund.

*Increase Airport and Airway Trust Fund taxes.*—Excise taxes deposited in the airport and airway trust fund were scheduled to expire after December 31, 1990 under prior law. This Act extends these taxes through December 31, 1995, but also increases the tax on air passengers from 8 percent to 10 percent, increases the tax on airfreight from 5 percent to 6.25 percent, increases the tax on noncommercial aviation gasoline from \$.12 per gallon to \$.15 per gallon, and increases the tax on noncommercial aviation jet fuel from \$.14 per gallon to \$.175 per gallon. In addition, the Act specifies that all revenue from the increases in aviation gasoline and fuel excise taxes relative to prior law rates go to the General Fund of the Treasury through 1992, and to the Airport and Airway Trust Fund for 1993–1995.

*Increase ad valorem fee on shippers.*—The prior law ad valorem fee on shippers is increased from 0.04 percent of cargo value to 0.125 percent of cargo value effective January 1, 1991.

*Reauthorize Leaking Underground Storage Tank (LUST) Trust Fund tax.*—Prior to September 1, 1990, a tax of \$.001 per gallon was imposed on gasoline, diesel fuel, special motor fuels, aviation fuel and fuels used on inland waterways, and deposited in the LUST Trust Fund. This tax terminated on August 31, 1990 after the Fund reached a statutory ceiling of \$500 million of net revenue. This Act reimposes the tax through December 31, 1995.

*Reauthorize Hazardous Substance Superfund Trust Fund taxes.*—The taxes authorized to be deposited in the Hazardous Substance Superfund were scheduled to expire on December 31, 1991 under prior law. This Act extends these taxes through December 31, 1995.

Superfund financing is derived from a tax of \$.082 per barrel on domestic crude oil and \$.117 per barrel on imported petroleum products, a tax on domestic feedstock chemicals and imported chemical derivatives, and an environmental tax on corporate taxable income.

*Increase gas guzzler excise tax.*—The prior law tax imposed on the manufacturer or importer of automobiles that do not meet statutory standards for fuel economy is doubled effective January 1, 1991. The Act repeals the prior law exemption provided for stretch limousines, as well as the special rules permitting the Secretary of the Treasury to set the rate of tax for small manufacturers.

*Extend and modify collection of telephone excise tax.*—The 3 percent excise tax imposed on local and toll telephone service, and on teletypewriter exchange service, which was scheduled to expire after December 31, 1990, is permanently extended. In addition, the collection period of telephone excise taxes is modified, effective for taxes considered collected for semi-monthly periods beginning after December 31, 1990.

*Impose excise tax on certain luxury goods.*—Effective January 1, 1991 through December 31, 1999, an excise tax, equal to 10 percent of the retail price in excess of specified thresholds, is levied on the following items: automobiles above \$30,000, boats and yachts above \$100,000, aircraft above \$250,000, and furs and jewelry above \$10,000. Boats, yachts, aircraft, and passenger cars used exclusively in a trade or business or for the purpose of transporting persons or property for compensation or hire generally are exempt from the tax.

### Expiring Tax Provisions

*Extend research and experimentation (R&E) allocation rules.*—The rules for allocating R&E expenses to U.S. or foreign source income are extended for an additional 15 months so that they apply to taxable years beginning on or before August 1, 1991.

*Extend research and experimentation (R&E) tax credit.*—The tax credit provided for certain incremental research and experimentation expenditures, which was scheduled to expire on December 31, 1990, is extended for 1 year. In addition, the special rule to prorate research expenditures incurred during 1990 is repealed.

*Extend exclusion for employer-provided educational assistance.*—The exclusion for employer-provided educational assistance is extended to apply to amounts paid by an employer on or before December 31, 1991. In addition, the restriction on graduate level courses is repealed, effective for taxable years beginning after December 31, 1990.

*Extend low-income housing tax credit.*—The low income housing tax credit, which was scheduled to expire after December 31, 1990, is extended for one year through December 31, 1991, with several modifications.

*Extend abandoned mine reclamation fees.*—The abandoned mine reclamation fees, which were scheduled to expire in August 1992, are extended through September 30, 1995.

*Extend IRS user fee.*—The prior law fee on each request for a letter ruling, determination letter, opinion



letter, or other similar ruling or determination filed after January 31, 1988 and before October 1, 1990, is extended through September 30, 1995.

### **Tax Incentive Provisions**

*Initiate energy incentives.*—The Act includes several incentives to encourage the finding of new oil and gas fields and the reclaiming of old fields. These incentives include the following: a 2 year extension of the nonconventional fuels tax credit and an expansion of the definition of qualifying gas produced from a tight sands formation; the initiation of a new income tax credit for ethanol production, modification of existing credits for ethanol fuels and ethanol fuels mixtures, and modification of the tariff on ethanol; initiation of a new income tax credit for qualified enhanced oil recovery costs; modification of percentage depletion rules; and the provision of alternative minimum tax relief for oil and gas operations.

*Initiate small business incentives.*—Several incentives designed to assist small business are provided in the Act. These incentives include the following: a revision of estate freeze rules, generally effective for transfers made and agreements entered into after October 8, 1990; and modification of the treatment of certain expenditures incurred to make businesses accessible to disabled individuals.

### **Insurance Company Provisions**

*Amortize policy acquisition expenses of insurance companies.*—Under prior law, insurance companies generally were allowed to deduct life insurance policy acquisition expenses (commissions and other selling expenses) in the year in which they were incurred. In the case of reinsurance, however, the reinsuring company was required to capitalize commissions and to amortize them over the useful life of the asset rather than permitting a current deduction for such an expense. Effective after September 30, 1990, insurance companies are required to amortize life insurance policy acquisition expenses on a straight-line basis over a period of 120 months beginning with the first month in the second half of the taxable year. For any given taxable year, policy acquisition expenses required to be capitalized and amortized are determined to be a specific percentage of the net premiums, depending on the type of insurance contract. Three separate categories of insurance contracts, and, therefore, three separate percentages, are identified. A special rule is provided for certain reinsurance transactions. In addition, the tax treatment of acquisition expenses incurred on property and casualty insurance policies sold by life insurance companies now conforms with the tax treatment of these expenses for property and casualty insurance companies.

*Include salvage values in calculation of loss deductions by insurance companies.*—Under prior law a property and casualty insurance company could deduct losses incurred during a year, but need not include salvage values of losses paid in its calculation of deductions for losses incurred. The salvage values need not be included if a State did not allow the company to

claim the salvage values as assets for statutory purposes. The Act requires insurance companies to include salvage values in their calculations of loss incurred, regardless of how States treat salvage values. As a transition rule, salvage values are to be included in the calculation of the deduction for losses incurred as if these values had been included in such calculations in all prior tax years.

### **Employment Tax Provisions**

*Increase dollar limitation on amount of wages and self-employment income subject to the medicare (HI) hospital insurance payroll tax.*—Effective January 1, 1991, the cap on wages and self-employment income considered in calculating HI tax liability is increased to \$125,000. This cap is indexed annually thereafter to changes in the average wage.

*Extend social security (OASDI) and medicare (HI) coverage to State and local government employees not participating in a public employee retirement system.*—Mandatory social security and medicare coverage is extended to all State and local government employees not participating in a public employee retirement system in conjunction with their current State and local employment. Coverage applies with respect to all wages earned with respect to services performed on or after June 30, 1991.

*Extend Federal Unemployment Act (FUTA) surtax.*—The temporary unemployment surtax of 0.2 percent imposed on employers, which was scheduled to expire with respect to wages paid after December 31, 1990, is extended for 5 years through December 31, 1995.

*Stabilize payroll tax law.*—Effective for deposits made after July 31, 1990, employers holding withheld liability greater than or equal to \$100,000 were required to deposit that amount by the close of the "applicable banking day" following the day on which the withheld amount reached \$100,000. For calendar years 1990, 1993 and 1994 the applicable banking day was the first, for calendar year 1991 it was the second, and for calendar year 1992 it was the third. Under this Act, effective for calendar year 1991 and succeeding years, deposits equal to or greater than \$100,000 must be made by the close of the next banking day.

### **Internal Revenue Service (IRS) Initiatives**

*Increase IRS enforcement funding and initiate management reforms.*—To close the gap between taxes owed and taxes paid, additional funding is provided to IRS. These funds are to be used to collect delinquent tax debt, enhance tax document matching to detect underreporting of income and improper dependent claims, audit mortgage interest deductions, and increase the audit workforce. In addition, improvements in the management of tax law enforcement resources will increase revenue yields without requiring additional expenditures. These initiatives are expected to increase receipts \$10.2 billion over the 1991-1995 period.



**Miscellaneous Provisions**

*Modify rules relating to interest paid by corporations to the IRS on tax obligations.*—Under prior law, the interest rate charged corporations on the underpayment of tax was equal to the short-term Federal rate plus 3 percentage points. Effective for purposes of determining interest for periods after December 31, 1990, regardless of the taxable period to which the underlying tax may relate, the rate is increased to the Federal rate plus 5 percentage points.

*Extend statute of limitations for collection of taxes.*—Under prior law, the IRS was required to institute collection proceedings within 6 years after an assessment of tax had been made. This Act extends the statute of limitations to 10 years.

*Increase the maximum allowable civil penalties for violations of labor laws.*—In an effort to provide effective civil penalties, the maximum allowable civil penalties for violations of the Occupational Safety and Health Act are increased seven fold. These fines had not been increased since they were enacted in 1970. The maximum allowable civil penalties for violations of the Federal Mine Safety Act, which had not been increased in 21 years, are increased five fold. In addition, the Fair Labor Standards Act is amended to create a civil penalty ceiling of \$10,000 for each violation of some of the provisions relating to child labor.

*Permit limited use of excess pension funds to pay current retiree health benefits and modify treatment of employer reversions.*—The transfer of excess pension plan assets to pay current retiree health benefits is allowed, effective for transfers occurring in taxable years beginning after December 31, 1990 and before January 1, 1996. The prior law excise tax on any assets that revert to the employer upon plan termination is increased from 15 percent to 20 percent if the employer establishes a qualified replacement plan, or to 50 percent if no replacement plan is established. The higher excise

tax is applicable to reversions occurring after September 30, 1990.

**RECEIPTS PROPOSALS**

*Enhance long-term investment.*—Long-term investment would be enhanced through expansion of a capital gains differential. Specifically, when fully phased in in 1993, gains from all capital assets held by individuals (other than collectibles) would qualify for an exclusion of 30 percent if held for more than 3 years, 20 percent if held for more than 2 years, and 10 percent if held for more than 1 year. During the balance of 1991, such assets held for more than 1 year would qualify for an exclusion of 30 percent; during 1992, such assets would qualify for an exclusion of 30 percent if held for more than 2 years and 20 percent if held for more than 1 year. Where such exclusions apply, the capital gains rate otherwise applicable will apply to the gain reduced by the exclusion. For example, gains eligible for a 30 percent exclusion of a taxpayer subject to a 28 percent capital gains rate will in effect be taxed at a rate of 19.6 percent. The alternative minimum tax would be applicable to the excluded amounts and assets would be subject to depreciation recapture at ordinary rates. The proposal to enhance long-term investment is shown in Table X-4 and in tables in Part Five as estimated by the Treasury Department's Office of Tax Analysis (OTA). Because the methodological differences among OTA, Congressional estimators, and outside experts have not yet been resolved, totals are presented with the Administration's estimate and with a zero (neutral) entry for this proposal.

*Extend medicare hospital insurance (HI) coverage to all State and local government employees.*—A minority of the State and local government employees who were hired prior to April 1, 1986 may not be assured of medicare coverage. Because of eligibility through their spouse or short periods of work in covered employment, as many as four out of five State and local employees

Table X-3. EFFECT OF MAJOR LEGISLATION ENACTED IN 1990 ON RECEIPTS<sup>1</sup>

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
<b>Omnibus Budget Reconciliation Act of 1990</b>						
Individual income taxes .....	4.6	10.2	7.8	9.9	10.1	5.3
Corporation income taxes .....	3.8	2.4	2.7	2.5	2.3	2.8
Social insurance taxes and contributions .....	4.6	10.5	8.8	11.1	11.7	11.3
On-budget .....	(4.1)	(8.4)	(6.5)	(8.6)	(9.1)	(8.4)
Off-budget .....	(0.5)	(2.2)	(2.3)	(2.5)	(2.7)	(2.9)
Excise taxes .....	12.5	17.1	18.2	19.3	20.0	17.1
Estate and gift taxes .....	*	—	-0.1	-0.3	-0.4	-0.7
Customs duties and fees .....	0.3	0.4	0.5	0.5	0.5	0.5
Miscellaneous receipts .....	0.2	0.4	0.7	0.7	0.8	0.4
<b>Total, Omnibus Budget Reconciliation Act of 1990 .....</b>	<b>26.0</b>	<b>40.9</b>	<b>38.5</b>	<b>43.7</b>	<b>45.0</b>	<b>36.8</b>
On-budget .....	(25.5)	(38.8)	(36.2)	(41.3)	(42.3)	(33.9)
Off-budget .....	(0.5)	(2.2)	(2.3)	(2.5)	(2.7)	(2.9)
<b>Total, Omnibus Budget Reconciliation Act of 1990, net of income tax offsets .....</b>	<b>22.5</b>	<b>35.2</b>	<b>32.7</b>	<b>37.5</b>	<b>38.6</b>	<b>31.0</b>
On-budget .....	(22.7)	(33.9)	(31.3)	(36.0)	(36.9)	(28.9)
Off-budget .....	(-0.1)	(1.3)	(1.4)	(1.5)	(1.7)	(2.0)

\* \$50 million or less.

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



who contribute nothing to medicare in their current employment are entitled to the full range of medicare benefits. Coverage of these employees, who are the only major group of employees not assured medicare coverage, would correct an inequity in coverage and eliminate this drain on the medicare trust fund. The change is proposed to be effective January 1, 1992.

*Improve retail compliance with alcohol special occupational taxes.*—To increase compliance rates and revenues, distributors of alcoholic beverages would be required to verify retail compliance with the tax prior to sale.

*Increase IRS enforcement funding.*—The Administration proposes to increase compliance with the tax code by providing additional funding to IRS. These funds would be used to collect delinquent tax debt and increase the audit workforce.

*Extend tax deadlines for Desert Shield participants.*—This proposal would extend the time period for filing Federal tax returns, paying Federal tax and taking other actions until 180 days after an individual's participation in the Desert Shield operation comes to an end.

*Extend railroad unemployment insurance (UI) reimbursable status.*—To prevent public subsidies from being diverted to pay for the high unemployment costs of the private sector railroads, public commuter railroads and Amtrak were exempt from the full railroad unemployment tax rate in 1989 and 1990. Instead, they were required to reimburse the railroad unemployment insurance fund for the actual costs of their employees. Under this proposal the exemption would be extended beyond its current law expiration date.

*Increase Department of Housing and Urban Development (HUD) interstate land sales fee.*—The Interstate Land Sales Full Disclosure Act gives HUD the responsibility of registering certain subdivisions that are sold or leased across State lines. A fee is charged when a developer files a statement of record about the subdivision with HUD. The fee charged cannot exceed \$1,000 for any one developer. Under the current structure, the fees collected cover only a portion of the costs associated with the administration of the program. The Administration's proposal would remove the \$1,000 fee limitation to help offset fully the direct administrative costs of the program.

*Extend abandoned mine reclamation fees.*—The abandoned mine reclamation fees, which are scheduled to expire on September 30, 1995, would be extended. Collections from the existing fees of 35-cents per ton for surface mined coal and 15-cents per ton for underground mined coal are allocated to States for reclamation grants. Abandoned land problems are expected to exist in certain States after all the money from the collection of fees under current law is expended.

*Extend research and experimentation (R&E) tax credit.*—The 20 percent tax credit provided for certain incremental research and experimentation expenditures, which was scheduled to expire on December 31, 1990, was extended for 1 year under the Omnibus Budget

Reconciliation Act of 1990. The Administration proposes permanent extension of the R&E credit.

*Extend research and experimentation (R&E) allocation rules.*—Companies with foreign operations are allowed to allocate 64 percent of domestic R&E expenditures to their domestic operations and 64 percent of foreign R&E expenditures to their foreign operations. The remaining expenses are to be allocated on the basis of gross sales or (subject to a limitation) gross income. Under the Omnibus Budget Reconciliation Act of 1990, these rules are extended to apply to taxable years beginning on or before August 1, 1991. The Administration proposes a 1 year extension of these rules.

*Establish family savings accounts.*—Americans would be encouraged to increase personal savings by being permitted to establish Family Savings Accounts with contributions of up to \$2,500 per year (with a limit of two such accounts per family). Contributions would not be deductible but earnings would be excluded from income while in the account and would be permanently excluded if the contribution to which they relate remains in the account for more than 7 years. Earnings on withdrawals within 3 years of contribution would be subject to a 10 percent excise tax. Available investments would be the same as for current Individual Retirement Accounts. Accounts would not be available to single individuals with income exceeding \$60,000 or to families with income exceeding \$120,000.

*Extend health insurance deduction for self-employed.*—Under the Omnibus Budget Reconciliation Act of 1990, the 25 percent deduction provided to self-employed individuals for the cost of health insurance expenses was extended through December 31, 1991. The Administration proposes to extend the deduction for 1 year through December 31, 1992.

*Extend low-income housing tax credit.*—This credit was extended through December 31, 1991 under the Omnibus Budget Reconciliation Act of 1990. A 1-year extension of this credit is proposed.

*Extend targeted jobs tax credit.*—The Administration proposes to extend the targeted jobs tax credit for 1 year. This credit, which is generally equal to 40 percent of the first \$6,000 of qualified first year wages (40 percent of up to \$3,000 of wages to any disadvantaged summer youth employees), was extended through December 31, 1991 under the Omnibus Budget Reconciliation Act of 1990.

*Establish enterprise zones.*—The Administration proposes to provide tax incentives to promote entrepreneurship and job creation in up to 50 economically distressed urban and rural communities. Beginning in 1992, the proposal provides for elimination of the capital gains tax with respect to tangible investments located in a zone, expensing of investments in certain corporate stock issued by zone businesses, and refundable tax credits for low-income zone employees. This proposal is discussed more fully in Chapters V.A. and VI.A.

*Waive excise tax for certain early withdrawals from Individual Retirement Accounts (IRAs).*—Under current law, early withdrawals from a fully-deductible IRA are



subject to a 10 percent excise tax (penalty), and included as ordinary income on an individual's tax return. The Administration proposes to waive the 10 percent excise tax for early withdrawals effective January 1, 1991, if the money is used for a first-time home purchase and the home costs no more than 110 percent of the median price of homes. The maximum amount that could be withdrawn without penalty for a first-time home purchase would be \$10,000.

**Extend business energy tax credits.**—The Administration proposes to extend business energy tax credits for solar and geothermal properties for 1 year. These credits are scheduled to expire on December 31, 1991 under current law.

**Double and restore adoption deduction.**—The Administration proposes to restore and double to \$3,000 the special needs adoption deduction, effective January 1, 1992.

**Extend taxes to finance the Highway Trust Fund.**—The budget contains the Administration's proposal for new 5-year highway and transit programs financed from the Highway Trust Fund. Legislation to enact and finance this program will be transmitted to the Congress. The legislation will be financed by extending the \$.09 gasoline tax, the \$.15 diesel tax, and other excise taxes dedicated to the Trust Fund that were enacted in 1987 to support the current highway program.

Table X-4. EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS<sup>1</sup>

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
Enhance long-term investment <sup>2</sup> .....	0.4	3.0	1.7	0.9	1.8	1.7
Extend HI coverage to State and local employees <sup>3</sup> .....		1.1	1.5	1.5	1.5	1.5
Improve retail compliance with alcohol special occupational taxes <sup>3</sup> .....		.	.	.	.	.
Increase IRS enforcement funding .....		.	0.1	0.2	0.2	0.2
Extend tax deadlines for Desert Shield participants .....	—	.	.	.	.	.
Extend railroad UI reimbursable status <sup>3</sup> .....	—	.	.	.	—	—
Increase HUD land sales fee .....		.	.	.	.	.
Extend abandoned mine reclamation fees .....						0.3
Extend R&E credit .....		—0.5	—1.0	—1.3	—1.6	—1.8
Extend R&E allocation rules .....		—0.3	—0.3			
Establish family savings accounts .....		—0.3	—0.8	—1.3	—1.8	—2.3
Extend health insurance deduction for self-employed .....		—0.1	—0.2			
Extend low-income housing tax credit .....		—0.1	—0.2	—0.3	—0.3	—0.3
Extend targeted jobs tax credit .....		—0.1	—0.1	—0.1	—	—
Establish enterprise zones .....		—	—0.2	—0.3	—0.5	—0.8
Waive excise tax for certain early withdrawals from IRAs .....		—	—0.1	—0.1	—0.1	—0.1
Extend business energy tax credits .....		—	—	.	.	.
Double and restore adoption deduction .....			—	—	—	—
Extend Highway Trust Fund taxes <sup>3</sup> .....						—2.7
Total effect on receipts .....	0.4	2.7	0.6	—0.7	—0.9	—4.3
Total effect on receipts with enhance long-term investment at zero .....	—	—0.3	—1.1	—1.6	—2.7	—6.0
<b>ADDENDUM</b>						
Effect of proposals on receipts by source:						
Individual income taxes .....	0.4	2.3	.	—1.2	—0.9	—0.9
Corporation income taxes .....		—0.9	—1.2	—1.2	—1.7	—1.9
Employment taxes and contributions .....		1.2	1.7	1.7	1.7	1.7
Unemployment insurance .....	—	.	.	.	—	—
Excise taxes .....		0.1	0.1	.	.	—3.5
Miscellaneous receipts .....						0.3
Total effect on receipts .....	0.4	2.7	0.6	—0.7	—0.9	—4.3
Individual income taxes with enhance long-term investment at zero .....	—	—0.7	—1.7	—2.1	—2.7	—2.6

A \$50 million or less.

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

<sup>2</sup> The proposal to enhance long-term investment is shown in Table X-4 and in tables in Part Five as estimated by the Treasury Department's Office of Tax Analysis (OTA). Because the methodological differences among OTA, Congressional estimators, and outside experts have not yet been resolved, totals are presented with the Administration's estimate and with a zero (neutral) entry for this proposal.

<sup>3</sup> Net of income tax offsets.



## USER FEES AND OTHER COLLECTIONS

The budget includes all Federal cash flows. Under existing budget concepts, all income to the Government arising from the exercise of its sovereign powers (mainly, but not exclusively, taxes) is classified as governmental receipts and included in the receipt totals. In contrast, any income from the public that results from voluntary business-like transactions is classified as offsetting collections, which offset outlays rather than being included with the governmental receipts.

The preceding pages covered governmental receipts, including compulsory charges. This discussion covers offsetting collections, particularly the Administration's user fee proposals. As shown in Table X-5, total offsetting collections from the public, including those proposed by the Administration but excluding the collections of the off-budget Postal Service, are estimated to be \$187.4 billion in 1992.

The budget contains a variety of user fee and other offsetting collections proposals that would yield \$2.3 billion in 1992 and \$12.0 billion over the years 1992 through 1996. Administration proposals establish or increase fees in order to recover more of the costs of providing Government services. Descriptions of these proposals, which are listed in Table X-6, are presented below.

Table X-6 splits the proposals between discretionary and mandatory, indicating which of the Budget Enforcement Act (BEA) requirements apply.

**Discretionary.**—The discretionary proposals create savings under the BEA's domestic discretionary spending limits.

- *Medicare and medicaid survey and certification.*—Establish fees for survey and certification activities required by the Social Security Act. Providers and suppliers would be charged fees, which would

be set annually to cover all programmatic and administrative costs.

- *Food and Drug Administration (FDA).*—Establish fees for FDA review of new product applications, including new and generic drugs, medical devices, biologics, and food and color additives. A portion of these fees would finance expanded FDA activities in these areas. The proposal also includes fees for the registration and inspection of seafood processors.
- *Veterans medical care.*—Permanently authorize the copayment expansion that is scheduled to expire September 30, 1991, enacted in the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990). Establish copayments, subject to means testing, for treatment of non-service-connected illnesses of veterans with service-connected disabilities rated 40 percent or lower.
- *Small Business Administration (SBA).*—Increase guarantee fees on most general business loans from 2 percent to 5 percent, on regular small business investment companies from 1.2 percent to 5 percent, and on development finance companies from 0.5 percent to 1 percent. Savings reflect a reduction in SBA's credit subsidy outlays, rather than increased collections.
- *Hard rock mining claim holding fee.*—Establish an annual holding fee which would require holders of mining claims on Federal lands to pay \$100 per claim. This fee would replace the existing requirement that claimants spend \$100 per year developing each claim. This change would eliminate activities that result in surface disturbance of land solely to maintain a claim. A portion of the fee would support the Bureau of Land Management's

Table X-5. TOTAL OFFSETTING COLLECTIONS

(In millions of dollars)

	1990	1991	1992
Collections deposited in receipt accounts:			
Medicare premiums and other charges .....	11,245	11,844	13,002
Military assistance trust fund property sales .....	10,293	10,300	10,000
Outer Continental Shelf payments, naval petroleum reserve lease, power administration asset sales, and other undistributed offsetting receipts .....	3,006	3,729	3,963
Sale of property and services, interest income, and all other collections deposited in receipt accounts .....	14,831	14,808	15,839
Subtotal, collections deposited in receipt accounts .....	39,376	40,681	42,804
Collections credited to appropriation accounts:			
Postal Service stamp sales and other collections .....	32,202	43,150	46,088
Depository insurance funds .....	32,818	57,146	67,949
Tennessee Valley Authority and power administration collections .....	8,487	8,922	9,278
Commodity Credit Corporation loan repayments and other collections .....	10,719	8,476	8,544
Other loan repayments .....	11,437	12,580	9,459
Loan guaranty and other insurance premiums, interest income, and all other collections credited to appropriation accounts .....	42,536	45,500	49,347
Subtotal, collections credited to appropriation accounts .....	144,199	175,773	190,665
Total offsetting collections .....	183,575	216,454	233,469
Total offsetting collections excluding off-budget Postal Service collections .....	151,373	173,304	187,381



Table X-6. PROPOSED USER FEES AND OTHER OFFSETTING COLLECTIONS

(in millions of dollars)

	1992	1993	1994	1995	1996
<b>Discretionary:</b>					
Medicare and medicaid survey and certification (net) .....	264	246	246	249	254
FDA product review and seafood inspections .....	198	205	212	212	212
Veterans medical care copayments .....	125	131	138	145	152
SBA loan guarantee <sup>1</sup> .....	86	96	96	96	96
Hard rock mining claim holding .....	80	80	80	80	80
SEC registration .....	68	71	73	76	79
FCC licensing and service .....	65	65	65	65	65
CFTC contract trading .....	48	51	55	59	63
FEMA regulation of emergency plans .....	10	10	10	10	10
FCC spectrum auction .....	—	—	800	1,200	500
Subtotal, discretionary .....	943	955	1,775	2,192	1,512
<b>Mandatory:</b>					
Elk Hills naval petroleum reserve lease .....	1,191	-139	-120	-113	-95
Veterans loan origination <sup>1</sup> .....	122	106	101	101	98
Corps of Engineers recreation site .....	20	20	20	20	20
Agricultural Marketing Service .....	13	16	16	17	18
Federal Grain Inspection Service .....	8	8	8	8	8
Forest Service recreation site .....	8	8	8	8	8
Pesticide reregistration .....	3	3	3	3	3
Arctic National Wildlife Refuge leasing .....	—	1,901	1	1,201	1
Subtotal, mandatory .....	1,364	1,922	36	1,244	59
<b>Total</b> .....	<b>2,306</b>	<b>2,876</b>	<b>1,811</b>	<b>3,436</b>	<b>1,571</b>

<sup>1</sup> Savings from credit fees reflect a reduction in subsidy outlays, rather than increased collections.

mining law administration program and finance the collection of the fee itself.

- **Securities and Exchange Commission.**—Increase the registration fee from  $\frac{1}{50}$  to  $\frac{1}{32}$  of 1 percent of the dollar value of the offering.
- **Federal Communications Commission (FCC).**—Increase existing licensing and service fees from commercial users. A portion of this increase would be dedicated to the expansion of FCC services.
- **Commodities Futures Trading Commission.**—Establish a transaction fee of 13 cents per contract traded on commodity futures and options exchanges.
- **Federal Emergency Management Agency (FEMA).**—Establish fees to cover costs incurred by FEMA (acting as the Nuclear Regulatory Commission's agent) in regulating the evacuation and emergency preparedness plans of nuclear power plants.
- **FCC spectrum auction.**—Approximately 30 megahertz of radio spectrum which the Government currently uses or has reserved would be freed up for private users, whom the FCC will reassign from other frequencies. The spectrum vacated by those private users would be reassigned through auctions beginning in 1994.

**Mandatory.**—The following mandatory user fee and other offsetting collection proposals create savings for purposes of pay-as-you-go enforcement.

- **Elk Hills naval petroleum reserve.**—The Administration proposes to lease this oil field which is presently operated by the Department of Energy. Bonus payments of \$1.0 billion in 1992 and \$0.4 billion annually from 1993 through 1996 plus an-

nual royalty payments would more than offset the loss of annual receipts for oil sales that would otherwise be collected by the Government. Under this leasing proposal, discretionary funds that would otherwise have to be appropriated for this program would not be needed.

- **Veterans loan origination.**—Make permanent the .625 percent loan origination fee increase that was enacted as part of OBRA 1990 and is scheduled to expire September 30, 1991. OBRA 1990 effectively raised the origination fee for a no-downpayment loan from 1.25 percent to 1.875 percent. In addition, non-active duty military personnel who use the program more than once would pay a 2.5 percent fee for each additional loan. Savings reflect a reduction in the VA credit subsidy outlays, rather than increased collections.
- **Corps of Engineers.**—Expand the types of user fees collected to include those for day use of developed recreational sites and for all overnight camping sites.
- **Forest Service.**—Expand the types of facilities and services for which fees may be charged at national forest recreation sites. Collections would be dedicated to increased rehabilitation and reconstruction of existing trails and facilities.
- **Agricultural Marketing Service.**—Establish fees paid by local market committees for administrative support provided by the Government for marketing agreements and orders which help stabilize commodities markets. Additionally, establish user fees for tobacco news reports, for the development and assistance of grading standards, and for the



statistical and economic analysis of commodity markets.

- *Federal Grain Inspection Service.*—Establish user fees for standardization and quality assurance activities that support the fee-funded weighing and grain inspection services.
- *Environmental Protection Agency.*—Remove the cap on the amount that may be collected from

any one registrant under the existing user fees for pesticide reregistration.

- *Arctic National Wildlife Refuge leasing.*—Certain of these lands would be made available for oil and gas leasing. Receipts from the first lease sale would be in 1993 and the second in 1995.

**Detailed Receipts Tables.**—A detailed report of governmental receipts by source is presented in Table X-7. Offsetting receipts by type are detailed in Table X-8.

Table X-7. RECEIPTS BY SOURCE

(In millions of dollars)

Source	1990 actual	1991 estimate	1992 estimate
<b>Individual income taxes:</b>			
Federal funds:			
Withheld .....	390,473	415,710	443,146
Other .....	149,189	155,925	168,327
Refunds .....	-72,251	-79,362	-84,242
Proposed legislation .....	—	363	2,288
Total Federal funds net individual income taxes .....	467,411	492,635	529,518
Trust funds (Catastrophic health insurance) .....	-527	—	—
<b>Total net individual income taxes .....</b>	<b>466,884</b>	<b>492,635</b>	<b>529,518</b>
<b>Corporation income taxes:</b>			
Federal funds:			
Existing law .....	109,556	113,638	122,122
Refunds .....	-16,510	-18,092	-19,737
Proposed legislation .....	—	—	-866
Total Federal funds net corporation income taxes .....	93,046	95,546	101,519
Trust funds:			
Existing law (Hazardous substance superfund) .....	461	320	394
Refunds .....	—	—	—
Total Trust funds net corporation income taxes .....	461	320	394
<b>Total net corporation income taxes .....</b>	<b>93,507</b>	<b>95,866</b>	<b>101,913</b>
<b>Social insurance taxes and contributions (trust funds):</b>			
Employment taxes and contributions:			
Old-age and survivors insurance (Off-budget) .....	255,031	269,477	284,865
Disability insurance (Off-budget) .....	26,625	28,810	30,389
Hospital insurance .....	68,556	74,037	81,474
Proposed legislation .....	—	—	1,234
Railroad retirement:			
Social Security equivalent account .....	1,387	1,450	1,485
Rail pension fund .....	2,292	2,400	2,426
Total employment taxes and contributions .....	353,891	376,175	401,873
On-budget .....	(72,235)	(77,888)	(86,619)
Off-budget .....	(281,656)	(298,287)	(315,254)
Unemployment insurance:			
State taxes deposited in Treasury <sup>1</sup> .....	15,967	15,603	17,186
Federal unemployment tax receipts <sup>1</sup> .....	5,356	5,297	5,427
Railroad unemployment tax receipts <sup>1</sup> .....	199	196	139

Table X-7. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1990 actual	1991 estimate	1992 estimate
Proposed legislation .....	—	-11	2
Railroad debt repayment <sup>1</sup> .....	112	109	109
Total unemployment insurance .....	21,635	21,194	22,863
Other retirement contributions:			
Federal employees' retirement—employee contributions .....	4,405	4,469	4,511
Contributions for non-Federal employees <sup>2</sup> .....	117	117	116
Total other retirement contributions .....	4,522	4,586	4,627
<b>Total social insurance taxes and contributions .....</b>	<b>380,047</b>	<b>401,955</b>	<b>429,363</b>
On-budget .....	(98,392)	(103,668)	(114,109)
Off-budget .....	(281,656)	(298,287)	(315,254)
<b>Excise taxes:</b>			
Federal funds:			
Alcohol taxes:			
Distilled spirits .....	3,807	4,177	4,324
Beer .....	1,680	1,909	2,012
Wines .....	267	1,408	1,894
Special taxes in connection with liquor occupations .....	131	131	131
Proposed legislation .....	—	—	57
Refunds .....	-190	-188	-185
Total alcohol taxes .....	5,695	7,437	8,233
Tobacco taxes:			
Cigarettes .....	4,014	4,556	4,718
Cigars .....	40	40	35
Cigarette papers and tubes .....	2	2	2
Smokeless tobacco .....	24	24	24
Other .....	8	8	8
Refunds .....	-7	-7	-7
Total tobacco taxes .....	4,081	4,623	4,780
Manufacturers' excise taxes:			
Firearms, shells, and cartridges ..	98	100	103
Pistols and revolvers .....	41	44	46
Bows and arrows .....	13	14	15
Gas guzzler .....	90	175	198
Motor boat .....	1	110	132
Refunds .....	-11	-33	-33
Total manufacturers' excise taxes .....	232	410	461
Miscellaneous excise taxes:			
General and toll telephone and teletype service .....	2,995	3,251	3,174
Wagering taxes, including occupational taxes .....	9	10	10

Table X-7. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1990 actual	1991 estimate	1992 estimate
Employee pension plans .....	200	184	184
Tax on foundations .....	180	189	198
Foreign insurance policies .....	103	98	100
Ship departure tax .....	5	9	11
Ozone depletion tax .....	360	1,250	1,136
Luxury tax .....	—	252	403
Refunds .....	-25	-20	-10
Total miscellaneous excise taxes .....	3,827	5,223	5,206
Undistributed Federal tax deposits and unapplied collections .....	1,756	3,224	3,525
Total Federal fund excise taxes .....	15,591	20,918	22,206
Trust funds:			
Highway:			
Gasoline .....	9,371	11,778	12,234
Trucks, buses, and trailers .....	1,112	1,049	1,379
Tires, innertubes, and tread rubber .....	255	315	328
Diesel fuel used on highways .....	3,240	3,631	3,822
Use-tax on certain vehicles .....	584	580	598
Fines .....	7	4	4
Refunds .....	-701	-540	-589
Total highway trust fund .....	13,867	16,817	17,776
Airport and airway:			
Transportation of persons .....	3,219	4,359	4,932
Waybill tax .....	181	236	262
Tax on fuels .....	140	139	149
International departure tax .....	178	254	273
Refunds .....	-18	-24	-31
Total airport and airway trust fund .....	3,700	4,964	5,585
Aquatic resources trust fund .....	218	150	154
Black lung disability insurance trust fund .....	665	627	649
Inland waterway trust fund .....	63	60	70
Hazardous substance superfund trust fund .....	818	816	815
Oil spill liability trust fund .....	143	243	240
Post-closure liability trust fund .....	-1	-12	—
Vaccine injury compensation fund .....	159	118	124
Leaking underground storage tank trust fund .....	122	109	149
Total trust fund excise taxes .....	19,754	23,892	25,562
Total excise taxes .....	35,345	44,810	47,768
Estate and gift taxes .....	11,500	12,241	13,265
Customs duties and fees:			
Federal funds .....	16,497	17,142	18,614

Table X-7. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1990 actual	1991 estimate	1992 estimate
Trust funds .....	210	556	681
Total customs duties and fees .....	16,707	17,698	19,295
Miscellaneous receipts: <sup>3</sup>			
Miscellaneous taxes .....	117	152	158
Deposit of earnings, Federal Reserve System .....	24,319	23,384	20,741
Fees for permits and regulatory and judicial services:			
Immigration, passport, and consular fees .....	282	305	373
Patent and copyright fees .....	1	—	—
Registration and filing fees .....	472	517	524
Coal mining reclamation fees .....	242	241	248
Miscellaneous fees for permits, licenses, etc. ....	3	21	41
Miscellaneous fees for regulatory and judicial services .....	148	213	292
Fees for legal and judicial services .....	107	42	42
Total fees for permits and regulatory and judicial services .....	1,254	1,340	1,520
Fines, penalties, and forfeitures .....	1,492	1,217	1,353
Restitutions, reparations, and recoveries under military occupation .....	13	2	2
Gifts and contributions .....	123	91	82
Refunds and recoveries .....	-2	50	50
Total miscellaneous receipts .....	27,316	26,236	23,907
Total budget receipts .....	1,031,308	1,091,440	1,165,029
On-budget .....	(749,652)	(793,153)	(849,775)
Off-budget .....	(281,656)	(298,287)	(315,254)
MEMORANDUM			
On-budget:			
Federal funds .....	634,107	667,924	712,365
Trust funds .....	255,182	273,050	293,446
Interfund transactions .....	-139,638	-147,821	-156,036
Total on-budget .....	749,652	793,153	849,775
Off-budget (trust funds) .....	281,656	298,287	315,254
Total .....	1,031,308	1,091,440	1,165,029

<sup>3</sup> \$500 thousand or less.

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

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

<sup>3</sup> Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are: 1990, \$233 million; 1991, \$242 million; and 1992, \$242 million.



Table X-8. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Type	1990 actual	1991 estimate	1992 estimate
<b>INTRAGOVERNMENTAL TRANSACTIONS</b>			
<b>Intrabudgetary transactions:</b>			
<b>Federal Intrafund transactions:</b>			
<b>Distributed by agency:</b>			
Interest from the Federal Financing Bank	13,731	16,137	18,552
Interest on Government capital in enterprises	4,061	4,211	3,470
Other	107	1,774	974
Total Federal intrafunds	17,899	22,123	22,995
<b>Trust intrafund transactions:</b>			
<b>Distributed by agency</b>			
	65	1	1
Total intrafund transactions	17,964	22,124	22,996
<b>Interfund transactions:</b>			
<b>Distributed by agency:</b>			
<b>Federal fund payments to trust funds:</b>			
<b>Contributions to insurance programs:</b>			
Military retirement fund	10,596	10,782	11,402
Supplementary medical insurance	33,210	34,730	37,724
Hospital insurance	798	601	748
Railroad social security equivalent fund	2,568	2,804	2,932
Rail industry pension fund	181	97	196
Civilian supplementary retirement contributions	17,989	18,830	19,724
Unemployment insurance	317	327	427
Other	138	417	441
<b>Miscellaneous payments:</b>			
Other	309	1,040	225
Subtotal	66,107	69,628	73,819
<b>Trust fund payments to Federal funds:</b>			
Repayment of loans or advances to trust funds	2,577	2,594	2,774
Charges for services to trust funds	145	210	208
Other	257	644	598
Subtotal	2,979	3,448	3,579
Total interfunds distributed by agency	69,086	73,076	77,398
<b>Undistributed by agency:</b>			
<b>Employer share, employee retirement (on-budget):</b>			
Civil service retirement and disability insurance	5,953	6,409	6,897
Hospital insurance (contribution as employer) <sup>1</sup>	1,780	1,821	1,926
Military retirement fund	16,324	16,254	16,161
Other Federal employees retirement	79	80	178
Total employer share, employee retirement (on-budget)	24,135	24,565	25,163
Interest received by on-budget trust funds	46,416	50,179	53,476
Total interfund transactions undistributed by agency	70,552	74,745	78,638
Total interfund transactions	139,638	147,821	156,036
Total intrabudgetary transactions	157,602	169,944	179,032

Table X-8. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1990 actual	1991 estimate	1992 estimate
<b>Payments by on-budget accounts to off-budget accounts:</b>			
<b>Interfund transactions:</b>			
<b>Distributed by agency:</b>			
<b>Federal fund payments to trust funds:</b>			
Old-age, survivors, and disability insurance	4,707	5,527	5,847
<b>Undistributed by agency:</b>			
Employer share, employee retirement (off-budget)	5,567	5,827	6,231
Interest received by off-budget trust funds	15,991	20,164	23,733
Total payments by on-budget accounts to off-budget accounts	26,266	31,518	35,811
<b>Payments by off-budget accounts to on-budget accounts:</b>			
<b>Intrafund transactions from off-budget accounts:</b>			
<b>Distributed by agency:</b>			
Payments to railroad retirement <sup>2</sup>	3,049	3,583	3,339
Total intrafund transactions from off-budget accounts	3,049	3,583	3,339
<b>Interfund transactions from off-budget accounts:</b>			
<b>Distributed by agency:</b>			
Interest payments to the Treasury	1,082	400	—
<b>Undistributed by agency:</b>			
Employer contributions to FHI	373	388	420
Retirement contributions	3,536	4,584	5,003
Total payments by off-budget accounts to on-budget accounts	8,040	8,955	8,762
<b>Intratrast transactions between off-budget accounts:</b>			
<b>Distributed by agency:</b>			
Total Intragovernmental transactions	191,908	210,417	223,606
<b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>			
<b>Distributed by agency:</b>			
<b>Interest:</b>			
Interest on loans, Foreign Assistance Act	346	301	269
Other interest on foreign loans and deferred foreign collections	868	931	961
Interest on deposits in tax and loan accounts	1,362	1,380	1,150
Other interest (domestic—civil) <sup>3</sup>	336	270	490
Total interest	2,912	2,882	2,870
<b>Rents:</b>			
Rent and bonuses from land leases, etc	10	42	44
Rent of land and other real property	36	47	48
Rent of equipment and other personal property	11	14	14
Total rents	57	103	106
Royalties	883	1,089	1,038

Table X-8. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1990 actual	1991 estimate	1992 estimate
<b>Sale of products:</b>			
Sale of timber and other natural land products .....	1,349	1,296	1,288
Sale of minerals and mineral products .....	576	654	524
Sale of power and other utilities .....	775	799	987
Sale of other products <sup>3</sup> .....	4	—	—
Recovery of mint manufacturing expense .....	52	141	61
Total sale of products .....	2,756	2,890	2,860
<b>Fees and other charges for services and special benefits:</b>			
Medicare premiums and other charges (trust funds) .....	11,245	11,834	12,984
Nuclear waste disposal revenues .....	576	563	564
Veterans life insurance (trust funds) .....	398	402	371
Other .....	2,848	2,937	3,303
Total fees and other charges .....	15,068	15,735	17,222
<b>Sale of Government property:</b>			
Sale of land and other real property <sup>3</sup> .....	92	109	109
Sale of equipment and other personal property:			
Military assistance program sales (trust funds) .....	10,293	10,300	10,000
Sale of scrap and salvage material .....	90	83	—
Total sale of Government property .....	10,474	10,492	10,109
<b>Realization upon loans and investments:</b>			
Dollar repayments of loans, Agency for International Development .....	452	430	449
Foreign military credit sales .....	232	231	384
Negative loan subsidies .....	—	—	376
Dollar conversion of foreign currency .....	26	26	26
Repayment of loans to United Kingdom .....	94	96	98
Other <sup>3</sup> .....	193	195	199
Total realization upon loans and investments .....	997	977	1,532

Table X-8. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1990 actual	1991 estimate	1992 estimate
<b>Recoveries and refunds<sup>3</sup> .....</b>	510	930	1,105
<b>Miscellaneous receipt accounts<sup>3</sup> .....</b>	1,373	1,853	2,000
Total proprietary receipts from the public distributed by agency .....	35,031	36,952	38,841
<b>Undistributed by agency:</b>			
Other interest: Interest received from Outer Continental Shelf escrow account .....	2	—	—
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses .....	712	1,102	468
Royalties .....	2,292	2,627	2,219
Sale of major assets .....	—	—	85
Other undistributed offsetting receipts .....	—	—	1,191
Total proprietary receipts from the public undistributed by agency .....	3,006	3,729	3,963
<b>Total proprietary receipts from the public<sup>4</sup> .....</b>	38,038	40,681	42,804
<b>OFFSETTING GOVERNMENTAL RECEIPTS</b>			
Defense cooperation .....	—	15,000	—
<b>Total offsetting receipts .....</b>	229,945	266,098	266,409

<sup>3</sup> \$500 thousand or less.<sup>1</sup> Includes provision for covered Federal civilian employees and military personnel.<sup>2</sup> Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.<sup>3</sup> Includes both Federal funds and trust funds.<sup>4</sup> Consists of:

	1990 actual	1991 estimate	1992 estimate
Federal funds .....	14,545	16,824	17,892
Trust funds .....	23,493	23,857	24,914
Off-budget .....	—	—	—



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## XI. TAX EXPENDITURES

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Part Three-17

## XI. TAX EXPENDITURES

The Congressional Budget Act of 1974 (Public Law 93-344) requires that a list of tax expenditures be included in the budget. This Act identifies tax expenditures 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."

Tax expenditures are one means by which the Federal Government pursues public policy objectives and, in many cases, can be regarded as alternative means of achieving the same objectives pursued by other Government policy instruments such as direct expenditures and regulations. There are numerous examples of the similarity in objective between tax expenditures and direct outlays. For instance, the cost of medical care is reduced both by direct Government expenditures for the medicare and medicaid programs and by the exclusion from individual taxpayer income of the medical insurance premiums that employers pay for their employees. State and local governments benefit both from direct grants and from the ability to borrow funds at tax-exempt rates. Individuals benefit both from social security payments and from the exemption of most of these payments from tax.

Tax expenditures ordinarily result from enacted legislation. They therefore are not submitted to Congress each year and do not routinely receive a formal and systematic annual review. In this sense, they share a legislative status with entitlement programs that do not require annual appropriations (such as social security). Tax expenditures, however, are generally reviewed whenever significant policy decisions are made about the overall level of tax receipts.

The Omnibus Budget Reconciliation Act of 1990 (OBRA) has affected some of the tax expenditures in this year's budget. While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent. The earned income tax credit was expanded and included a new credit for child health insurance. A new tax credit for access expenditures for the disabled was introduced. Other relevant changes were revisions of the income tax rates and minor modifications to and extensions of other tax preferences.

### Alternative Tax Expenditure Estimates

A tax expenditure is defined as an exception to the baseline provisions of the tax structure. The Act does not, however, specify the baseline provisions of the tax law. Deciding whether provisions are special or preferential exceptions therefore, is a matter of judgement. One baseline is the "normal" tax measure, used by the Joint Committee on Taxation. The other baseline is the "reference" tax law, which has been used since

1983. As in prior years, this year's tax expenditure estimates will be presented using both baselines.

**Normal Tax Baseline.**—The normal tax structure is patterned on a comprehensive income tax. Such a tax defines income as the sum of consumption, taxes, and the change in net wealth in a given period of time. The normal tax is not limited to a particular structure of tax rates, or by a specific definition of the taxpaying unit. It not only allows personal exemptions and a standard deduction, but also allows deduction from gross income of the expenses incurred in earning it. The normal tax structure, however, does make several major departures from a pure comprehensive income tax. For example:

- Under a comprehensive income tax, income is taxable as it accrues; under the normal tax, income is taxable when realized in exchange. Thus, with a normal tax baseline, the deferral of tax on unrealized capital gains, as under present law, is not regarded as a tax expenditure.
- Under a comprehensive income tax, all income is subject to tax whether it is self-produced and consumed or produced for exchange with others. The normal tax baseline includes only income realized in exchange with others. Thus, the exclusions from tax of the rental value of owner-occupied housing and farmers' consumption of their own produce, as under present law, are not regarded as tax expenditures when the normal tax is the baseline.
- Under a comprehensive income tax, there is no separate corporation income tax; corporate equity income is taxed only once—to shareholders whether or not distributed in the form of dividends. But the normal tax baseline includes a separate corporation income tax, levied at a flat rate equal to the highest statutory corporate income tax rate. Thus, with a normal tax baseline, rather than considering the corporate tax a "negative tax expenditure" or tax penalty, the lower rates on the first \$75,000 of corporate income give rise to a tax expenditure.
- Under a comprehensive income tax, the income measure would adjust the cost basis of capital assets and debt for changes in the price level during the time assets are held. Consequently, the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure, and failure to take account of inflation in measuring interest costs would be regarded as a positive tax expenditure. Under the normal tax baseline, however, these inflation adjustments are not made.



Notwithstanding these exceptions, the normal tax concept can be thought of as a practical compromise with the ideal of a comprehensive income tax, one that avoids certain complexities while preserving the general idea.

**Reference Law Baseline.**—Beginning with the 1983 budget, the Administration has used the “reference law” baseline to identify tax expenditure provisions.

Reference law is the set of generally applicable, statutory income tax accounting rules, i.e., rules for measuring income subject to tax. Like the normal tax baseline, the reference law accepts realization accounting principles, the existence of a separate corporation income tax, and the absence of inflation adjustments in the measurement of capital income as part of the baseline.

Unlike the normal tax baseline, however, the reference law baseline includes the statutory schedule of corporation income tax rates, the “capital gain”/“ordinary income” distinction, and several capital cost recovery allowances. Thus, under the reference law baseline there are:

- No tax expenditures for corporation income tax rates below the maximum statutory rate.
- No general capital gain tax expenditures; only the statutory definition of otherwise “ordinary income” events, such as timber cutting, coal and iron ore royalties. Also, the sale of certain agricultural products occasion a tax expenditure entry when capital gains tax rates are preferentially lower.
- No “accelerated depreciation” tax expenditures; only specified exceptions to otherwise applicable depreciation and mineral cost recovery schedules give rise to tax expenditures.

Under the reference tax law baseline, entries in the tax expenditure budget closely conform to budget categories. Reference law tax expenditures measure “taxes otherwise due” the Government were it not for special exceptions in the tax code. These special exceptions have the characteristic that they serve programmatic functions, just as direct outlays for national defense, health care, or farm subsidies do. These tax expenditures, therefore, are the equivalents of direct outlays from the standpoint of the budget. It is generally the case that while tax expenditures under the normal tax baseline are also considered tax expenditures under the reference law baseline, the reverse is not true. Hence, not all departures from the normal tax base are financially equivalent to direct outlays.

Adopting the reference law as the baseline for tax expenditure measurement does not imply the reference law to be “ideal.” Whether the generally applicable reference law rules for measuring the tax base and the schedules of personal, corporate, and capital gains tax rates are in accord with economic income measurement and allocative efficiency, and whether they fairly distribute the burden of taxation are matters of tax policy to be dealt with as such in the process of improving the efficiency and fairness of the tax system, and are not “expenditure policies.”

**Comparison of Reference Tax Rules and the Normal Tax Standard.**—The differences between the reference tax rules and the normal tax baseline include:

1. Definition of the taxpaying unit. The taxpaying units are the same in the normal and reference tax structures, with one major exception.<sup>1</sup> In the normal tax, controlled foreign corporations are not regarded as entities separate from their controlling U.S. shareholders. Therefore, the deferral of tax on income received by controlled foreign corporations is regarded as a tax expenditure. In contrast, except for tax haven activities, the reference tax rules follow the current tax system in treating controlled foreign corporations as separate taxable entities whose income is not subject to U.S. tax until distributed to U.S. taxpayers. Under that definition of the tax unit, deferral of tax on controlled foreign corporation income is not a tax expenditure because U.S. taxpayers generally are not taxed on accrued, but unrealized, income.

2. Tax rate schedules. Separate schedules apply to the various taxpaying units. These schedules are included in the reference tax system. The normal tax system is similar, except that it specifies a single rate (the current maximum rate) on corporate income. The lower tax rates applied to the first \$75,000 of corporate income are thus regarded as a tax expenditure.

Since 1987, an alternative minimum tax (AMT) has been in effect. This tax, levied at a flat rate on a tax base derived by specific tax accounting rules, is payable whenever the AMT exceeds the regular income tax liability, as determined by regular applicable income tax accounting rules.

3. General accounting rules for determining 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 has always defined gross income to include: (1) consideration received, both within the United States and abroad, 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.<sup>2</sup> 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. Gross income does, however, include transfer payments associated with past employment, such as social security benefits. The normal tax baseline also excludes from gross income gifts between individuals. Under the normal tax baseline, however, all cash transfer payments from Government to private individuals are counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures.

<sup>1</sup>The Internal Revenue Code identifies as taxpaying units individuals (single, married, head of household), corporations (except those electing subchapter S treatment), cooperatives, real estate investment trusts, and other financial organizations that attribute their income to members in whose hands it is taxable, as well as trusts and estates (to the extent income is not distributed to beneficiaries). Certain otherwise taxable corporations and associations whose activities and ownership meet the requirements of section 501 are exempt from income tax, as are Government-owned enterprises encompassed by section 115.

<sup>2</sup>Such income included interest, dividends, rents, royalties, and the taxpayer's share of the profits of partnerships, subchapter S corporations, and cooperatives.



The costs of earning income are deductible in determining taxable income under the reference and normal tax rules. These costs include: (1) expenses incurred in earning income from personal service (not including expenditures on goods and services for personal use); (2) costs of earning income incurred by a taxpayer's trade or business, including costs of goods sold<sup>3</sup> and an allowance for physical capital used up;<sup>4</sup> and (3) interest paid creditors who have advanced funds to help finance the ownership and use of assets by the trade or business.

In the cases of individuals who hold "passive" equity interests in businesses, 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.

With one exception, both the reference and normal tax law standards have incorporated the general statutory provisions governing allowable deductions. The exception is the rule for determining tax depreciation allowances. Under the reference tax law standard, the accelerated cost recovery system (ACRS) allowances for property placed in service before January 1, 1987, serve as the baseline. The system of depreciation allowances provided by the Tax Reform Act of 1986 is the reference tax law baseline for investments placed in service beginning with January 1, 1987. Thus, under the reference tax law standard, there are no tax expenditures from accelerated depreciation.

Under the normal tax baseline, however, the depreciation allowance for personal property is determined by using statutory accelerated methods<sup>5</sup> over tax lives equal to mid-values of the asset depreciation range.<sup>6</sup> The baseline for real property is computed using 40-year straight-line depreciation. Consequently, from 1981 through 1986, the ACRS depreciation provisions generated tax expenditures under the normal tax baseline. The Tax Reform Act of 1986 provided depreciation allowances approximately equal to those in the normal tax baseline for machinery and equipment. Post-1986 investments, therefore, will no longer generate tax expenditures under either standard for investments of this type.

The baseline income tax system also stipulates rules for valuing the exchange of goods and services and specifies when gross income is reportable and when deductions may be taken. On these matters, both the reference and normal tax law standards embody the provisions of enacted law including: (1) valuation is determined at the time transactions occur (realization as

opposed to accrual accounting); (2) the market value of services from owner-occupied housing and other durable goods or self-produced income, such as do-it-yourself repairs and maintenance, is excluded; (3) historical costs determine allowable deductions for capital cost recovery and the gain on the sale of an asset (no inflation adjustments); (4) current expenses are deductible from gross income in the period when the transaction is completed, while capital expenditures are recovered by depreciation or depletion deductions over the asset's productive life; and (5) the accounting period used to determine income subject to tax, computing tax due and payable, and the dates when tax must be paid, are those specified under current law.

Both the reference and normal tax law standards accept, without classifying it as a tax expenditure, a tax credit for foreign income taxes paid up to the amount of U.S. income taxes that would otherwise be due. This credit prevents the double taxation of income earned abroad.

### Tax Expenditures as Substitutes for Budget Outlays

Under both the normal and reference tax baselines, some tax expenditure provisions can be thought of as substitutes for budget outlays. For example:

- Current law excludes some forms of employee compensation, such as certain military housing and food allowances or employer-paid fringe benefits, from employees' gross income although they are clearly part of an employee's total compensation and are properly deductible from the gross income of the trade or business of employers who are taxable entities. Defense Department outlays for military personnel are lower because part of military compensation takes the form of tax-free housing and food allowances. Excluding this compensation from tax substitutes for the higher direct outlays that would otherwise be required to maintain an equivalent level of compensation. Compensation in this form, if received from another employer, would be subject to tax.
- The interest payments on State and local tax-exempt government are no less income than interest, dividends, rents, and royalties received from other sources, but they are not included in the bondholder's gross income. The tax exclusion for interest paid by State and local governments enables them to obtain funds at lower rates. This exclusion is, therefore, equivalent to an interest subsidy or capital grant to State and local governments on the outlay side of the budget.
- The dividend and interest receipts of pension funds are not included as they accrue in the gross income of the taxable beneficiaries who ultimately receive them; they are reported only when they are paid out as retirement benefits after compounding, in some cases, for many years, at pre-tax interest rates.

The tax exclusion of employer-paid pension, health, and other insurance premiums and the preferred treatment of pension trust income are equivalent to direct

<sup>3</sup>Cost of goods sold includes the compensation of employees and payments for goods and services purchased from other firms, and royalties paid, to the extent the inputs used are allocated to the goods sold.

<sup>4</sup>These costs include depreciation in the case of machinery, equipment, and structures, and depletion in the case of mineral deposits.

<sup>5</sup>Declining balance at double the straight-line rate or sum-of-years digits.

<sup>6</sup>An elective depreciation system in effect from 1971 through 1980.



Federal Government subsidies that would partly pay for private retirement, health, and insurance plans.

The tax laws also permit many deductions from gross income in the derivation of taxable income that have no direct relation to the cost of earning the reported gross income, as the general rule would require. For example:

- Individuals may deduct contributions to charitable, educational, scientific, or religious organizations. Matching grants to qualified organizations based on contributors' support could replace the charitable deductions.
- Some oil, gas, and mineral producers may deduct a percentage depletion allowance that is not limited to recovery of the cost of acquiring the deposit. In addition, some investments in this type of property may be deducted in the year incurred, rather than capitalized and recovered as production ensues. These special rules permit investment costs to be recovered more rapidly than the reference tax rules generally allow. They, in fact, often permit more than the full investment to be recovered tax-free. Direct subsidies paid to mineral producers could replace the preferential treatment of oil and mineral investments.
- Individuals are allowed to deduct mortgage interest from their pre-tax incomes, although they need not report the (imputed) gross income they receive from the housing that the mortgages finance. Expanded Federal mortgage interest subsidy programs could substitute for the deductibility of mortgage interest.

Finally, there are special exceptions to the general rules for determining net income tax due and payable. After a taxpayer has determined his income, taking into account all exclusions and deductions, and has applied the appropriate tax rate schedule, there are still other factors that determine the amount to be paid. For example, the taxpayer may take as credits against tax otherwise due and payable certain amounts determined by expenditures during the tax year on:

- Child and dependent care.
- Newly constructed or substantially rehabilitated low-income housing.
- Incremental research and experimentation.
- Rehabilitation of old and historic structures.

It is not difficult to imagine equivalent outlay programs that would subsidize these activities directly.

The major tax expenditures defined according to the normal tax baseline that are not tax expenditures according to the reference tax rules are: deferral of income of controlled foreign corporations, expensing of research and development expenditures, progressive corporation income tax rates, the difference between statutory depreciation rules (ACRS) for investments made between 1981 and 1986, exclusion of public assistance benefits and of scholarship and fellowship income, and the preferential treatment of capital gains.

### Outlay Equivalents

Beginning with the 1983 budget, the Administration introduced the concept of "outlay equivalents" as a sub-

stitute for "revenue losses" as measures of the budget impact of tax expenditure programs. This was done to harmonize the tax expenditure budget with the implicit purposes of the budget format as the Federal Government's sources and uses statement. The outlay equivalent measure is calculated to be the amount of outlay that would be required to provide to the taxpayer the same after-tax income that would be received when using the revenue loss measure. This measure allows a comparison of the cost of the tax expenditure with that of a direct Federal Government expenditure.

In many cases, the outlay equivalent tax expenditure estimate differs from the revenue loss estimate for the same tax subsidy. This difference arises when the tax subsidy functions as a Government payment for service and, when this is the case, the outlay equivalent estimate is always larger than the revenue loss estimate. Revenue loss estimates are lower in these situations, because such payments for services are treated as a reduction in a tax that increases the taxpayer's after-tax income. Under either a normal or reference income tax law standard, such payments would instead enter the taxpayer's pre-tax income as Government payments for services.

For some tax expenditures, however, the revenue loss is equivalent to a direct Government outlay. The accelerated cost recovery deductions, for example, result in tax deferrals, the amount of which are the principal of interest-free loans. They also entail consumption expenditures, the tax benefits of which function as price reductions. Since neither the loan principal nor a price reduction enters taxpayers' pre-tax income, the issue of tax exemption does not arise.

### Measuring Tax Expenditures

Presenting budget outlays along functional lines is a way of showing how the Federal Government influences the allocation of resources. The functions may be broadly categorized as: (1) the provision of public goods and services; (2) the provision of subsidies; and (3) the payment of transfers. The budget outlays for public goods, such as national defense, are used to acquire the labor and capital services needed to produce such goods. Subsidies, such as those for school lunches, are used to reduce the effective price of the subsidized item. Transfers, such as aid to families with dependent children, are intended to provide a level of income to recipients they would not otherwise achieve.

Functional budget outlay figures measure the resource cost to the Federal Government of accomplishing the program objectives. When functional budget outlay figures are used to evaluate the costs of specific programs, these costs should reflect the pre-tax price of the resources. The market value of the goods and services included in GNP covers indirect taxes (sales and property taxes) as well as before tax incomes of wage earners and property owners.<sup>7</sup> Consistency requires that all budget outlay measures also be stated in pre-tax magnitudes. Outlays for the purchase of goods and

<sup>7</sup>The income of property owners is usually received in the form of rent, interest and profit.



services are generally gross of taxes.<sup>8</sup> Similarly, subsidy outlays in the budget generally enter the gross incomes of sellers of subsidized goods. In some instances, Government purchases (outlays) or subsidies are exempted from tax by a special tax provision. When this occurs, the outlay figure understates the resource cost of the program and is, therefore, not comparable with other outlay amounts. For example, as noted above, the outlays for certain military personnel allowances are not taxed. If this form of compensation were treated as income taxable to the employee, the Defense Department would have to make larger cash payments to its military personnel to leave them as well off after tax as they are now. The tax subsidy must be added to the tax-exempt budget outlay to make this element of national defense expenditures comparable with other outlays.

The Treasury Department prepared all tax expenditure estimates based upon income tax law enacted as of December 31, 1990. In estimating tax expenditures, it is assumed that the existing tax structure is unchanged. The estimates of tax expenditures conform to the functional budget classification for outlays.

In table XI-1 are shown, side-by-side, the outlay equivalent and the revenue loss estimates of each special tax provision by fiscal year. The revenue loss estimates are displayed separately for corporations and individuals. The outlay equivalent estimates are comparable to the taxable outlay figures in the budget. These entries represent amounts that could be added to the other functional budget outlays while, at the same time, being added to budget receipts to provide a more consistent and comprehensive display of the resource reallocations produced by Federal fiscal measures. The revenue loss estimates are not consistent with direct budget outlays because they do not adjust for the implicit tax liability on certain items, as was noted above.

The tax expenditure estimates are similar to outlays and should not be interpreted as estimates of the increase in Federal receipts or the reductions in budget deficits that would accompany the repeal of the special provisions. There are four reasons why such an interpretation is not possible.

First, the assumed deletion of a tax expenditure may have incentive effects that alter the behavior of individuals, households and firms. These may be either "cross" or "own" effects. Many tax expenditures are not independent of each other. If one subsidy program is repealed or severely curtailed, it is frequently the case that the demand for, and cost of, other Federal subsidy programs will be increased. For example, if the exclusion of employer-paid medical insurance from the gross income of employees were repealed, other tax-exempt forms of compensation, such as employer paid pensions, would probably expand. Consequently, the net effect on the budget of repealing the exclusion of employer-paid medical insurance would not equal the estimated cost of that tax expenditure, but would be smaller after

subtracting some increase in tax expenditures for pensions or other fringes. If deductibility of charitable contributions or mortgage interest were severely limited, some taxpayers would contribute less to charitable donees or hold smaller mortgages, with a concomitantly smaller effect on the budget than if no such limits were in force.

Second, tax expenditures are all cleared through individual and corporation tax accounts and, for this reason, their values become interdependent. For example, excluding interest received from State and local governments lowers a taxpayer's taxable income and, in a tax system with progressive tax rates, this can reduce the value of other tax deductions, such as charitable contributions. If the interest exclusion alone were repealed, some taxpayers could be thrust into higher tax brackets, automatically increasing the value of charitable contributions and their budget cost even if taxpayers did not make larger contributions. On the other hand, if both the interest exclusion and the charitable deduction were repealed simultaneously, the increase in tax liability would be greater than the sum of the two separate tax expenditures since each is estimated assuming that the other remains in force.

Third, the annual value of tax expenditures for tax deferrals, like the outlay figures for government lending programs, is largely prepared on a strict cash receipts and disbursement basis. For example, the annual budget cost of tax deferrals due to the exclusion from employees' gross income of employers' contributions to employee pension plans is the sum of two items: the employers' current year pension plan contributions and the current year pension fund asset earnings. Both accrue to the current benefit of employees, but are not currently included in their gross incomes. If the tax expenditure composed of these two exclusions were repealed, the immediate budget impact would be to tax only the employees on the employers' current-year contributions and the current-year pension fund asset earnings. Only as the existing population of covered employees retired and received their annuities, thereby depleting the stock of asset reserves previously accumulated with untaxed dollars, would the remaining deficit-reducing impact of repealing this tax expenditure be fully registered in the budget.

Finally, repeal of some provisions could affect overall levels of income and rates of economic growth. Consequently, large changes in tax expenditures could be expected to alter projected growth rates for aggregate national income and product and, thus, the tax base over the forecast period. All receipts and expenditures in the budget are based, however, on projections of income and growth that assume all existing laws will continue (except as amended by proposals made in the budget).

### Tax Expenditures By Function

The 1990-92 outlay equivalent and revenue loss estimates of tax expenditures are displayed by the budget's functional categories in table XI-1. In the appendix table, the major tax expenditures are ranked by the

<sup>8</sup>The payments to vendors and Government employees are gross income to the sellers out of which taxes will be paid as determined by the reference tax law in effect.



fiscal year 1992 total revenue loss estimates. Tax expenditures that are divided into functional categories in table XI-1 are merged in the appendix table, e.g., instead of the three separate entrees for charitable contributions found in XI-1, the table contains one merged entry.

Listing revenue loss estimates under the corporation and individual 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 principally show the specific tax accounts through which the cost of the program is cleared because the sources of data for estimating tax expenditures are largely corporation and individual income tax returns. Corporations, as such, neither pay tax nor receive Government payments. They are the institutional conduit through which their employees, creditors and stockholders engage in exchanges with customers and the Government. Thus, the exemption from Federal income tax of interest paid by State and local governments provides a subsidy to those governments in the form of lower borrowing rates. Individual and corporate holders of such debt only benefit from the tax exemption to the extent their marginal tax rates exceed the percentage spread between taxable and nontaxable interest rates.

With these caveats in mind, a review follows of the tax expenditure estimates by functional category, as shown in table XI-1, that are departures from both the reference and normal tax law unless otherwise specifically identified. Whenever an item is identified as a tax expenditure under the normal tax rules, but not the reference tax rules, it is indicated by the designation, "Normal tax" in the table. In these cases, a line also appears, designated as "Reference tax," showing that tax expenditures for this item would be zero using the reference tax rules.

#### NATIONAL DEFENSE

**Benefits and allowances to armed forces personnel.**—The housing and meals provided military personnel, either in cash or in kind, are excluded from income subject to tax.

#### INTERNATIONAL AFFAIRS

**Income earned abroad.**—A U.S. citizen or resident alien who resides in a foreign country or who stays in one or more foreign countries for a minimum of 11 out of the past 12 months may exclude \$70,000 per year of foreign-earned income. Eligible taxpayers also may exclude or deduct reasonable housing costs in excess of one-sixth of the salary of a civil servant at grade GS-14, step 1. These provisions do not apply to Federal employees working abroad; however, the tax expenditure estimate does reflect certain allowances that are excluded from their taxable income.

**Income of Foreign Sales Corporations (FSC).**—The Foreign Sales Corporation (FSC) provisions exempt from tax a portion of U.S. exporters' foreign trading income to reflect the FSC's sales functions as foreign

corporations. These provisions conform to the General Agreement on Tariffs and Trade.

**Income of U.S.-controlled foreign corporations.**—The income of foreign corporations controlled by U.S. shareholders is not subject to U.S. taxation because, under the reference tax rules, corporations chartered and operating in foreign countries are not subject to U.S. income reporting and 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 accounting rules, the currently attributable reference tax source pre-tax income from such a controlling interest is subject to U.S. taxation, whether or not distributed. Thus, when the normal tax rule is taken as a baseline, the excess of controlled foreign corporation income over the amount distributed to a U.S. shareholder gives rise to a tax expenditure in the form of a tax deferral, that is, an interest-free loan.

**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. There are two exceptions. The first is an exception for sales of inventory property that reduces the U.S. tax of exporters. The second exception is for financial institutions and certain financing operations of nonfinancial enterprises from the rules that require allocation of interest expenses between domestic and foreign activities of a U.S. taxpayer.

#### GENERAL SCIENCE, SPACE, AND TECHNOLOGY

**Expensing R&E expenditures.**—Research and experimentation (R&E) expenditures are commonly referred to as investments because their benefits continue to accrue for several years, when they are successful. The characteristics of R&E, however, are such that it is difficult to identify completed, discrete R&E projects to determine whether the completed project is successful and, if it is successful, what its expected life will be. For these reasons, the statutory provision that these expenditures may be currently deducted (expensed) is considered part of the reference law. Under the normal tax standard, the expensing of R&E expenditures is viewed, however, as the source of a tax expenditure. To measure the tax deferral under the pre-1983 method, the "norm" assumed is that all R&E expenditures are successful and have an expected life of eight years.

**R&E credit.**—The tax credit is 20 percent of the qualified expenditures in excess of each year's base amount. This threshold is the product of multiplying a "fixed-base percentage", limited to a maximum of .16 for existing companies, by the average amount of the company's gross receipts for the four preceding years. The "fixed-base percentage" is the ratio of R&E expenses to gross receipts for the 1984 to 1988 period. Start-up companies that did not both incur qualified



expenses and have gross receipts in at least three of the base years are assigned a "fixed-base percentage" of .03. A similar credit with its own separate threshold is provided for taxpayers' basic research grants to universities. Beginning in 1989, the otherwise deductible qualified R&E expenditures were reduced by the amount of the credit. Both R&E credits have been extended to the end of 1991.

**Allocation of R&E expenditures.**—Regulations issued in 1977 were designed to achieve a reasonable allocation of R&E expenses between corporations' domestic and foreign activities, but successive legislative actions suspended this requirement. Currently, 64 percent of both U.S.- and foreign-based R&E expenses are allocated to their respective income sources. The remaining R&E expenses must then be allocated on the basis of gross sales or gross income. These rules are effective through August 1, 1991.

#### ENERGY

**Exploration and development costs.**—In the case of successful investments in domestic oil and gas wells, intangible drilling costs, such as wages, the costs of using machinery for grading and drilling, and the cost of unsalvageable materials used in constructing wells, may be expensed rather than capitalized or amortized over the productive life of the property.

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

**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 not recovered immediately through expensing are deducted over the productive life of the property. Unlike depreciation or cost depletion allowances, percentage depletion deductions are not limited to the cost of the investment. Taxpayers, instead, 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, however, is limited to 50 percent of net income from the property. OBRA increased the allowable deduction for oil and gas from 50 percent to 100 percent of net property income, and also reduced the excess depletion amount subject to the alternative minimum tax. Production from geothermal deposits is eligible for percentage depletion at 65 percent of net income, but with no limit on output and no limitation with respect to qualified producers.

**Capital gains treatment of royalties on coal.**—While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent.

**Tax-exempt bonds for energy facilities.**—Tax-exempt bond financing for small scale hydroelectric generating facilities expired at the end of 1985. Tax-exempt financing for steam generating or alcohol production facilities was repealed by the Tax Reform Act of 1986. The budget cost of this type of tax-exempt financing will continue, however, until the bonds are retired.

**Conservation and new technology credits.**—A variety of tax incentives have been available to stimulate energy conservation and encourage conversion to alternative energy sources. All but two of these programs have expired. (The two surviving investment credits will expire after December 31, 1991. They provide a 10 percent credit for investment in solar and geothermal energy facilities.) Notwithstanding expiration, some of these incentive programs continue to have a budget effect. They are carried forward because qualified projects not constructed before the cut-off date, but subject to binding construction contracts, may be placed in service, or credits that were earned, but not taken due to insufficient tax liabilities, may be taken after the expiration dates.

**Alternative fuel production credit.**—A nontaxable \$3 per barrel of oil-equivalent production credit is provided for several forms of alternative fuels for facilities placed in service before December 31, 1992. OBRA extended the credit to additional alternative fuels. As a general rule, it is available as long as the price of oil stays below \$29.50 (in 1979 dollars).

**Alcohol fuel credit.**—Gasohol<sup>9</sup> is exempt from 5.4 of the 14 cents per gallon Federal excise tax on gasoline. There is a corresponding income tax credit for alcohol used as a fuel in applications where the excise tax is not assessed. This credit, equal to a subsidy of 54 cents per gallon for alcohol used as a motor fuel, is intended to encourage substitution of alcohol for petroleum-based gasoline.

**Gas and oil exception to passive loss limitation.**—Although owners of working interests in oil and gas properties are subject to the alternative minimum tax, they are exempted from the "passive income" limitations. This means that 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. Thus, he will be relieved of the minimum tax rules limit on tax deferrals.

#### NATURAL RESOURCES AND ENVIRONMENT

**Exploration and development costs.**—As is true for fuel minerals, certain capital outlays associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset.

<sup>9</sup> A motor fuel composed of at least 10 percent alcohol.



**Percentage depletion.**—Most nonfuel mineral extractors also make use of percentage depletion rather than cost depletion, with percentage depletion rates ranging from 22 percent for sulphur down to 5 percent for sand and gravel.

**Capital gains treatment of iron ore and of certain timber income.**—While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent.

**Tax-exempt bonds for pollution control and waste disposal.**—Interest on State and local government debt issued to finance private pollution control and waste disposal facilities was excludable from income subject to tax. This authorization was repealed for pollution control equipment and a cap placed on the amount of debt that could be issued for waste disposal facilities by the Tax Reform Act of 1986.

**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.

**Expensing multiperiod timber growing costs.**—Generally, costs must be capitalized when goods are produced for inventory used in one's own trade or business, or under contract to another party. Timber production, however, was specifically exempted from these multiperiod cost capitalization rules, creating a special benefit derived from this deferral of taxable income.

**Credit and seven-year amortization for reforestation.**—A special 10 percent investment tax credit is allowed for up to \$10,000 invested annually in clearing land and planting trees for the ultimate production of timber. The same amount of forestation investment as is eligible for the investment credit also may be amortized over a seven-year period. Without this preference, the amount would have to be capitalized and could be recovered (deducted) only when the trees were sold or harvested 20 or more years later. Moreover, the amount of forestation investment that is amortizable need not be reduced by any of the investment credit that is allowed.

#### AGRICULTURE

**Expensing certain capital outlays.**—Farmers, except for certain agricultural corporations and partnerships, are allowed to deduct 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 at the end of the year, or for capital improvements that would otherwise be capitalized.

**Expensing multiperiod livestock and crop production costs.**—Farmers are exempted from application of the uniform cost capitalization rules to the production of livestock and crops with a production period of less than two years. 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.

**Loans "forgiven" solvent farmers.**—In 1986, farmers were granted special tax treatment by being forgiven the tax liability on certain forgiven debt.<sup>10</sup> Normally, the amount of loan forgiveness is accounted for as a gain (income) of the debtor and he must either report the gain, 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. However, in the case of insolvent (bankrupt) debtors, the amount of loan forgiveness never results in an income tax liability.<sup>11</sup> Farmers with forgiven debt will be considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

**Capital gains treatment of certain income.**—While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent.

**Drought-related relief payments.**—Government payments to farmers are part of their taxable incomes in the year received. In 1988, a special exception was provided, allowing the reporting of drought relief payments received in one year to be deferred until the following year.

#### COMMERCE AND HOUSING CREDIT

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

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

**Bad debt reserves.**—Only commercial banks with less than \$500 million in assets, mutual savings banks, and savings and loan associations are permitted to deduct additions to bad debt reserves in excess of actually experienced losses. The deduction for additions to loss reserves allowed qualifying mutual savings banks and savings and loan associations is 8 percent of otherwise taxable income. To qualify, the thrift institutions must maintain a specified fraction of their assets in the form of mortgages, primarily residential.

**Special merger rules for financial institutions.**—When a corporation becomes insolvent, it may reorga-

<sup>10</sup> Settlement of a debt for an amount less than the principal of a loan.

<sup>11</sup> The insolvent taxpayer's carryover losses and unused credits are extinguished first, and then his basis in assets reduced to no less than amounts still owed creditors. Finally, the remainder of taxable income is itself forgiven.



nize under special bankruptcy rules. One of the results is that the previous tax accounts of the bankrupt corporation are canceled. This includes previous claims to tax refunds with respect to excesses of allowable tax deductions over gross income, called net operating losses (NOLs).

A special exception to this rule was provided to aid in the reorganization of troubled (insolvent) savings and loan (or thrift) institutions whose deposits were insured by the Federal Savings and Loan Insurance Corporation (FSLIC). An acquisition of an insolvent bank, if certified by FSLIC, could be treated as a tax-free reorganization. The normal requirement of continuity of ownership in the merged organization was waived to make possible the future claim of tax refunds with respect to the acquired insolvent bank's NOLs. The value of preserving these claims to tax refunds reduced the cost FSLIC would otherwise have had to bear as insurer of the insolvent bank's deposits. This provision was repealed in August 1989 with the enactment of the savings and loan rescue and reform legislation.

**Interest on life insurance savings.**—Savings in the form of policyholder reserves are accumulated from premium payments and interest is earned on the reserves. Such interest income is not taxed as it accrues nor when received by beneficiaries upon the death of the insured.

**Small property and casualty insurance companies.**—Insurance companies that have annual net premium incomes of less than \$350,000 are exempted from tax; those with \$350,000 to \$2,100,000 of net premium incomes may elect to pay tax only on the income earned by their investment portfolio.

**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 exempted from tax.

**Mutual funds (RIC) expenses.**—Individuals may deduct miscellaneous expenses only to the extent that they exceed 2 percent of their adjusted gross income. Many of the costs incurred by individuals in managing their personal securities portfolios are among the miscellaneous deductions allowed taxpayers who itemize deductions. Mutual funds perform these portfolio management functions for their shareholders and pay out their portfolio incomes net of these expenses. The shareholders are permitted to report their fund income net of management expense. They are thereby able to deduct fully portfolio management expenses without regard to the miscellaneous deduction limitation.

**Interest on consumer debt.**—Deductions allowed individuals for interest paid on consumer credit are being phased out. Only 10 percent is deductible in 1990, and none in 1991 and thereafter.

**Small issue industrial development bonds.**—The interest on small issue industrial development bonds (IDBs) issued by State and local governments to finance private business property is excluded from income subject to tax. Depreciable property financed with small issue IDBs must be depreciated, however, using the straight-line method. The tax exemption of small issue bonds expired in 1986, except for small issue IDBs exclusively issued to finance manufacturing facilities for which the tax exemption is scheduled to expire in December 31, 1991. The budget cost of these bonds continues as long as they are outstanding.

**Mortgage housing bonds.**—Interest on all mortgage revenue bonds issued before January 1, 1992 by State and local governments is exempt from taxation. Proceeds are used to finance homes purchased by first-time buyers—with low to moderate incomes—of dwellings with prices under 90 percent of the average area purchase price. The annual volume of mortgage revenue bonds is restricted to State-by-State ceilings under a unified volume cap which also covers student loan bonds and IDBs.

States have been authorized to issue mortgage credit certificates (MCCs) in lieu of qualified mortgage revenue bonds because the bonds are relatively inefficient subsidies to first-time home buyers. MCCs entitle home buyers to income tax credits for a specified percentage of interest on qualified mortgage loans. In this way, the entire amount of the subsidy flows directly to the home buyer without being partly diverted to financial middlemen or bondholders. A State may not issue an aggregate annual amount of MCCs greater than 25 percent of its annual ceiling for qualified mortgage bonds. Because of the relationship between MCCs and qualified mortgage bonds, their estimates are presented as one line item in the tables.

**Rental housing bonds.**—State and local government issues of IDBs are restricted to multifamily rental housing projects in which 20 percent (15 percent in targeted areas) of the units are 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.

**Limits on private activity tax-exempt bonds.**—There are limits imposed on the amount of tax-exempt State and local government bonds that can be issued to fund private activity. The volume cap for single-family mortgage revenue bonds and multifamily rental housing bonds is combined with the cap for student loans and IDBs. The cap was set at \$50 per capita or a minimum of \$150 million for each State.

**Interest and taxes on owner-occupied homes.**—Owner-occupants of homes may deduct mortgage interest and property taxes on their primary and secondary residences as itemized nonbusiness deductions. The



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

**Real property installment sales.**—Dealers in real and personal property, i.e., sellers that regularly hold property for sale or resale, cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers, defined as sellers of real property used in their business, are required to pay interest to the Federal Government 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 \$5,000,000 is, therefore, a tax expenditure.

**Capital gains (other than agriculture, timber, iron ore and coal).**—While the top statutory rate on ordinary income is 31 percent, the rates on capital gains are limited to 28 percent.

**Deferral of gains from sale of broadcasting facility to minority owned business.**—The voluntary sale of appreciated assets generally requires the seller to pay tax on the gain that has accrued over the period of ownership. However, in the case of an involuntary sale, as when an owner's property must be sold in a condemnation proceeding, or to implement a change in a government's regulatory policy, the owner is permitted to defer payment of tax, provided the proceeds are reinvested in similar property within a specified period. In 1979, the Federal Communications Commission instituted a policy of encouraging minority group ownership of broadcast licenses it issues or has issued. Since that time, the tax laws have been interpreted to permit voluntary sellers of licensed broadcasting facilities to defer payment of capital gains tax when the buyer has been certified as a "minority business," in effect treating the sale as "involuntary."

**Ordinary income treatment of losses from sale of small business corporate stock shares.**—Up to \$100,000 in losses from the sale of such stock may be treated as ordinary losses, and therefore not be subject to the \$3,000 annual capital loss write-off limit if the corporation's capitalization is less than \$1 million.

**Capital gains on home sales.**—These gains are recognized and taxed only to the extent that the adjusted sales price exceeds the cost of a new home or the new

home is not purchased and occupied within two years after the sale. The adjusted sales price is the amount realized (gross proceeds less selling expenses) minus qualified fixing up expenses. If a new house is constructed, it must be occupied within two years after the sale of the previous residence. The deferral of tax with respect to these gains on owner-occupied dwellings is a tax expenditure.

**Capital gains on sales by owners aged 55 or older.**—A taxpayer who is 55 years of age or older at the time of the sale of his residence may elect to exclude from tax up to \$125,000 of the gain from its sale. This is a once-in-a-lifetime election. In effect, this provision converts some prior deferrals of tax into forgiveness of tax.

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

**Carryover basis of capital gains on gifts.**—When a gift is made, the transferred property carries to the donee the donor's basis—the cost that was incurred when the property was first acquired. The carryover of the donor's basis allows a continued deferral of unrealized capital gains. This creates a tax preference because it is an exception to the reference tax law.

**Investment credit on machinery and equipment.**—Although the 10 percent investment tax credit for investment in machinery and equipment was repealed as of the end of 1986, it continues to exert a budget impact for two reasons. First, such credits as had been earned by pre-repeal investments, but which could not be taken because the taxpayer had insufficient tax liability, can be carried forward for 15 years. Second, qualified investments that were subject to a binding contract prior to the repeal date may earn investment credits when they are subsequently delivered and/or placed in service. In both instances, the amount of the credit that may be taken after 1986 is 65 percent of the amount of the pre-repeal credit and, moreover, the credit is fully taxable. The taxpayer must now reduce his recoverable basis in the qualified assets by the full amount of the credit, rather than half, as before repeal.

**Accelerated depreciation of real property, machinery and equipment.**—As previously noted,<sup>12</sup> the tax depreciation allowance provisions are part of the reference law standard, and thus not a source of tax expenditure entries under the reference method. Under the pre-1983 normal tax standard, however, a 40-year tax life for depreciable real property is the norm, so the statutory depreciation periods in effect since 1987

<sup>12</sup> See the discussion of general accounting rules of the section on the reference tax rules and the comparison to the normal tax standard.



for residential and nonresidential properties of 27.5 and 31.5 years, respectively, give rise to tax expenditures. Moreover, the tax expenditure estimates based on the normal method include not only the continuing budget effects of more accelerated pre-1987 tax allowances for real property, but also those for machinery and equipment.

**Safe harbor leasing.**—When highly accelerated tax depreciation allowances and enhanced investment tax credits were enacted in 1981, a safe harbor leasing provision was also introduced. Under this provision, a corporation, otherwise unable to utilize the accelerated depreciation allowances and investment credit, might sell to, and then lease from, another corporation assets acquired after December 31, 1981. The terms of such leaseback agreements, absent the safe harbor leasing provision, would not qualify the lessor corporation as the owner of the assets and allow it to utilize the investment incentives for tax purposes. The selling corporation could gain at least part of the financial advantage provided by the investment tax incentives by successfully negotiating leaseback agreements below market costs. Although the provision was repealed in 1982, its budget effects persist for the duration of the safe harbor leases entered into in 1981.

**Business start-up costs.**—When an individual or corporation acquires or otherwise enters into a new business, certain start-up expenses, such as the costs of investigating opportunities and legal services, are normally incurred. The taxpayer may elect to amortize these outlays over 60 months although they are similar to other payments he makes for nondepreciable intangible assets that are not recoverable until the business is sold.

**Graduated corporation income tax rate schedule.**—The schedule is graduated, with rates of 15 percent on the first \$50,000 of taxable income, 25 percent on the next \$25,000, and a rate of 34 percent on income over \$75,000. As compared with a flat 34 percent tax rate, the lower rates provide a \$11,750 reduction in tax liability for corporations with taxable incomes of \$75,000. This benefit is recaptured in the cases of corporations with taxable incomes exceeding \$100,000. This is accomplished by a 5 percent additional tax on corporate incomes in excess of \$100,000, but less than \$335,000. At this point the \$11,750 is fully recaptured. Since this rate schedule is part of the reference tax law, it does not give rise to a tax expenditure under the reference method. A flat corporation income tax rate is taken as the norm under the normal method, however, and therefore the lower rates do yield a tax expenditure under this concept.

**Passive loss real estate exemption.**—The Tax Reform Act of 1986 disallowed the offset of passive losses against income from other sources. Losses up to \$25,000

attributable to certain rental real estate activity, however, were exempted from this rule.<sup>13</sup>

**Treatment of Alaskan Native Corporations losses.**—Tax law restricts the ability of profitable corporations to reduce their tax liabilities by merging or buying corporations with accumulated net operating losses (NOLs) and as yet unrefunded claims to investment credits. Alaska Native Corporations have a limited exemption<sup>14</sup> from these restrictions that includes NOLs and credits claimable prior to April 26, 1988.

**Imputed interest rules.**—Under reference tax law rules commonly referred to as original issue discount (OID), both the holder and seller of a financial contract are generally required to report interest earned in the period it accrues, not when the contract payments are made. Moreover, the amount of interest accruable is determined by the actual price paid for the contract, not by the stated or nominal principal and interest stipulated in the contract.<sup>15</sup>

Exceptions to the general rules for accounting for interest expense or income include the following: (a) permission for the mortgagor of his personal residence to treat the discount from the nominal principal of his mortgage loan, commonly called "points," as prepaid interest which is deductible in the year paid, not the year accrued; and (b) sellers of farms and small businesses worth less than \$1 million, in exchange for the purchaser's debt obligation, are exempted from the OID rules. This is \$750,000 more than the \$250,000 exemption that the reference tax law generally allows for such transactions.

#### TRANSPORTATION

**Shipping companies that are U.S. flag carriers.**—Certain companies that operate U.S. flag vessels receive a deferral of 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 qualified investments. Once indefinite, the deferral has been limited to 25 years since January 1, 1987.

**Tax-exempt bonds for mass commuting vehicles.**—Until expiration on December 31, 1984, State and local governments were allowed to issue tax-exempt obligations to finance the purchase of mass transit commuting vehicles for lease to government transit agencies. There will be continued budget effects as long as such bonds are outstanding.

<sup>13</sup>A more detailed discussion is provided under the general accounting rules of the section on the reference tax rules and the comparison to the normal tax standard.

<sup>14</sup>Fifteen years after the NOL or credit claim was first experienced.

<sup>15</sup>Thus, when a borrower on December 31, 1988, issues a promise to pay \$1,000 plus interest at 10 percent on December 30, 1989, for a total repayment of \$1,100, and accepts \$900 from a lender in exchange for the contract, the rules require that both parties: (a) recognize that \$900 is the amount lent, so that the effective loan interest rate is not the nominal 10 percent rate but is 22.2 percent; and (b) both report \$200 as interest paid or received in 1989, as the case may be.



## COMMUNITY AND REGIONAL DEVELOPMENT

**Five-year amortization of housing rehabilitation.**—Until it expired on December 31, 1986, taxpayers could elect under certain conditions to amortize rehabilitation expenditures for low and moderate income rental housing over a five-year period in lieu of ACRS depreciation. There will be a continued budget effect from qualified expenditures for which the five-year amortization period had been selected.

**Low-income housing investment.**—Through 1989, a tax credit for investment in low income housing<sup>16</sup> was structured to have a present value of 70 percent of construction or rehabilitation costs incurred and was allowed over 10 years. For Federally subsidized projects and those involving unrehabilitated existing low income housing, the credit was structured to have a present value of 30 percent. Beginning on January 1, 1990 and continuing through December 31, 1991, the credit is extended at a present value of 70 percent, including projects financed with other Federal subsidies, but only if substantial rehabilitation is done. Notwithstanding the capital grant character of this subsidy, the investor's recoverable basis is not reduced by the substantial credit allowed.

**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. A full reduction by the amount of the credit is required in the taxpayer's recoverable basis.

**Tax-exempt bonds for airports and similar facilities.**—Until repealed, the interest on IDBs issued by State and local governments to finance airports, docks, wharves, and sports and convention facilities was exempt from tax. Government-owned airports, docks and wharves, as well as high-speed rail facilities that need not be government-owned, may continue to be financed with tax-exempt bond issues. These bonds are not covered by a volume cap. There will be continued budget effects as long as bonds that had been issued for private purposes are outstanding.

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

## EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

**Scholarship and fellowship income.**—Scholarships and fellowships are not excluded from taxable income to the extent they exceed tuition and course-related expenses of the grantee. From a strictly eco-

nomie 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 budget method, the exclusion is not a tax expenditure because the reference tax law does not include either gifts or price reductions in a taxpayer's gross income. However, under the normal budget method, the exclusion is considered a tax expenditure. Under the normal tax standard, gift-like transfers of government funds—and many scholarships are derived directly or indirectly from government funding—are included in gross income.

**Tax-exempt bonds for educational purposes.**—Interest on State and local government debt issued to finance student loans or the construction of facilities used by private nonprofit educational institutions is excluded from income subject to tax. The aggregate volume of such private activity bonds that each State may issue during any calendar year is limited.

**U.S. savings bonds for education.**—Interest on U.S. savings bonds, issued after December 31, 1989, may be excluded from tax if the bonds, plus accrued interest, are transferred to an educational institution as payment for educational expenses. The exclusion from tax is phased out for joint returns with adjusted gross incomes of \$60,000 to \$90,000 and \$40,000 to \$50,000 for single and head of household returns.

**Dependent students age 19 or older.**—Taxpayers can claim personal exemptions for dependent children age 19 or over who receive parental support payments of \$1,000 or more per year, are full-time students, and do not claim a personal exemption on their own tax returns. This preferential arrangement usually generates tax savings because the students' marginal tax rates are more often than not lower than their parents' marginal tax rates.

**Charitable contributions.**—Contributions to charitable, religious, and certain other nonprofit organizations are allowed as an itemized deduction for individuals, generally up to 50 percent of adjusted gross income. Taxpayers whose contributions to charitable or educational organizations take the form of capital assets can claim their current value as a deduction without the taxation of any appreciation in value. Corporations could also deduct charitable contributions up to 10 percent of their pre-tax income. OBRA excluded from the alternative minimum tax base of individuals the untaxed appreciation of contributed personal property. Tax expenditures resulting from the deductibility of contributions are shown separately for educational and other institutions. Contributions to health institutions are reported under the health function.

**Employer provided benefits.**—Many employers provide employee benefits that are not counted in employee income. The employers' costs for these benefits are deductible business expenses. The exclusion from an employee's income of the value of child care, meals and

<sup>16</sup> New, substantially rehabilitated, and certain unrehabilitated, existing low income housing can qualify for the credit.



lodging provided by an employer for his own convenience is a tax expenditure, as are the exclusion of housing allowances and the rental value of parsonages from the taxable income of ministers.

Until December 31, 1991, an employer may pay for his employees' tuition, fees, books, and supplies; the amounts received under the program are excluded from an employee's gross income. Employer contributions to prepaid legal services plans and the value of legal services received under such plans are also excluded from employee income through December 31, 1991.

**Employer Stock Ownership Plan (ESOP) credit.**—Before the provision expired in 1986, a corporation could claim a limited tax credit if an equivalent amount of its common stock was set aside in an ESOP plan. The effective subsidy rate for this form of employee compensation exceeds 100 percent. The employer is fully reimbursed for the stock he transfers, and the benefited employees are not required to include this compensation in their current year gross income. This provision will be carried as a tax expenditure until the as yet unrefunded claims to the tax credits have been satisfied.

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

**Disabled access expenditures.**—OBRA provided for a credit of 50 percent of eligible disabled access expenditures in excess of \$250. The credit is limited to \$5,000.

**Targeted jobs credit.**—Employers may claim a tax credit for qualified wages paid to individuals who begin work before January 1, 1992, and who are certified as members of various targeted groups. The amount of the credit that may be claimed is 40 percent of the first \$3,000 paid during the first year of employment. The 40 percent credit also applies to the summer employment wages paid 16 and 17 year old youths who are members of low income families. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

**Costs of removing architectural barriers to the handicapped.**—The investment cost of making any business accessible to persons suffering physical or mental disabilities may be deducted, rather than capitalized as part of the taxpayer's basis in such property

and recovered by subsequent depreciation allowances, as is generally required.

**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 explicitly excluded from the gross incomes of foster parents, making the expenses they incur nondeductible. This activity, is, in effect, tax-exempt.

#### HEALTH

**Employer paid medical insurance and expenses.**—Employee compensation, in the form of payments by employers for health insurance premiums and other medical expenses, is deducted as a business expense by employers, but it is not included in employee gross income.

**Child health insurance.**—OBRA, in expanding the earned income tax credit, provided for a credit equal to 6 percent for certain health insurance expenses for certain policies that cover children. The maximum credit will be \$428 in 1991 and is phased out at a rate of 4.285 percent through \$21,248 of adjusted gross income.

**Untaxed medicare benefits.**—The employer's payment of 1.45 percent of employees' wages (up to \$125,000 in 1991) into the Hospitalization Trust Fund, which finances medicare benefits, is not included in employees' reportable compensation.

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

**Tax-exempt bonds for hospital construction.**—Interest earned on State and local government debt issued to finance hospital construction is excluded from income subject to tax.

**Charitable contributions to health institutions.**—Contributions to nonprofit health institutions are allowed as a deduction for individuals and corporations. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

**Orphan drugs.**—To encourage the development of drugs for the treatment of rare diseases or physical conditions, a tax credit is granted equal to 50 percent of the costs for clinical testing that must be completed before manufacture and distribution are approved by the Food and Drug Administration. Because the drug firm is not required to reduce its deduction for testing expenses (an R&D expenditure) by the amount of this credit, the private cost of clinically testing orphan drugs is reduced to little more than 24 cents per \$1 expended. This tax expenditure expires after 1991.



**Blue Cross and Blue Shield.**—Although these organizations are not qualified as exempt, they are provided exceptions from otherwise applicable insurance company income tax accounting rules that effectively eliminate their tax liabilities.

#### INCOME SECURITY

**Railroad retirement benefits.**—These benefits are not generally subject to the income tax unless the recipient's gross income reaches a certain threshold discussed more fully under the social security function.

**Workmen's compensation benefits.**—Workmen's compensation provides payments to disabled workers. These benefits, although income to the recipients, are a tax preference because they are not subject to the income tax.

**Public assistance benefits.**—The exclusion from taxable income of public assistance benefits received by individuals is listed as a tax expenditure under the normal budget method because, under the normal tax rules, cash transfers from government are included in gross income. In contrast, gifts not conditioned on the performance of services, including transfers from government, are not taxable under the reference tax baseline. Therefore, under the reference budget method, the tax exclusion for public assistance benefits is not shown as a tax expenditure.

**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.

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

**Pension contributions and earnings.**—Certain employer contributions to pension plans, along with amounts set aside by the self-employed and individual contributions to individual retirement accounts (IRAs), are excluded from adjusted gross income in the year of contribution. Self-employed persons can make deductible contributions to their own retirement (defined contribution) plans equal to 25 percent of their income, up to a maximum of \$30,000 per year.

Employees may deduct annual contributions to an IRA of \$2,000 (or 100 percent of compensation, if less), or \$2,250 on a joint return with only one spouse earning income, if: (a) neither the individual or spouse is an active participant in an employer-provided retirement plan; or (b) their adjusted gross income falls below \$40,000 (\$25,000 for a single taxpayer). The allowable IRA deduction is phased out between \$40,000 and \$50,000 for a joint return and \$25,000 and \$35,000 for a single return. Beyond these income limits, non-deductible contributions to IRAs are available to taxpayers who are active participants in employer-provided retirement plans.

Limited amounts (\$8,522 in 1991) can be excluded from an employee's adjusted gross income under a qualified cash or deferred arrangement with the employer (401(k) plan). An employee's own contribution of no more than \$9,500 or the 401(k) limitation (whichever is greater) may be excluded annually from an employee's adjusted gross income when placed in a tax-sheltered annuity (403(b) plan). The investment income earned by pension funds and other qualifying retirement plans is not taxable when earned, and this exemption is, therefore, also a tax expenditure.

**Income earned by voluntary employee beneficiary associations.**—Generally, the income generated by businesses is subject to income tax. However, the income from business operations conducted by exempt organizations, such as fraternal societies and voluntary employee benefit associations, is exempt from tax.

**Employer provided benefits.**—Many employers cover part or all the cost of premiums or payments for: (a) employees' life insurance benefits; (b) accident and disability benefits; (c) death benefits; and (d) supplementary unemployment benefits. The amounts are deductible by the employers and are excluded as well from employees' gross incomes for tax purposes.

**Employer Stock Ownership Plan (ESOP) provisions.**—A special type of employee benefit plan, organized as a trust, is tax-exempt. 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 five special income tax provisions for ESOPs are intended to increase employee ownership of the corporations in which they are employed: (1) annual employer contributions are subject to less restrictive limitations (percentages of employees' cash compensation); (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) ESOPs' lenders may exclude half the interest from their gross income; (4) employees who sell appreciated company stock to the ESOP may defer any taxes due until they withdraw benefits; and (5) dividends paid to ESOP-held stock are deductible by the employer.

**Support of the aged and the blind.**—Taxpayers who are blind or 65 years of age or older may take an additional \$850 standard deduction if single, or \$650 if married. In addition, 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. Qualified income is limited to no more than \$2,500 for single individuals or married couples filing a joint return where only one spouse is 65 years of age or older, and up to \$3,750 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.

**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. However, a special provision permits relief for taxpayers suffering an uninsured loss. They may deduct casualty and theft losses of more than \$100 each, but only to the extent that total losses during the year exceed 10 percent of adjusted gross income.

**Earned income credit.**—This credit may be claimed by low-income workers with minor dependents. For 1991, the credit is 16.7 percent (17.3 percent if two or more minors are present) of the first \$7,140 of earned income. When the taxpayer's income exceeds \$11,250, the credit is phased out at the rate of 11.93 percent (12.36 percent if two or more minors are present) and is completely phased out at \$21,242 of adjusted gross income. The credit is increased by a "supplemental young child" credit of 5 percent. The supplemental credit is phased out at a rate of 5 percent of the first \$7,140 of earned income and is completely phased out at \$21,244 of adjusted gross income. The maximum amount of income on which the credit may be taken is adjusted for inflation, as is the income level at which the phase-out begins.

In any tax year, the amount of the credit must be reduced by the minimum tax liability of the taxpayer. As refundable credits, earned income tax credits in excess of tax liabilities are paid by the Federal Government to individuals. This portion of the credit is included in outlays, while the amount that offsets tax liabilities is shown as a tax expenditure.

#### SOCIAL SECURITY

**OASI 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. Up to one-half of any recipient's social security benefits and tier 1 railroad retirement benefits are included in the income tax base if a recipient's "modified adjusted gross income" plus one-half of his or her social security and railroad retirement benefits exceed a certain base amount: \$32,000 for those filing joint tax returns; \$25,000 for single persons; and zero for those married filing separately if they did not live apart from their spouse for the entire year. Modified AGI is equal to AGI plus foreign or U.S. possession income and tax-exempt interest, both excluded from AGI. If the modified AGI exceeds the specified base amount, either one-half of the excess or one-half of the social security or

railroad retirement benefits is included in income subject to tax, whichever is less. This limits the tax expenditure to the portion of the benefit which is still excluded.

**Social Security benefits for the disabled, dependents and survivors.**—Benefit payments from the Social Security Trust Fund, for disability and for dependents and survivors, are excluded from the beneficiaries' gross incomes, and thus give rise to tax expenditures.

#### VETERANS BENEFITS AND SERVICES

**Veterans benefits.**—All compensation due to death or disability and pensions paid by the Veterans Administration are excluded from taxable income. In addition, benefits under the GI bill, as well as other veterans' readjustment and education benefits, are excluded from taxable income.

**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 preexisting 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

**Public purpose State and local debt.**—Interest on State and local government debt, issued to finance government activities, is excluded from Federal taxation. State and local governments, therefore, can sell debt obligations at a lower interest cost than would be possible if such interest were subject to tax. Only the excluded interest on bonds for public purposes, such as schools, roads, and sewers, is included here.

**Nonbusiness State and local taxes excluding home-owner property taxes.**—The deductibility of nonbusiness State and local taxes gives indirect assistance to these governments by reducing the costs of the services they provide and, thus, the burden on their taxpayers. Although general sales taxes may no longer be deducted, State and local income taxes still may be deducted.

**Business income earned in U.S. possessions.**—Under certain conditions, U.S. corporations receiving income from an active trade or business, or from investments located in a U.S. possession, can claim a special credit against U.S. tax otherwise due.

#### INTEREST

**U.S. savings bonds.**—The interest on U.S. savings bonds is not taxable until the bonds are redeemed, thereby deferring tax liability. The deferral is equivalent to an interest-free loan and, therefore, it is a tax expenditure.



Table XI-1. ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

(In millions of dollars)

Description	Outlay Equivalents			Revenue Loss					
	1990	1991	1992	Corporations			Individuals		
				1990	1991	1992	1990	1991	1992
<b>National defense:</b>									
Exclusion of benefits and allowances to armed forces personnel .....	2,280	2,340	2,400	.....	.....	.....	1,955	2,010	2,060
<b>International affairs:</b>									
Exclusion of income earned abroad by United States citizens .....	1,590	1,655	1,670	.....	.....	.....	1,205	1,255	1,305
Exclusion of income of foreign sales corporations .....	1,315	1,470	1,655	895	1,000	1,125	.....	.....	.....
Inventory property sales source rules exception .....	3,780	4,295	4,845	3,780	4,295	4,845	.....	.....	.....
Certain nonfinancial institutions operations interest allocation rules exception .....	130	135	145	85	90	95	.....	.....	.....
Deferral of income from controlled foreign corporations:									
Normal tax method .....	300	320	350	300	320	350	.....	.....	.....
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total (after interactions) .....	7,115	7,875	8,665	.....	.....	.....	.....	.....	.....
<b>General science, space, and technology:</b>									
Expensing of research and development expenditures:									
Normal tax method .....	1,750	1,800	1,895	1,720	1,770	1,865	30	30	30
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Credit for increasing research activities .....	1,625	1,680	1,220	1,115	1,155	835	25	25	15
Suspension of the allocation of research and experimentation expenditures .....	340	925	370	230	630	250	.....	.....	.....
Total (after interactions) .....	4,050	4,750	3,795	.....	.....	.....	.....	.....	.....
<b>Energy:</b>									
Expensing of exploration and development costs:									
Oil and gas .....	-500	-280	-15	-425	-230	-5	-75	-50	-10
Other fuels .....	45	50	50	40	45	45	5	5	5
Excess of percentage over cost depletion:									
Oil and gas .....	860	895	925	110	115	120	540	560	580
Other fuels .....	220	235	255	135	145	155	10	10	10
Capital Gains treatment of royalties on coal .....	.....	10	10	.....	.....	.....	.....	5	10
Exclusion of interest on State and local industrial development bonds for energy facilities .....	315	300	285	255	240	230	.....	.....	.....
Alternative, conservation and new technology credits:									
Supply incentives .....	110	105	35	75	70	25	.....	.....	.....
Conservation incentives .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Alternative fuel production credit .....	15	60	200	10	35	100	.....	10	35
Alcohol fuel credit <sup>1</sup> .....	.....	80	210	.....	80	210	.....	.....	.....
Special rules for mining reclamation reserves .....	50	50	50	45	45	45	5	5	5
Exception from passive loss limitation for working interests in oil and gas properties .....	245	280	310	.....	.....	.....	180	205	225
Total (after interactions) .....	970	1,265	1,645	.....	.....	.....	.....	.....	.....
<b>Natural resources and environment:</b>									
Expensing of exploration and development costs, nonfuel minerals .....	40	45	45	35	40	40	5	5	5
Excess of percentage over cost depletion, nonfuel minerals .....	415	460	515	300	330	365	20	20	25
Exclusion of interest on State and local IDBs for pollution control and sewage and waste disposal facilities .....	1,715	1,615	1,510	1,425	1,330	1,240	.....	.....	.....
Tax incentives for preservation of historic structures .....	145	145	145	50	50	50	95	95	95
Capital gains treatment of iron ore .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Capital gains treatment of certain timber income .....	.....	10	15	.....	.....	.....	.....	5	10
Expensing of multiperiod timber growing costs .....	360	400	430	205	225	240	155	175	190
Investment credit and seven-year amortization for reforestation expenditures .....	215	225	235	40	40	40	170	175	185
Total (after interactions) .....	2,830	2,840	2,840	.....	.....	.....	.....	.....	.....
<b>Agriculture:</b>									
Expensing of certain capital outlays .....	495	450	320	60	50	35	435	400	285
Expensing of certain multiperiod production costs .....	180	160	155	60	55	50	120	105	105
Treatment of loans forgiven solvent farmers as if insolvent .....	10	15	15	.....	.....	.....	10	10	10
Capital gains treatment of certain income .....	.....	65	100	.....	.....	.....	.....	45	70
Deferral of 1988 drought-relief payments .....	-125	-10	.....	.....	.....	.....	-125	-10	.....
Total (after interactions) .....	530	640	555	.....	.....	.....	.....	.....	.....
<b>Commerce and housing credit:</b>									
Exemption of credit union income .....	605	635	665	430	450	470	.....	.....	.....
Excess bad debt reserves of financial institutions .....	155	130	145	155	130	145	.....	.....	.....
Special merger rules for financial institutions .....	5,635	5,720	4,005	3,885	3,945	2,760	.....	.....	.....
Exclusion of interest on life insurance savings .....	7,925	8,560	8,585	55	85	115	7,265	7,840	7,845
Special alternative tax on small property and casualty insurance companies .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Tax exemption of certain insurance companies .....	25	25	30	15	20	20	.....	.....	.....
Small life insurance company deduction .....	110	115	135	80	85	100	.....	.....	.....

Table XI-1. ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Description	Outlay Equivalents			Revenue Loss					
	1990	1991	1992	Corporations			Individuals		
				1990	1991	1992	1990	1991	1992
Exemption of RIC expenses from the 2% floor miscellaneous itemized deduction .....	440	635	755	.....	.....	.....	320	470	560
Deductibility of interest on consumer credit .....	1,525	605	.....	.....	.....	.....	1,525	605	.....
Exclusion of interest on small issue industrial development bonds .....	2,555	2,345	2,115	2,185	1,995	1,795	.....	.....	.....
Exclusion of interest on owner-occupied mortgage bonds subsidy bonds .....	2,020	1,980	1,870	.....	.....	.....	1,755	1,705	1,600
Exclusion of interest on State and local debt for rental housing .....	1,315	1,225	1,150	1,060	980	915	.....	.....	.....
Deductibility of mortgage interest on owner-occupied homes .....	37,580	39,575	40,545	.....	.....	.....	37,580	39,575	40,545
Deductibility of State and Local property tax on owner-occupied homes .....	9,520	10,490	11,575	.....	.....	.....	9,520	10,490	11,575
Deferral of income from post 1987 installment sales .....	735	775	815	185	195	205	550	580	610
Capital gains (other than agriculture, timber, iron ore, and coal):									
Normal tax method .....	.....	3,050	4,660	.....	.....	.....	.....	2,205	3,370
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Deferral of gains from sale of broadcasting facilities to minority owned business .....	230	230	260	230	230	260	*	*	*
Ordinary income treatment of loss from small business corp. stock sale .....	20	20	20	.....	.....	.....	20	20	20
Deferral of capital gains on home sales .....	12,635	13,265	13,925	.....	.....	.....	12,635	13,265	13,925
Exclusion of capital gains on home sales for persons age 55 and over .....	4,255	4,280	4,395	.....	.....	.....	3,230	3,250	3,340
Step-up basis of capital gains at death .....	29,770	32,750	36,020	.....	.....	.....	22,150	24,365	26,800
Carryover basis of capital gains on gifts .....	125	135	145	.....	.....	.....	125	135	145
Investment credit, other than ESOP's, rehabilitation of structures, energy property, and reforestation expenditures .....	3,570	2,410	1,205	2,750	1,855	930	.....	.....	.....
Accelerated depreciation on rental housing:									
Normal tax method .....	1,610	1,495	1,405	1,075	1,000	940	535	495	465
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Accelerated depreciation of buildings other than rental housing:									
Normal tax method .....	5,975	5,905	5,885	4,305	4,250	4,240	1,670	1,655	1,645
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Accelerated depreciation of machinery and equipment:									
Normal tax method .....	23,320	18,245	18,810	18,655	14,765	15,565	4,665	3,480	3,245
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Safe harbor leasing rules .....	-710	-715	-720	-710	-715	-720	.....	.....	.....
Amortization of start-up costs .....	170	180	190	35	35	35	135	145	155
Reduced rates on the first \$100,000 of corporate income:									
Normal tax method .....	4,670	5,065	5,670	3,080	3,345	3,755	.....	.....	.....
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exception from passive loss rules for \$25,000 of rental loss .....	9,050	10,020	10,645	.....	.....	.....	6,555	7,260	7,715
Treatment of Alaska Native Corporations .....	235	170	120	235	170	120	.....	.....	.....
Permanent exceptions from imputed interest rules .....	125	135	145	*	*	*	125	135	145
Total (after interactions) .....	145,810	149,830	157,465	.....	.....	.....	.....	.....	.....
<b>Transportation:</b>									
Deferral of tax on shipping companies .....	125	135	145	125	135	145	.....	.....	.....
Exclusion of interest on State and local government bonds for mass commuting vehicles .....	35	25	20	15	10	10	.....	.....	.....
Total (after interactions) .....	160	160	165	.....	.....	.....	.....	.....	.....
<b>Community and Regional Development</b>									
Five-year amortization for housing rehabilitation .....	10	-5	-20	5	-5	-10	5	*	-10
Credit for low-income housing investments .....	115	105	95	70	65	60	45	40	35
Investment credit for rehabilitation of structures (other than historic) .....	550	865	1,155	110	170	230	435	685	915
Exclusion of interest on IDBs for airports, docks and sports and convention facilities .....	920	930	940	750	745	745	.....	.....	.....
Exemption of certain mutuals' and cooperatives' income .....	1,065	1,120	1,175	760	800	840	.....	.....	.....
Total (after interactions) .....	2,645	2,995	3,315	.....	.....	.....	.....	.....	.....
<b>Education, training, employment, and social services:</b>									
Exclusion of scholarship and fellowship income:									
Normal tax method .....	730	770	810	.....	.....	.....	665	700	735
Reference tax method .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exclusion of interest on State and local student loan bonds .....	285	275	270	.....	.....	.....	275	255	245
Exclusion of interest on State and local debt for private nonprofit educational facilities .....	340	355	365	.....	.....	.....	305	315	320
Exclusion of interest on savings bonds transferred to educational institutions .....	*	5	10	.....	.....	.....	*	5	10
Parental personal exemption for students age 19 or over .....	460	480	490	.....	.....	.....	410	430	440
Deductibility of charitable contributions (education) .....	1,695	1,805	1,920	500	525	550	1,195	1,280	1,370
Exclusion of employer provided educational assistance .....	275	340	100	.....	.....	.....	225	280	80
Total education (after interactions) .....	3,830	4,075	4,010	.....	.....	.....	.....	.....	.....
Exclusion of employer provided child care .....	320	380	440	.....	.....	.....	240	290	335
Exclusion of employee meals and lodging (other than military) .....	830	865	865	.....	.....	.....	750	780	780



Table XI-1. ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Description	Outlay Equivalents			Revenue Loss					
	1990	1991	1992	Corporations			Individuals		
				1990	1991	1992	1990	1991	1992
Exclusion of contributions to prepaid legal services plans .....	85	85	30				70	70	25
Investment credit for ESOPs .....	100	35	15	85	30	10			
Credit for child and dependent care expenses .....	5,210	5,505	5,810				3,895	4,165	4,395
Credit for disabled access expenditures .....		85	175		50	100		10	25
Targeted jobs credit .....	220	230	205	185	190	175	35	40	30
Total training and employment (after interactions) .....	6,865	7,290	7,650						
Expensing of costs of removing certain architectural barriers to the handicapped .....	20	25	20	15	20	15	5	5	5
Deductibility of charitable contributions, other than education and health .....	11,490	12,285	13,135	620	655	690	10,870	11,630	12,445
Exclusion of certain foster care payments .....	25	25	35				20	20	30
Exclusion of parsonage allowances .....	240	265	295				195	215	240
Total social services (after interactions) .....	11,675	12,485	13,340						
Grand total (after interactions) .....	22,370	23,850	25,000						
<b>Health:</b>									
Exclusion of employer contributions for medical insurance premiums and medical care .....	32,205	36,260	41,010				26,360	29,640	33,470
Credit for child medical insurance premiums <sup>2</sup> .....		10	160					5	135
Exclusion of untaxed Medicare benefits .....	7,290	7,515	8,190				5,965	6,145	6,700
Deductibility of medical expenses .....	2,860	3,025	3,170				2,860	3,025	3,170
Exclusion of interest on State and local debt for private nonprofit health facilities .....	3,065	3,185	3,295				2,765	2,830	2,895
Deductibility of charitable contributions (health) .....	1,530	1,635	1,745	305	325	345	1,225	1,310	1,400
Tax credit for orphan drug research .....	10	10	10	5	5	5			
Special Blue Cross/Blue Shield deduction .....	85	160	185	65	120	140			
Total (after interactions) .....	46,960	51,640	57,580						
<b>Income security:</b>									
Exclusion of railroad retirement system benefits .....	305	310	310				305	310	310
Exclusion of workmen's compensation benefits .....	2,735	3,010	3,310				2,735	3,010	3,310
Exclusion of public assistance benefits:									
Normal tax method .....	375	400	425				375	400	425
Reference tax method .....									
Exclusion of special benefits for disabled coal miners .....	105	105	105				105	105	105
Exclusion of military disability pensions .....	100	110	120				100	110	120
Net exclusion of pension contributions and earnings:									
Employer plans .....	60,505	64,040	68,175				45,385	48,035	51,170
Individual Retirement Accounts .....	8,710	9,085	9,560				6,620	6,905	7,265
Keogh plans .....	1,900	2,095	2,310				1,460	1,615	1,780
Extending tax exempt organization status to voluntary employee beneficiary and other associations .....	445	485	530				380	415	450
Exclusion of employer provided death benefits .....	25	25	30				20	20	25
Exclusion of other employee benefits:									
Premiums on group term life insurance .....	3,455	3,620	3,790				2,640	2,770	2,900
Premiums on accident and disability insurance .....	170	175	180				125	130	135
Income of trusts to finance supplementary unemployment benefits .....	30	30	30				30	30	30
Special ESOP rules (other than investment credit) .....	2,645	2,850	2,935	1,855	1,995	2,055			
Additional deduction for the blind .....	45	45	45				35	35	35
Additional deduction for the elderly .....	1,880	1,910	1,970				1,565	1,595	1,615
Tax credit for the elderly and disabled .....	85	90	90				70	70	70
Deductibility of casualty losses .....	385	310	320				310	250	260
Earned income credit <sup>3</sup> .....	2,120	2,445	2,985				1,800	2,075	2,540
Total (after interactions) .....	81,705	86,525	92,400						
<b>Social Security:</b>									
Exclusion of social security benefits:									
OASI benefits for retired workers .....	16,040	17,015	18,000				16,040	17,015	18,000
Disability insurance benefits .....	1,210	1,300	1,400				1,210	1,300	1,400
Benefits for dependents and survivors .....	2,995	3,190	3,405				2,995	3,190	3,405
Total (after interactions) .....	20,245	21,505	22,805						
<b>Veterans benefits and services:</b>									
Exclusion of veterans disability compensation .....	1,580	1,655	1,705				1,580	1,655	1,705
Exclusion of veterans pensions .....	80	80	80				80	80	80
Exclusion of GI bill benefits .....	45	45	50				45	45	50
Exclusion of interest on state and local debt for veterans housing .....	320	315	315				270	265	265
Total (after interactions) .....	2,025	2,095	2,150						
<b>GENERAL PURPOSE FISCAL ASSISTANCE</b>									
Exclusion of interest on public purpose State and local debt .....	14,935	15,885	16,700	2,360	2,445	2,520	10,455	10,970	11,430
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....	18,875	19,375	20,405				18,875	19,375	20,405



Table XI-1. ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued

(In millions of dollars)

Description	Outlay Equivalents			Revenue Loss					
	1990	1991	1992	Corporations			Individuals		
				1990	1991	1992	1990	1991	1992
Tax credit for corporations receiving income from doing business in United States possessions .....	2,860	3,125	3,420	1,945	2,125	2,325	.....	.....	.....
Total (after interactions) .....	36,670	38,385	40,525	.....	.....	.....	.....	.....	.....
<b>Interest:</b>									
Deferral of interest on savings bonds .....	965	1,040	1,125	.....	.....	.....	965	1,040	1,125
<b>Addendum—Aid to State and local governments:</b>									
Deductibility of:									
Property taxes on owner-occupied homes .....	9,520	10,490	11,575	.....	.....	.....	9,520	10,490	11,575
Nonbusiness State and local taxes other than on owner-occupied homes .....	18,875	19,375	20,405	.....	.....	.....	18,875	19,375	20,405
Exclusion of interest on:									
Public purpose State and local debt .....	14,935	15,885	16,700	2,360	2,445	2,520	10,455	10,970	11,430
IDBs for certain energy facilities .....	315	300	285	255	240	230	.....	.....	.....
IDBs for pollution control and sewage and waste disposal facilities ....	1,715	1,615	1,510	1,425	1,330	1,240	.....	.....	.....
Small-issue IDBs .....	2,555	2,345	2,115	2,185	1,995	1,795	.....	.....	.....
Owner-occupied mortgage revenue bonds .....	2,020	1,980	1,870	.....	.....	.....	1,755	1,705	1,600
State and local debt for rental housing .....	1,315	1,225	1,150	1,060	9,080	915	.....	.....	.....
Mass commuting vehicle IDBs .....	35	25	20	15	10	10	.....	.....	.....
IDBs for airports, docks, and sports and convention facilities .....	920	930	940	750	745	745	.....	.....	.....
State and local student loan bonds .....	285	275	270	.....	.....	.....	275	255	245
State and local debt for private nonprofit educational facilities .....	340	355	365	.....	.....	.....	305	315	320
State and local debt for private nonprofit health facilities .....	3,065	3,185	3,295	.....	.....	.....	2,765	2,830	2,895
State and local debt for veterans housing .....	320	315	315	.....	.....	.....	270	265	265
Total (after interactions) .....	53,405	55,385	57,775	.....	.....	.....	.....	.....	.....

\* \$2.5 million or less. All estimates have been rounded to the nearest \$5 million.

† In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of \$445 million in 1990; \$390 million in 1991; and \$355 million in 1992.

‡ The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays in 1992 is \$550 million.

§ The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays is: 1990, \$4,355 million; 1991, \$4,855 million; 1992, \$6,770 million.

### Tax Expenditures in the Federal Unified Transfer Tax

The Federal unified transfer tax replaced the former separate gift and estate taxes in 1977. Exceptions to the general terms of the tax favor particular transferees or dispositions of transferors, similar to Federal direct expenditure or loan programs. The transfer tax provisions identified as tax expenditures satisfy the reference law criteria for inclusion in the tax expenditure budget that were described above. No additional listings based on departures of the unified transfer tax from a normal tax structure, as discussed earlier for the income tax, are included because of the lack of a generally accepted normative tax structure for transfer taxes.

#### UNIFIED TRANSFER TAX REFERENCE RULES

The reference tax rules for the unified transfer tax from which departures represent expenditure-like government programs include:

1. Definition of the taxpaying unit. The payment of the tax is the liability of the transferor whether the transfer of cash or property was made by gift or bequest.

2. Definition of the tax base and rules of its measurement. The base for the tax is the transferor's cumulative, taxable lifetime gifts made plus the net estate at death.

Gifts that are counted as part of the tax base are all annual transfers in excess of \$10,000 to any donee

except the donor's spouse. Excluded are, however, payments on behalf of family members' educational and medical expenses, as well as the cost of ceremonial gatherings and celebrations that are not in honor of the donor.

Although the value of gifts may be split by spouses for tax-reporting purposes, individuals are presumed to maintain their own separate, cumulative transfer tax records. Any gift taxes paid by decedents during their lifetime are added to the amounts of taxable gifts. These, plus the value of the final net estate, are the comprehensive pre-tax measure of the transferred aggregate wealth and thus determine the final transfer tax liability.

In general, property is valued at its fair market value at the time it is transferred. This is not necessarily the case in the valuation of property for transfer tax purposes. Executors of estates are provided the option to value assets at the time of the testator's death or up to six months later.

3. Tax rate schedule. A single graduated tax rate schedule applies to all taxable transfers. This is reflected in the name of the "unified transfer tax" that has replaced the former separate gift and estate taxes. The tax rates vary from 18 percent on the first \$10,000 of aggregate taxable transfers, to 55 percent on amounts exceeding \$3 million.

A \$192,800 lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. This allows each taxpayer



to make a \$600,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax.

An additional tax, at a flat rate of 55 percent, is imposed on lifetime, generation-skipping transfers in excess of \$1 million. It is considered a generation-skipping transfer whenever the transferee is at least two generations younger than the transferor, as it would be in the case of transfers to grandchildren or great-grandchildren. The liability of this tax is on the recipients of the transfer. The transferor must advise them as to what part of the gift or bequest is in excess of the transferor's generation-skipping exemption.

4. Time when tax is due and payable. Donors are required to pay the tax annually as gifts are made. The amount due and payable is the difference between the end-of-year transfer tax liability on the cumulated taxable transfers and the total amount of tax that had been paid previously.

The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Once an extension has been granted, the tax liability may be paid no less rapidly than it would have been due without the extension. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

#### TAX EXPENDITURES BY FUNCTION

The 1990-92 estimates of tax expenditures in the Federal unified transfer tax are displayed by functional category in table XI-2. Outlay equivalent estimates are similar to revenue loss estimates for transfer tax expenditures and, therefore, are not shown separately.

Table XI-2. ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX

(In millions of dollars)

Description	Fiscal Years		
	1990	1991	1992
Natural Resources and Environment:			
Deductions for donations of conservation easements .....	.	.	.
Agriculture:			
Special use valuation of farm real property .....	65	70	75
Tax deferral of closely held farms .....	55	55	55
Commerce:			
Special use valuation of real property used in closely held businesses .....	20	20	25
Tax deferral of closely held business .....	10	10	10
Education, training, employment, and social services:			
ESOP deduction .....	65	65	.
Tax deferral for payments made by ESOPs .....	10	10	5
Deduction for charitable contributions (education) .....	390	440	465
Deduction for charitable contributions (other than education and health) .....	1,160	1,305	1,380
Health:			
Deduction for charitable contributions (health) .....	135	400	425
General government:			
Credit for State death taxes .....	1,920	2,150	2,270
<b>Grand Total (after interactions) .....</b>	<b>3,850</b>	<b>4,300</b>	<b>4,475</b>

\* Less than \$ million.

#### NATURAL RESOURCES AND ENVIRONMENT

**Donations of conservation easements.**—Bequests for conservation are excluded from taxable estates. A conservation bequest is the value of property and easements (in perpetuity) to such property the use of which is restricted to any one or more of the following: (a) the public for outdoor recreation; (b) protection of the natural habitats of fish, wildlife, plants, etc.; (c) scenic enjoyment of the public; and (d) preservation of historic land areas and structures. Similar conservation gifts are excluded from the gift tax base and, in addition, are deductible from the donor's otherwise taxable income in the year of the gift.

#### AGRICULTURE

**Special use valuation of farms.**—Farmland owned and operated by a decedent and/or a member of the family may be valued for estate tax purposes on the basis of its "continued use" as a farm if: (a) the farmland is at least 25 percent of the decedent's gross estate; (b) the entire value of all farm property is at least 50 percent of the gross estate; and (c) family heirs to the farm agree to continue to operate the property as a farm for at least 10 years. Since continued use valuation of farmland is frequently substantially less than the fair market value, the resulting reduction in tax liability serves as a subsidy to the continued operation of family farms.

**Tax deferral of closely held farms.**—Decedents' estates may use a preferential, extended installment payment period of five to 15 years to discharge estate tax liabilities if the value of the farm properties exceed 35 percent of the net estates. The interest charged is only 4 percent for the first five years, rather than the standard Federal short-term borrowing rate plus three percentage points, which applies during the last 10 years of the repayment period.

## COMMERCE AND HOUSING CREDIT

**Special use valuation of closely held businesses.**—The two estate tax incentives to family farming are also available to the estates of owners of non-farm family businesses. If the same three conditions previously described are met, the real property in their estates is eligible for continued use valuation.

**Tax deferral of closely held businesses.**—Nonfarm family businesses that satisfy the net estate requirements qualify for preferential 15 year deferred estate tax payment. Also, the redemption of stock, required to pay funeral and administrative expenses and estate and gift taxes, may be characterized as a sale of stock. This applies in those cases where the family business is incorporated and only the closely held corporation stock, rather than the business assets, appear in the decedent's estate. This subjects to tax only the appreciation in the value of the stock whereas, under reference tax law rules, all of the proceeds generally would be taxed as a dividend. To be eligible for this special provision, the value of stock in closely held corporations must exceed 35 percent of the decedent's gross estate, less debt and funeral expenses.

## EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

**Employee Stock Ownership Plan (ESOP) deduction.**—Until December 19, 1989, one-half of the proceeds from the sale of employer securities could be excluded from a taxable estate when it was sold by the executor to an ESOP. Employer securities are securities issued by corporations of which the ESOP members are employees. Disposing certain estate assets in this way reduced the cost of settling estates and also increased the supply of employer securities to ESOPs.

**Tax deferral for Employee Stock Ownership Plan (ESOP).**—Through July 12, 1989, an ESOP to which a decedent had bequeathed employer securities could avail itself of the preferential 15-year deferred tax payment plan previously described. The ESOP had to agree, however, to pay a pro-rata share of the estate tax for which it can be reimbursed by the estate.

**Bequests to tax-exempt organizations.**—These bequests are deductible from decedent's otherwise taxable lifetime transfers.

## HEALTH

**Bequests to health providers.**—Such bequests, that are exempt from the income tax, are deductible from otherwise taxable lifetime transfers of decedents. This tax preference is similar to preferences provided through the income tax.

## GENERAL GOVERNMENT

**State and local death taxes.**—A credit is allowed for state death taxes against any Federal estate tax that otherwise would be due. The amount of the state death tax credit is determined by a rate schedule that reaches a limit of 16 percent of the taxable estate in excess of \$60,000. This provision is intended to restrain states from competing for wealthy individuals' official domicile.

## Proposed Changes in Tax Expenditures

The Administration proposes a number of tax revisions that would affect the tax expenditure budget. The receipts effects and a discussion of each proposal are found in Part III, Chapter X.



## Appendix

## ESTIMATES FOR MAJOR TAX EXPENDITURES IN THE INCOME TAX RANKED BY REVENUE LOSS

(In millions of dollars)

Description	1992
Net exclusion of employer plans pension contributions and earnings .....	51,170
Deductibility of mortgage interest on owner-occupied homes .....	40,545
Exclusion of employer contributions for medical insurance premiums and medical care .....	33,470
Step-up basis of capital gains at death .....	26,800
Accelerated depreciation (Normal tax method) .....	26,100
Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....	20,405
Exclusion of OASI benefits for retired workers .....	18,000
Deductibility of charitable contributions .....	16,800
Exclusion of interest on public purpose State and local debt .....	13,950
Deferral of capital gains on home sales .....	13,925
Deductibility of State and Local property tax on owner-occupied homes .....	11,575
Exclusion of interest on life insurance savings .....	7,960
Exception from passive loss rules for \$25,000 of rental loss .....	7,715
Net exclusion of IRA pension contributions and earnings .....	7,265
Exclusion of untaxed Medicare benefits .....	6,700
Inventory property sales source rules exception .....	4,845
Credit for child and dependent care expenses .....	4,395
Exclusion of interest on industrial development bonds .....	4,020
Reduced rates on first \$100,000 of corporate income (Normal tax method) .....	3,755
Preferential treatment of capital gains (Normal tax method) .....	3,460
Exclusion of social security benefits for dependents and survivors .....	3,405
Exclusion of capital gains on home sales for persons age 55 and over .....	3,340
Exclusion of workmen's compensation benefits .....	3,310
Deductibility of medical expenses .....	3,170
Exclusion of premiums on group life insurance .....	2,900
Exclusion of interest on State and local debt for private nonprofit health facilities .....	2,895
Special merger rules for financial institutions .....	2,760
Earned income credit <sup>1</sup> .....	2,540
Expensing (Normal tax method) .....	2,470
Tax credit for corporations receiving income from doing business in United States possessions .....	2,325
Exclusion of benefits and allowances to armed forces personnel .....	2,060
Special ESOP rules (other than investment credit) .....	2,055
Exclusion of Keogh pension contributions and earnings .....	1,780
Exclusion of veterans disability compensation .....	1,705
Additional deduction for the elderly .....	1,615
Exclusion of disability insurance benefits .....	1,400
Exclusion of income earned abroad by United States citizens .....	1,305
Excess percentage over cost depletion, fuel and nonfuel minerals .....	1,250
Investment credit for rehabilitation of structures (other than historic) .....	1,145
Deferral of interest on savings bonds .....	1,125
Exclusion of income of foreign sales corporations .....	1,125
Investment credit, other than ESOP's, rehabilitation of structures, energy property, and reforestation expenditures .....	930
Exclusion of interest on State and local debt for rental housing .....	915
Credit for increasing research activities .....	850
Exemption of certain mutuals and cooperative income .....	840
Deferral of income from post 1987 installment sales .....	815
Exclusion of employee meals and lodging (other than military) .....	780
Exclusion of scholarship and fellowship and fellowship income (Normal tax method) .....	735
Exemption of RIC expenses from the 2% floor miscellaneous itemized deduction .....	560
Exemption of credit union income .....	470
Extending tax exempt organization status to voluntary employee beneficiary and other associations .....	450
Parental personal exemption for students age 19 or over .....	440
Exclusion of public assistance benefits (Normal tax method) .....	425
Deferral of income from controlled foreign corporations (Normal tax method) .....	350
Exclusion of employer provided child care .....	335
Exclusion of interest on State and local debt for private nonprofit educational facilities .....	320
Exclusion of railroad retirement system benefits .....	310
Exclusion of interest on state and local debt for veterans housing .....	265
Deductibility of casualty losses .....	260
Deferral of gains from sale of broadcasting facilities to minority owned businesses .....	260
Suspension of the allocation of research and experimentation expenditures .....	250
Exclusion of interest on State and local student loan bonds .....	245
Exclusion of parsonage allowances .....	240
Exclusion of interest on State and local industrial development bonds for certain energy facilities .....	230
Investment credit and seven-year amortization for reforestation expenditures .....	225
Exception from passive loss limitation for working .....	225
Alcohol fuel credit <sup>2</sup> .....	210

## ESTIMATES FOR MAJOR TAX EXPENDITURES IN THE INCOME TAX RANKED BY REVENUE LOSS—

## Continued

(In millions of dollars)

Description	1992
Targeted jobs credit .....	205
Amortization of start-up costs .....	190
Exclusion of interest on owner-occupied mortgage bonds subsidy bonds .....	160
Expensing of certain multiperiod production costs .....	155
Carryover basis of capital gains on gifts .....	145
Permanent exceptions from imputed interest rules .....	145
Tax incentives for preservation of historic structures .....	145
Excess bad debt reserves of financial institutions .....	145
Deferral of tax on shipping companies .....	145
Special Blue Cross/Blue Shield deduction .....	140
Premiums on accident and disability insurance .....	135
Credit for child medical insurance premiums <sup>3</sup> .....	135
Alternative fuel production credit .....	135
Credit for disabled access expenditures .....	125
Treatment of Alaska Native Corporations .....	120
Exclusion of military disability pensions .....	120
Exclusion of special benefits for disabled coal miners .....	105
Small life insurance company deduction .....	100
Credit for low-income housing investments .....	95
Certain nonfinancial institutions operations interest allocation rules exception .....	95
Exclusion of employer provided educational assistance .....	80
Exclusion of veterans pensions .....	80
Tax credit for the elderly and disabled .....	70
Special rules for mining reclamation reserves .....	50
Exclusion of GI bill benefits .....	50

<sup>1</sup>The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays is: 1990, \$4,355 million; 1991, \$4,855 million; 1992, \$6,770 million.

<sup>2</sup>In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts of \$445 million in 1990, \$390 million in 1991; and \$355 million in 1992.

<sup>3</sup>The figures in the table indicate the effect of the child medical insurance premium credit on receipts. The effect on outlays in 1992 is \$550 million.



# **PART FOUR**

## **FEDERAL PROGRAMS BY FUNCTION, AGENCY, AND ACCOUNT**

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### **XII. SUMMARY**

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Sections XII.A, XII.C, XII.D and portions of XII.B have been extracted and reprinted herein.

The entire section XII. may be referred to on pages Part Four-1 through Part Four-214 of the "Budget of the United States Government."

## XII.A. FEDERAL PROGRAMS BY FUNCTION

Table A-1. OUTLAYS BY FUNCTION, 1990-96

(In billions of dollars)

	1990 actual	Estimate					
		1991	1992	1993	1994	1995	1996
050 National defense .....	299.3	298.9	295.2	292.0	286.7	288.6	293.2
Department of Defense—Military .....	(289.8)	(287.5)	(283.0)	(279.1)	(273.3)	(274.6)	(278.5)
Other .....	(9.6)	(11.5)	(12.2)	(12.8)	(13.4)	(14.0)	(14.7)
150 International affairs .....	13.8	17.0	17.8	18.3	18.5	18.5	18.6
250 General science, space, and technology .....	14.4	15.8	17.5	19.1	20.9	22.4	23.9
270 Energy .....	2.4	2.6	3.7	4.8	5.0	4.0	3.4
300 Natural resources and environment .....	17.1	18.8	19.5	20.0	20.1	19.6	18.9
350 Agriculture .....	12.0	15.9	15.3	14.2	13.5	12.1	12.6
370 Commerce and housing credit .....	67.1	119.5	92.8	50.4	-32.8	-37.7	-26.8
On-budget .....	(65.5)	(119.4)	(93.9)	(49.4)	(-33.5)	(-38.1)	(-26.1)
Off-budget .....	(1.6)	(0.1)	(-1.1)	(1.0)	(0.7)	(0.5)	(-0.7)
400 Transportation .....	29.5	31.5	32.7	34.7	35.4	35.5	37.1
450 Community and regional development .....	8.5	7.7	6.5	5.9	5.6	5.5	5.4
500 Education, training, employment, and social services .....	38.5	42.8	45.5	46.0	45.1	45.0	40.9
550 Health .....	57.7	71.2	81.3	91.3	102.0	112.9	125.2
570 Medicare .....	98.1	104.4	113.7	124.6	138.5	154.5	174.6
600 Income security .....	147.3	173.2	184.8	194.1	204.8	215.2	223.7
650 Social security .....	248.6	269.0	288.6	306.5	323.1	339.6	356.6
On-budget .....	(3.6)	(5.1)	(5.8)	(6.3)	(6.7)	(7.2)	(7.7)
Off-budget .....	(245.0)	(263.8)	(282.8)	(300.2)	(316.4)	(332.5)	(348.9)
700 Veterans benefits and services .....	29.1	31.5	33.0	33.9	36.6	36.1	35.7
750 Administration of justice .....	10.0	12.6	14.5	15.2	15.4	15.8	17.1
800 General government .....	10.7	11.2	13.2	14.1	14.2	13.4	14.2
900 Net interest .....	184.2	197.0	206.3	212.0	215.5	213.8	211.0
On-budget .....	(200.2)	(217.2)	(230.1)	(240.1)	(248.2)	(252.1)	(255.6)
Off-budget .....	(-16.0)	(-20.2)	(-23.7)	(-28.0)	(-32.8)	(-38.3)	(-44.6)
920 Allowances .....							
Proposed agency contributions for PHS retirement .....			0.1	0.1	0.1	0.1	0.1
Operation Desert Shield placeholder .....		8.2	4.6	0.8	0.4		
Total allowances .....		8.2	4.7	0.9	0.5	0.1	0.1
950 Undistributed offsetting receipts .....							
Employer share, employee retirement (on-budget) .....	-28.0	-29.5	-30.6	-31.4	-29.5	-30.7	-31.7
Employer share, employee retirement (off-budget) .....	-5.6	-5.8	-6.2	-6.8	-7.4	-8.1	-8.9
Rents and royalties on the Outer Continental Shelf .....	-3.0	-3.7	-2.7	-3.3	-3.3	-3.2	-3.5
Sale of major assets .....			-0.1				
Other undistributed offsetting receipts .....			-1.2	-2.3	-1.2	-2.8	-0.9
Total undistributed offsetting receipts .....	-36.6	-39.1	-40.8	-43.7	-41.4	-44.8	-44.9
On-budget .....	(-31.0)	(-33.3)	(-34.5)	(-36.9)	(-34.0)	(-36.6)	(-36.0)
Off-budget .....	(-5.6)	(-5.8)	(-6.2)	(-6.8)	(-7.4)	(-8.1)	(-8.9)
Total outlays .....	1,251.7	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
On-budget .....	(1,026.6)	(1,171.7)	(1,194.2)	(1,187.8)	(1,150.2)	(1,183.8)	(1,246.1)
Off-budget .....	(225.1)	(237.9)	(251.7)	(266.4)	(276.8)	(286.5)	(294.7)

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 through 1996 use credit reform accounting.



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
<b>050 NATIONAL DEFENSE</b>										
<b>051 Department of Defense-Military:</b>										
Military personnel .....	78,876	79,021	78,017	77,513	76,474	75,622	78,938	77,848	77,321	76,302
Operation and maintenance .....	88,309	86,019	86,452	84,666	84,642	88,340	86,192	85,723	84,273	84,099
Procurement .....	81,376	64,099	63,404	66,721	68,775	80,972	79,098	74,300	68,849	67,207
Research, development, test and evaluation ..	36,459	34,550	39,918	41,034	40,114	37,458	35,542	37,841	39,746	39,950
Military construction .....	5,130	4,995	4,537	3,714	7,018	5,080	4,592	4,948	4,731	4,864
Family housing .....	3,143	3,296	3,611	3,554	4,021	3,501	3,336	3,419	3,615	3,711
Revolving and management funds .....	566	1,673	3,400	2,336	2,754	-330	534	1,811	2,273	2,436
Offsetting receipts and other .....	-859	-701	-721	-741	-756	-888	-782	-726	-742	-758
Allowances: Savings from reform of Davis-Bacon Act (proposed) .....			-150	-110	-150			-81	-114	-121
Allowances: General transfer authority .....								420	330	150
Allowances: Retirement accrual and other legislation (proposed) .....			-186	-793	-4,668			-2,457	-1,133	-4,579
Subtotal, Department of Defense-Military ....	292,999	272,953	278,282	277,895	278,224	289,755	287,451	283,045	279,148	273,261
<b>053 Atomic energy defense activities</b> .....	9,656	11,578	11,780	12,245	12,912	8,988	10,513	11,443	12,072	12,614
<b>054 Defense-related activities</b> .....	609	1,053	757	763	794	587	947	756	765	790
Total .....	303,263	285,584	290,820	290,904	291,930	299,331	298,910	295,245	291,986	286,666
<b>150 INTERNATIONAL AFFAIRS</b>										
<b>151 International development and humanitarian assistance:</b>										
Agency for International Development <sup>1</sup> .....	2,587	3,232	3,311	3,575	3,714	2,586	2,502	2,868	3,025	3,253
Enterprise for the Americas Initiative:										
Existing law .....			101	171	121			16	111	86
Proposed legislation .....			309	192	120			309	192	120
Multilateral development banks:										
Existing law .....	1,469	1,619	1,500	1,304	218	1,429	1,307	1,474	1,427	1,462
Proposed legislation .....			185	385	1,655			10	61	283
Food aid <sup>1</sup> .....	978	1,011	1,301	1,303	1,326	978	1,120	585	628	636
Refugee programs .....	513	521	511	516	520	544	463	520	514	519
Voluntary contributions to international organizations .....	274	285	250	255	259	265	273	257	270	277
State Department narcotics assistance .....	130	150	172	175	182	111	128	146	164	174
Peace Corps .....	166	186	200	205	210	156	182	198	203	208
Other programs <sup>1</sup> .....	61	78	97	104	112	-90	-68	-64	-56	-47
Offsetting receipts .....	-483	-464	-480	-484	-490	-483	-464	-480	-484	-490
Subtotal, International development and humanitarian assistance .....	5,696	6,617	7,456	7,700	7,948	5,498	5,442	5,838	6,056	6,481
<b>152 International security assistance:</b>										
Foreign military financing <sup>1</sup> .....	4,552	4,755	4,444	4,650	4,675	4,652	5,088	4,617	4,751	4,600
Economic support fund .....	3,957	3,145	3,240	3,280	3,320	3,719	3,263	3,394	3,381	3,425
Other programs .....	116	87	96	98	101	513	338	132	102	100
Offsetting receipts .....	-232	-231	-384	-477	-542	-232	-231	-384	-477	-542
Subtotal, International security assistance ..	8,393	7,756	7,395	7,552	7,555	8,652	8,458	7,759	7,757	7,583
<b>153 Conduct of foreign affairs:</b>										
State Department salaries and expenses .....	1,792	1,870	2,050	2,121	2,192	1,822	1,898	2,005	2,069	2,146
Foreign buildings .....	293	228	570	460	491	356	377	399	428	500
United Nations programs .....	702	910	1,327	841	900	727	940	956	965	1,024
Other programs <sup>1</sup> .....	144	157	174	178	184	145	179	173	177	182
Subtotal, Conduct of foreign affairs .....	2,933	3,164	4,121	3,600	3,767	3,050	3,394	3,532	3,639	3,851
<b>154 Foreign information and exchange activities:</b>										
U.S. Information Agency .....	927	1,006	1,059	1,084	1,116	887	1,034	1,056	1,075	1,102
Board for International Broadcasting .....	373	206	218	184	163	208	282	314	241	188
Other programs .....	17	28	26	18	19	8	35	27	21	19
Subtotal, Foreign information and exchange activities .....	1,317	1,240	1,303	1,287	1,298	1,103	1,352	1,398	1,336	1,310
<b>155 International financial programs:</b>										
Export-Import Bank <sup>1</sup> .....	56	170	2,360	559	448	357	542	590	526	339
International Monetary Fund .....			12,158			-741				
Exchange stabilization fund .....						-2,947	-1,800	-1,500	-1,500	-1,500
Foreign military sales trust fund (net) .....	373	931	965	182	-411	-985	-245	255	206	121
Other programs:										
Existing law .....	139	11				-129	-93	31	72	32
Proposed legislation .....			20	1,000	100			9	277	370
Offsetting receipts .....	-94	-96	-98	-100	-102	-94	-96	-98	-100	-102
Subtotal, International financial programs ...	473	1,016	15,405	1,642	35	-4,539	-1,692	-713	-519	-739

Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Total .....	18,811	19,793	35,679	21,780	20,602	13,764	16,953	17,814	18,269	18,485
<b>250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY</b>										
<b>251 General science and basic research:</b>										
National Science Foundation programs .....	2,100	2,335	2,743	3,091	3,469	1,838	2,123	2,436	2,823	3,186
Department of Energy general science programs .....	1,084	1,149	1,549	1,666	1,739	997	1,137	1,343	1,538	1,672
Subtotal, General science and basic research .....	3,184	3,483	4,292	4,757	5,208	2,835	3,259	3,779	4,361	4,857
<b>253 Space flight</b> .....	7,164	7,992	8,898	9,215	9,675	7,401	7,931	8,249	8,652	9,252
<b>254 Space science, applications, and technology</b> .....	3,141	3,744	4,517	5,287	5,825	3,068	3,519	4,188	4,762	5,355
<b>255 Supporting space activities</b> .....	1,155	1,259	1,227	1,432	1,494	1,140	1,072	1,237	1,313	1,404
Total .....	14,644	16,479	18,934	20,691	22,202	14,444	15,781	17,452	19,087	20,868
<b>270 ENERGY</b>										
<b>271 Energy supply:</b>										
Research and development .....	3,171	3,377	3,363	3,420	3,207	2,521	2,691	3,130	3,491	3,544
Petroleum reserves:										
Existing law .....	-386	-431	-301	-256	-247	-393	-447	-307	-290	-256
Proposed legislation .....				260	299				291	283
Federal power marketing:										
Existing law .....	-377	-285	-321	-326	-358	-719	-664	-500	-410	-368
Proposed legislation .....			-377	-375	-138			-393	-387	-399
Tennessee Valley Authority .....	174	260	982	1,639	1,976	-410	-59	702	1,199	1,583
Uranium enrichment:										
Existing law .....						-140	-104	-145	-147	
Proposed legislation .....								145	147	
Uranium Supply and Enrichment Revolving Fund (proposed) .....								-145	-147	-164
Nuclear waste program .....	299	243	308	320	332	343	282	285	310	325
Nuclear waste fund receipts .....	-576	-563	-564	-572	-581	-576	-563	-564	-572	-581
Subsidies for nonconventional fuel production .....						95	136	149	169	166
Rural electric and telephone: <sup>1</sup>										
Existing law .....	1,073	1,322	159	151	147	265	389	492	160	-92
Proposed legislation .....			-91	-95	-100			-13	-38	-59
Isotopes .....	16		8			6		8		
Subtotal, Energy supply .....	3,394	3,923	3,167	4,167	4,539	992	1,662	2,846	3,775	3,982
<b>272 Energy conservation:</b>										
Energy conservation grants and R&D .....	366	465	296	327	335	364	393	406	361	345
Solar Energy and Energy Conservation Bank .....										
Subtotal, Energy conservation .....	366	465	296	327	335	365	394	406	361	345
<b>274 Emergency energy preparedness:</b>										
Existing law .....	571	439	390	203	203	442	342	236	288	302
Proposed legislation .....							-123			
Subtotal, Emergency energy preparedness .....	571	439	390	203	203	442	219	236	288	302
<b>276 Energy information, policy, and regulation:</b>										
Nuclear Regulatory Commission (NRC) .....	266	23	20	20	20	221	21	7	7	7
Other energy programs .....	329	329	256	402	411	338	322	215	386	401
Subtotal, Energy information, policy, and regulation .....	595	353	276	422	431	559	343	223	393	409
Total .....	4,926	5,180	4,129	5,119	5,509	2,358	2,617	3,710	4,817	5,038
<b>300 NATURAL RESOURCES AND ENVIRONMENT</b>										
<b>301 Water resources:</b>										
Corps of Engineers .....	3,306	3,465	3,750	3,895	3,903	3,466	3,499	3,667	3,823	3,891
Bureau of Reclamation <sup>1</sup> .....	1,066	1,082	1,016	922	820	1,029	1,163	1,033	943	837
Other .....	305	224	199	209	206	250	249	207	220	218
Offsetting receipts .....	-344	-422	-468	-435	-451	-344	-422	-468	-435	-451
Subtotal, Water resources .....	4,332	4,350	4,497	4,591	4,478	4,401	4,488	4,439	4,551	4,495
<b>302 Conservation and land management:</b>										
Management of national forests, cooperative forestry, and forestry research (Forest Service) .....	3,043	2,828	2,891	3,019	3,124	2,500	2,806	2,735	2,892	3,070
Management of public lands (BLM) .....	1,005	813	922	952	982	785	866	877	943	985



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Mining reclamation and enforcement .....	295	310	272	272	272	327	255	314	313	334
Conservation reserve program .....	1,011	1,315	1,643	1,882	1,904	1,513	1,815	1,791	1,882	1,904
Wetlands reserve program .....			124	124	124			80	85	90
Other conservation of agricultural lands:										
Existing law .....	733	780	844	844	843	740	774	844	893	857
Proposed legislation .....				1	1				1	1
Other resources management .....	262	349	379	379	380	256	319	367	376	380
Offsetting receipts:										
Existing law .....	-2,567	-2,835	-2,893	-2,902	-2,920	-2,567	-2,835	-2,893	-2,902	-2,920
Proposed legislation .....			-2	-2	-2			-2	-2	-2
Subtotal, Conservation and land manage- ment .....	3,783	3,560	4,179	4,567	4,707	3,553	3,999	4,112	4,480	4,700
<b>303 Recreational resources:</b>										
Federal land acquisition .....	311	358	338	338	338	238	325	349	351	341
Urban park and historic preservation funds ....	33	54	36	36	36	33	35	39	44	40
Operation of recreational resources:										
Existing law .....	2,134	2,183	2,176	2,249	2,339	1,689	1,949	2,218	2,285	2,343
Proposed legislation .....			8	28	28			6	28	28
Corps of Engineers recreational fee (pro- posed) .....			-20	-20	-20			-20	-20	-20
Forest Service recreational fee (proposed) ....			-8	-8	-8			-8	-8	-8
Offsetting receipts .....	-84	-107	-106	-108	-110	-84	-107	-106	-108	-110
Subtotal, Recreational resources .....	2,395	2,488	2,424	2,515	2,603	1,876	2,202	2,478	2,571	2,613
<b>304 Pollution control and abatement:</b>										
Regulatory, enforcement, and research programs: <sup>1</sup>										
Existing law .....	1,969	2,353	2,509	2,510	2,493	1,744	2,179	2,356	2,501	2,510
Proposed legislation .....			5	5	5			3	4	5
Hazardous substance response fund .....	1,530	1,616	1,750	1,750	1,750	1,144	1,361	1,514	1,560	1,649
Oil pollution funds (gross) .....	149	113	133	133	133	44	55	132	132	133
Sewage treatment plant construction grants ...	1,948	2,102	1,900	1,200	600	2,290	2,354	2,194	2,082	1,883
Leaking underground storage tank trust fund .	74	65	85	85	85	59	69	91	95	85
Offsetting receipts .....	-125	-150	-237	-302	-352	-125	-150	-237	-302	-352
Subtotal, Pollution control and abatement ..	5,545	6,098	6,145	5,381	4,714	5,156	5,869	6,051	6,072	5,913
<b>306 Other natural resources:</b>										
Program activities .....	2,093	2,318	2,482	2,417	2,370	2,095	2,283	2,483	2,392	2,435
Offsetting receipts .....	-16	-19	-19	-18	-18	-16	-19	-19	-18	-18
Subtotal, Other natural resources .....	2,077	2,298	2,463	2,399	2,352	2,080	2,263	2,464	2,374	2,417
Total .....	18,132	18,795	19,708	19,453	18,853	17,067	18,821	19,545	20,048	20,137
<b>350 AGRICULTURE</b>										
<b>351 Farm income stabilization:</b>										
Commodity Credit Corporation: <sup>1</sup>										
Existing law .....	6,273	11,327	10,773	9,650	9,348	6,380	10,844	11,079	10,194	9,348
Proposed legislation .....			-36	-90	-90			-36	-90	-90
Crop insurance:										
Existing law .....	401	663	632	618	595	979	884	936	848	756
Proposed legislation .....			-157	-145	-145			-77	-167	-164
Agricultural credit insurance <sup>1</sup> .....	5,459	6,018	6,278	4,891	3,837	2,241	1,715	835	939	1,016
State mediation grants .....			2					1	1	
Farm Credit System assistance <sup>1</sup> .....						-23	-170	-103	-228	-122
Temporary emergency food assistance pro- gram .....	169	170	147	147	147	167	170	155	147	147
Other .....	11					17	11			
Subtotal, Farm income stabilization .....	12,313	18,179	17,638	15,072	13,692	9,761	13,453	12,790	11,644	10,892
<b>352 Agricultural research and services:</b>										
Research programs:										
Existing law .....	946	1,064	1,104	1,154	1,204	953	1,028	1,046	1,084	1,120
Proposed legislation .....			-3	-3	-3			-3	-3	-3
Extension programs .....	369	398	411	401	401	364	388	407	401	401
Marketing programs .....	146	171	195	193	193	151	171	191	189	193
Marketing and inspection fees (proposed) ....			-12	-12	-12			-12	-12	-12
Animal and plant health programs .....	375	431	441	441	441	371	421	410	411	441
Economic intelligence .....	221	239	262	262	262	216	233	257	257	251
Other programs and unallocated overhead ....	277	313	297	304	313	248	275	287	308	310
Offsetting receipts .....	-106	-112	-113	-113	-113	-106	-112	-113	-113	-113
Subtotal, Agricultural research and services	2,229	2,506	2,581	2,626	2,685	2,197	2,404	2,470	2,522	2,597
Total .....	14,542	20,684	20,219	17,697	16,377	11,958	15,857	15,261	14,166	13,489

Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
<b>370 COMMERCE AND HOUSING CREDIT</b>										
<b>371 Mortgage credit:</b>										
Mortgage-backed securities (GNMA) <sup>1</sup>						-462	-142	-327	-324	-310
Mortgage purchase activities (GNMA)						-6	-3	-5	-4	-4
Mortgage credit (FHA) <sup>1</sup>	2,504	3,610	1,188	695	436	988	1,533	590	658	190
Housing for the elderly or handicapped <sup>1</sup>	399	75				313	645	741	342	172
Rural housing programs (FmHA) <sup>1</sup>	6,943	6,143	3,983	2,435	3,882	3,014	3,219	2,652	2,319	2,509
Other						-2	10	-		
Subtotal, Mortgage credit	9,847	9,829	5,171	3,131	4,319	3,845	5,263	3,652	2,990	2,558
<b>372 Postal service:</b>										
Payments to the Postal Service fund:										
Existing law	490	511	601	631	638	490	511	601	631	638
Proposed legislation			-378	-411	-419			-378	-411	-419
Postal Service:										
Existing law	3,083	2,722	814	1,812	1,364	1,626	59	-1,322	821	473
Proposed legislation			990					198	198	198
Subtotal, Postal service	3,573	3,233	2,027	2,032	1,583	2,116	570	-900	1,239	890
<b>373 Deposit insurance:</b>										
Resolution Trust Corporation:										
Existing law	41,507	17,762				46,547	21,914	-11,849	-7,829	-7,467
Proposed legislation		62,654	76,055				62,654	87,904	42,093	-40,141
Bank Insurance Fund	3,453	11,718	20,411	4,327	4,671	6,429	15,881	9,731	8,002	6,811
FSLIC Resolution Fund	664	14,775			712	5,213	11,067	3,262	2,753	2,211
Savings Association Insurance Fund						87	13	-847	-739	570
National Credit Union Administration						-101	-37	-156	-120	-159
Other bank and thrift regulation		11	30	35	37	-94	-1	27	35	37
Subtotal, Deposit insurance	45,624	106,920	96,496	4,362	5,420	58,081	111,491	88,073	44,195	-38,138
<b>376 Other advancement of commerce:</b>										
Small and minority business assistance: <sup>1</sup>										
Existing law	626	612	851	838	715	386	506	714	709	564
Proposed legislation			-160	-161	-162			-144	-161	-162
Science and technology	273	292	279	286	287	296	310	293	283	280
Economic and demographic statistics	1,556	419	351	386	324	1,602	588	361	385	330
International trade and other: <sup>1</sup>										
Existing law	845	796	774	810	856	822	779	748	797	843
Proposed legislation			-9	-8	-8			-9	-8	-7
Subtotal, Other advancement of commerce	3,299	2,119	2,086	2,150	2,012	3,105	2,182	1,963	2,005	1,847
Total	62,342	122,100	105,780	11,675	13,333	67,147	119,506	92,788	50,429	-32,844
On-budget	(59,259)	(119,378)	(103,976)	(9,863)	(11,969)	(65,522)	(119,447)	(93,912)	(49,410)	(-33,515)
Off-budget	(3,083)	(2,722)	(1,804)	(1,812)	(1,364)	(1,626)	(59)	(-1,124)	(1,019)	(671)
<b>400 TRANSPORTATION</b>										
<b>401 Ground transportation:</b>										
Highways	15,164	14,483	15,824	16,101	16,651	14,181	14,363	15,146	16,268	16,504
Highway safety	338	360	437	457	477	362	359	395	428	459
Mass transit	3,245	3,310	3,381	3,381	3,381	3,830	4,107	3,571	3,491	3,523
Railroads <sup>1</sup>	579	840	525	524	524	537	750	605	692	509
Regulation:										
Existing law	44	44	41	44	46	43	44	42	44	46
Proposed legislation			-11	-28	-30			-12	-13	-30
Subtotal, Ground transportation	19,369	19,037	20,197	20,479	21,049	18,954	19,622	19,746	20,909	21,011
<b>402 Air transportation:</b>										
Airports and airways (FAA)	7,367	7,938	9,267	9,617	9,572	6,390	7,419	7,970	8,628	9,065
Aeronautical research and technology	862	980	1,079	1,240	1,302	819	976	1,046	1,085	1,211
Air carrier subsidies and other	31	27	39	39	39	24	29	34	39	39
Subtotal, Air transportation	8,260	8,944	10,385	10,896	10,912	7,234	8,424	9,050	9,751	10,315
<b>403 Water transportation:</b>										
Marine safety and transportation	3,060	2,837	3,386	3,417	3,447	2,977	2,809	3,387	3,503	3,513
Ocean shipping <sup>1</sup>	108	85	83	84	84	189	362	349	306	324
Panama Canal Commission		6	5	4	8	-15	-	-	-	5
Subtotal, Water transportation	3,168	2,927	3,474	3,505	3,539	3,151	3,171	3,736	3,810	3,842
<b>407 Other transportation</b>	143	251	256	187	212	146	252	175	184	233
Total	30,940	31,160	34,312	35,066	35,711	29,485	31,469	32,707	34,654	35,401
<b>450 COMMUNITY AND REGIONAL DEVELOPMENT</b>										
<b>451 Community development:</b>										
Community development block grants	2,915	3,200	2,920	2,920	2,920	2,818	3,073	3,097	3,061	2,906



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Urban homesteading .....	13	— <sup>1</sup>	.....	.....	.....	13	.....	.....	.....	.....
Rental housing assistance for the homeless ..	11	.....	57	59	61	3	4	14	33	43
Rental rehabilitation and rental development ..	128	.....	.....	.....	.....	37	68	93	34	21
Pennsylvania Avenue Development Corporation .....	744	12	22	9	7	31	97	144	174	207
Other: <sup>1</sup>	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Existing law .....	249	179	388	394	388	630	613	506	321	287
Proposed legislation .....	.....	.....	.....	.....	.....	.....	.....	-1	-1	-1
Subtotal, Community development .....	4,060	3,391	3,387	3,383	3,377	3,530	3,856	3,853	3,623	3,463
<b>452 Area and regional development:</b>										
Rural development: <sup>1</sup>										
Existing law .....	2,236	2,554	812	806	808	1,407	1,417	1,102	1,064	936
Proposed legislation .....	.....	.....	-3	-1	— <sup>1</sup>	.....	.....	— <sup>1</sup>	-1	-1
Economic development assistance <sup>1</sup> .....	217	201	20	9	4	169	203	179	116	68
Indian programs <sup>1</sup> .....	1,607	1,311	1,390	1,264	1,249	1,362	1,306	1,326	1,284	1,242
Regional commissions .....	152	175	105	105	105	134	121	134	143	129
Tennessee Valley Authority .....	119	135	91	95	98	98	113	120	99	98
Other .....	-5	-7	.....	.....	.....	-8	.....	.....	.....	.....
Offsetting receipts .....	-294	-321	-492	-562	-377	-294	-321	-492	-562	-377
Subtotal, Area and regional development ...	4,033	4,047	1,924	1,717	1,887	2,868	2,838	2,369	2,143	2,096
<b>453 Disaster relief and insurance:</b>										
Small business disaster loans: <sup>1</sup>										
Existing law .....	342	-107	200	200	202	344	63	-171	-181	-110
Proposed legislation .....	.....	.....	-56	-54	-53	.....	.....	-33	-54	-52
Disaster relief .....	1,251	184	184	184	184	1,333	822	356	266	211
Other <sup>1</sup> .....	134	131	129	128	184	424	131	84	58	-58
Subtotal, Disaster relief and insurance .....	1,728	24	457	459	518	2,100	1,016	236	89	-9
Total .....	9,820	7,462	5,768	5,558	5,781	8,498	7,710	6,457	5,856	5,550
<b>500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES</b>										
<b>501 Elementary, secondary, and vocational education:</b>										
School improvement programs .....	1,418	1,583	1,501	1,510	1,520	1,179	1,541	1,597	1,513	1,511
Compensatory education:										
Existing law .....	5,368	6,225	6,224	6,224	6,224	4,482	5,335	6,037	6,207	6,224
Proposed legislation .....	.....	.....	200	200	200	.....	.....	24	160	196
Special education .....	2,055	2,467	2,730	2,730	2,730	1,617	2,317	2,632	2,768	2,725
Impact aid .....	795	781	620	620	620	816	815	695	651	624
Vocational and adult education .....	1,130	1,253	1,262	1,262	1,262	1,307	906	1,041	1,248	1,261
Educational excellence (proposed) .....	.....	.....	490	490	490	.....	.....	59	392	480
Other .....	528	824	703	703	703	518	681	671	645	718
Subtotal, Elementary, secondary, and vocational education .....	11,293	13,132	13,729	13,739	13,749	9,918	11,596	12,756	13,583	13,739
<b>502 Higher education:</b>										
Student financial assistance:										
Existing law .....	6,082	6,714	.....	.....	.....	5,920	5,970	5,278	.....	.....
Proposed legislation .....	.....	.....	6,714	6,712	6,708	.....	.....	1,262	6,710	6,708
Guaranteed student loan program: <sup>1</sup>										
Existing law .....	4,348	4,210	3,122	1,956	604	4,372	4,201	3,282	2,135	761
Proposed legislation .....	.....	.....	2,770	2,795	2,914	.....	.....	1,736	2,456	2,539
Higher education:										
Existing law .....	625	763	6	6	6	659	599	527	135	16
Proposed legislation .....	.....	.....	778	783	787	.....	.....	108	632	772
Other: <sup>1</sup>										
Existing law .....	257	285	248	254	254	155	336	328	278	243
Proposed legislation .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1
Subtotal, Higher education .....	11,311	11,971	13,639	12,506	11,273	11,107	11,107	12,522	12,346	11,039
<b>503 Research and general education aids:</b>										
Existing law .....	1,633	1,896	1,982	2,018	1,989	1,577	1,820	1,957	2,050	1,992
Proposed legislation .....	.....	.....	20	20	20	.....	.....	2	16	20
Subtotal, Research and general education aids .....	1,633	1,896	2,002	2,038	2,009	1,577	1,820	1,959	2,066	2,011
<b>504 Training and employment:</b>										
Training and employment services:										
Existing law .....	3,929	4,079	4,052	4,030	4,030	3,837	3,897	4,049	4,083	4,053
Proposed legislation .....	.....	.....	.....	.....	.....	.....	.....	25	132	-24
TAA training assistance:										
Existing law .....	79	71	72	71	70	3	54	70	72	71
Proposed legislation .....	.....	.....	-72	-71	-70	.....	.....	-22	-57	-71

Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Older Americans employment .....	367	390	343	343	343	345	360	380	347	343
Federal-State employment service .....	1,123	1,157	1,061	1,050	1,050	1,103	1,136	1,122	1,051	1,049
Other .....	65	70	75	75	75	74	85	70	74	73
Subtotal, Training and employment .....	5,563	5,767	5,531	5,497	5,497	5,361	5,532	5,693	5,702	5,493
<b>505 Other labor services .....</b>	<b>817</b>	<b>864</b>	<b>980</b>	<b>982</b>	<b>986</b>	<b>810</b>	<b>846</b>	<b>946</b>	<b>961</b>	<b>967</b>
<b>506 Social services:</b>										
Social services block grant .....	2,762	2,800	2,800	2,800	2,800	2,749	2,802	2,801	2,800	2,800
Grants to States for special services .....	389	436	11	5	.....	351	444	148	21	3
Rehabilitation services:										
Existing law .....	1,780	1,889	27	27	27	1,780	1,921	451	102	27
Proposed legislation .....	.....	.....	1,976	2,050	2,120	.....	.....	1,522	1,954	2,101
Payments to States for foster care and adoption assistance:										
Existing law .....	1,375	2,584	2,614	2,938	3,369	1,579	2,444	2,520	2,849	3,283
Proposed legislation .....	.....	.....	-247	-306	-364	.....	.....	-210	-290	-352
Human development services:										
Existing law .....	2,936	3,462	3,577	3,659	3,740	2,550	3,157	3,555	3,619	3,696
Proposed legislation .....	.....	.....	90	103	116	.....	.....	72	99	113
Domestic volunteer programs .....	176	191	199	199	199	169	179	189	192	192
Interim assistance to States for legalization .....	303	273	.....	.....	.....	546	942	585	.....	.....
Points of Light Initiative .....	.....	5	8	10	11	.....	2	9	10	10
Other social services .....	7	11	7	7	7	-*	8	10	7	7
Subtotal, Social services .....	9,727	11,652	11,062	11,492	12,025	9,723	11,899	11,652	11,364	11,882
<b>Total .....</b>	<b>40,344</b>	<b>45,282</b>	<b>46,943</b>	<b>46,255</b>	<b>45,540</b>	<b>38,497</b>	<b>42,800</b>	<b>45,530</b>	<b>46,021</b>	<b>45,131</b>
<b>550 HEALTH</b>										
<b>551 Health care services:</b>										
Medicaid grants:										
Existing law .....	40,690	51,555	59,808	68,419	78,245	41,103	51,555	59,808	68,419	78,245
Proposed legislation .....	.....	.....	25	75	75	.....	.....	25	75	75
Health insurance tax credit .....	.....	.....	507	579	629	.....	.....	507	579	629
Federal employees' health benefits:										
Existing law .....	3,727	3,510	2,504	3,955	4,433	1,640	2,354	3,012	3,591	4,069
Proposed legislation .....	.....	.....	-66	-66	-66	.....	.....	-66	-66	-66
PHS retirement transfer (proposed) .....	.....	.....	-111	-119	-126	.....	.....	-111	-119	-126
Other health care services:										
Existing law .....	6,003	6,945	6,812	6,854	6,959	4,894	6,423	6,776	7,024	7,015
Proposed legislation .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Subtotal, Health care services .....	50,420	62,010	69,478	79,696	90,148	47,637	60,332	69,951	79,503	89,841
<b>552 Health research:</b>										
National Institutes of Health research .....	7,216	7,890	8,373	8,591	8,904	7,145	7,419	7,872	8,278	8,591
Other research programs .....	1,109	1,296	1,297	1,340	1,384	882	1,118	1,237	1,299	1,344
Subtotal, Health research .....	8,324	9,186	9,670	9,931	10,288	8,027	8,538	9,109	9,577	9,935
<b>553 Education and training of health care work force:</b>										
National Institutes of Health research training .....	361	387	402	417	432	347	364	382	418	434
Clinical training ' .....	238	260	147	156	150	198	281	234	183	165
Other .....	71	77	68	70	73	44	65	72	69	70
Subtotal, Education and training of health care work force .....	670	725	616	643	654	589	709	687	670	669
<b>554 Consumer and occupational health and safety:</b>										
Consumer safety:										
Existing law .....	1,057	1,176	1,085	1,085	1,085	1,008	1,148	1,071	1,085	1,089
Proposed legislation .....	.....	.....	-50	-50	-50	.....	.....	-50	-50	-50
Occupational safety and health .....	445	469	500	500	500	454	462	491	494	494
Subtotal, Consumer and occupational health and safety .....	1,503	1,646	1,535	1,535	1,535	1,462	1,609	1,512	1,529	1,533
<b>Total .....</b>	<b>60,917</b>	<b>73,566</b>	<b>81,300</b>	<b>91,805</b>	<b>102,625</b>	<b>57,716</b>	<b>71,188</b>	<b>81,260</b>	<b>91,280</b>	<b>101,978</b>
<b>570 MEDICARE</b>										
<b>571 Medicare:</b>										
Hospital insurance (HI):										
Existing law .....	64,415	70,264	77,494	84,402	93,353	66,687	70,211	77,437	84,411	93,345
Proposed legislation .....	.....	.....	-2,035	-2,660	-3,395	.....	.....	-2,035	-2,660	-3,395
Supplementary medical insurance (SMI):										
Existing law .....	43,272	46,071	52,129	59,063	67,308	43,022	46,056	52,096	59,113	67,304
Proposed legislation .....	.....	.....	-795	-1,350	-1,605	.....	.....	-795	-1,350	-1,605
Medicare premiums and collections:										
Existing law .....	-8,891	-11,834	-12,938	-14,783	-16,889	-11,607	-11,834	-12,938	-14,783	-16,889



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Proposed legislation .....			-44	-169	-240			-44	-169	-240
Total .....	98,796	104,501	113,811	124,504	138,532	98,102	104,433	113,720	124,562	138,520
<b>600 INCOME SECURITY</b>										
<b>601 General retirement and disability insurance (excluding social security):</b>										
Railroad retirement:										
Existing law .....	4,161	4,580	4,742	4,849	4,881	4,249	4,061	4,540	4,545	4,576
Proposed legislation .....			-108	-71	-76			74	69	72
Special benefits for disabled coal miners .....	1,549	1,425	1,302	1,408	1,382	1,486	1,437	1,441	1,412	1,386
Pension Benefit Guaranty Corporation .....						-680	-605	-551	-541	-532
Other .....	106	109	119	134	148	93	101	113	127	140
Subtotal, General retirement and disability insurance (excluding social security) .....	5,815	6,114	6,055	6,320	6,336	5,148	4,993	5,617	5,613	5,642
<b>602 Federal employee retirement and disability:</b>										
Civilian retirement and disability programs:										
Existing law .....	52,986	56,477	59,428	62,018	65,056	31,451	34,007	35,328	36,854	39,110
Proposed legislation .....			132	138	147					
PHS retirement transfer (proposed) .....			164	172	181			111	119	126
Military retirement:										
Existing law .....	33,970	35,551	36,874	38,524	40,196	21,545	22,978	24,673	26,221	27,721
Proposed legislation .....					-3,162					
Federal employees workers' compensation (FECA) .....	166	319	189	135	236	-93	276	178	113	231
Federal employees life insurance fund .....	3	9	14	20	24	-923	-934	-951	-962	-972
Subtotal, Federal employee retirement and disability .....	87,125	92,356	96,801	101,007	102,678	51,981	56,327	59,338	62,345	66,216
<b>603 Unemployment compensation:</b>										
Existing law .....	18,960	24,040	25,491	26,927	25,921	18,889	27,133	27,329	26,926	25,920
Proposed legislation .....		-11	-90	-124	-124			-92	-136	-133
Subtotal, Unemployment compensation .....	18,960	24,028	25,400	26,803	25,797	18,889	27,133	27,237	26,790	25,787
<b>604 Housing assistance:</b>										
Subsidized housing .....	7,302	7,866	9,029	9,187	8,920	12,751	13,653	14,244	14,477	14,787
Renewal of Section 8 contracts .....	1,164	7,891	7,025	5,773	5,272	3	573	1,499	2,392	3,166
HOPE grants .....		165	865	1,011	1,011			41	299	727
Public housing operating subsidies .....	1,865	2,100	2,156	2,197	2,265	1,759	2,013	2,150	2,174	2,228
Low-rent public housing loans .....	350	200	100	50		413	282	176	121	65
Transitional housing and emergency shelter for the homeless .....	200	223	221	227	225	79	124	154	176	198
Other housing assistance <sup>1</sup> .....	254	1,528	2,093	2,235	2,234	886	1,108	1,668	2,290	2,697
Subtotal, Housing assistance .....	11,135	19,973	21,488	20,680	19,928	15,891	17,753	19,933	21,929	23,867
<b>605 Food and nutrition assistance:</b>										
Food stamps:										
Existing law .....	15,970	18,277	19,650	20,707	21,439	14,992	18,312	19,638	20,696	21,429
Proposed legislation .....				-10	-20				-10	-20
Aid to Puerto Rico .....	937	963	1,013	1,051	1,091	931	963	1,013	1,051	1,091
Child nutrition and other programs:										
Existing law .....	8,148	8,895	9,654	10,300	10,955	8,040	8,941	9,604	10,229	10,880
Proposed legislation .....		-1	1	4	6		-1	-8	-7	-6
Subtotal, Food and nutrition assistance .....	25,054	28,134	30,318	32,051	33,472	23,964	28,215	30,247	31,958	33,374
<b>609 Other income security:</b>										
Supplemental security income (SSI):										
Existing law .....	12,576	17,641	17,476	19,064	22,029	12,568	16,881	17,599	19,079	22,029
Proposed legislation .....			-96	-159	-250			-96	-159	-250
Family support payments:										
Existing law .....	12,165	14,008	15,162	15,777	16,244	12,246	14,110	15,237	15,777	16,244
Proposed legislation .....			-120	-129	-142			-120	-129	-142
JOBS training program for welfare recipients .....	531	1,000	1,000	1,000	1,100	258	636	868	988	1,078
Earned income tax credit (EITC) .....	4,354	4,857	6,772	7,756	8,989	4,354	4,857	6,772	7,756	8,989
Refugee assistance .....	390	411	411	411	411	441	386	408	410	411
Low income home energy assistance .....	1,443	1,610	1,025	875	625	1,314	1,669	991	796	552
Payments to states for day-care assistance .....		732	745	745	745		22	567	745	789
Other:										
Existing law .....	220	224	248	248	248	222	208	239	239	240
Proposed legislation .....			5	5	5			2	2	2
Subtotal, Other income security .....	31,679	40,483	42,628	45,592	50,004	31,404	38,769	42,467	45,504	49,943
Total .....	179,768	211,089	222,691	232,453	238,214	147,277	173,189	184,839	194,139	204,830

Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
<b>650 SOCIAL SECURITY</b>										
651 Social security:										
Old-age and survivors insurance (OASI):										
Existing law	278,557	298,932	318,720	344,682	374,493	223,432	241,604	258,872	274,871	289,807
Proposed legislation								130	95	15
Disability insurance (DI)	28,282	30,515	32,389	35,181	37,942	25,191	27,361	29,630	31,512	33,280
Interfund transactions	141	3								
Total	306,980	329,451	351,109	379,863	412,435	248,623	268,965	288,632	306,478	323,102
On-budget	(3,766)	(5,131)	(5,847)	(6,276)	(6,721)	(3,625)	(5,127)	(5,847)	(6,276)	(6,721)
Off-budget	(303,214)	(324,320)	(345,262)	(373,587)	(405,714)	(244,998)	(263,837)	(282,785)	(300,202)	(316,381)
<b>700 VETERANS BENEFITS AND SERVICES</b>										
701 Income security for veterans:										
Service-connected compensation:										
Existing law	11,566	11,627	11,181	11,354	11,269	10,715	11,671	11,217	11,340	12,208
Proposed legislation		303	1,131	1,463	2,044		412	1,082	1,423	2,211
Non-service-connected pensions:										
Existing law	3,884	3,936	3,897	3,839	3,883	3,594	3,955	3,900	3,844	4,208
Proposed legislation			-2	-287	-324			-2	-287	-324
Burial and other benefits	140	122	131	122	125	145	129	131	122	125
National service life insurance trust fund	1,442	1,459	1,428	1,385	1,351	1,223	1,301	1,323	1,308	1,345
All other insurance programs	28	28	36	34	35	-36	-19	-6	46	43
Insurance program receipts	-400	-403	-373	-335	-311	-400	-403	-373	-335	-311
Subtotal, income security for veterans	16,660	17,071	17,431	17,577	18,073	15,241	17,046	17,273	17,462	19,506
702 Veterans education, training, and rehabilitation:										
Readjustment benefits (GI Bill and related programs):										
Existing law	473	538	635	747	855	486	541	633	744	887
Proposed legislation			-12	-32	-31			-12	-32	-31
Post-Vietnam era education						15	67	46	38	31
All-volunteer force educational assistance trust fund	-193	-198	-206	-211	-216	-221	-199	-178	-168	-169
Veterans jobs program						2				
Other: <sup>1</sup>										
Existing law		1	1	1	1	-4	-3	-3	1	-2
Proposed legislation			-	-	-			-	-	-
Subtotal, Veterans education, training, and rehabilitation	279	341	419	505	609	278	406	485	582	715
703 Hospital and medical care for veterans:										
Medical care and hospital services:										
Existing law	11,436	12,310	13,287	13,948	14,597	11,330	12,101	13,037	13,738	14,378
Proposed legislation			-27	-27	-27			-27	-27	-27
Medical administration, research, and other:										
Existing law	261	269	268	268	268	253	262	263	267	268
Proposed legislation			1	1	1			1	1	1
Construction	619	810	739	753	762	699	585	639	677	727
Third-party medical recoveries:										
Existing law		-293	-379	-505	-361		-306	-381	-506	-362
Proposed legislation					-225					-225
Fees and other charges for medical services	-148	-45	-135	-142	-148	-148	-45	-135	-142	-148
Subtotal, Hospital and medical care for veterans	12,168	13,051	13,754	14,296	14,867	12,134	12,597	13,397	14,009	14,612
704 Veterans housing:										
Loan guaranty revolving fund: <sup>1</sup>										
Existing law	548	635	588	434	278	649	629	619	428	295
Proposed legislation			-100	-48	-19			-106	-52	-22
Direct loan revolving fund: <sup>1</sup>										
Existing law			1	1	1	-16	-15	-4	1	-2
Proposed legislation			-1	-1	-1			4	-1	2
Guaranty and indemnity: <sup>1</sup>										
Existing law		83	482	424	614	-116	-216	570	655	652
Proposed legislation			-193	-169	-214			-207	-189	-181
Subtotal, Veterans housing	548	718	777	641	658	517	398	876	842	743
705 Other veterans benefits and services:										
Cemeteries, administration of veterans benefits, and other	863	957	909	889	895	858	942	856	926	888
Non-VA support programs	77	91	91	99	102	84	95	114	104	98
Subtotal, Other veterans benefits and services	940	1,048	999	988	997	943	1,036	970	1,030	986



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Total .....	30,595	32,229	33,380	34,008	35,204	29,112	31,483	33,001	33,925	36,562
<b>750 ADMINISTRATION OF JUSTICE</b>										
751 Federal law enforcement activities:										
Criminal investigations (DEA, FBI, FCEN, OCDE) .....	2,448	2,738	3,189	3,545	3,617	2,122	2,762	2,952	3,345	3,482
Alcohol, tobacco, and firearms investigation (ATF) .....	264	306	317	317	317	255	302	314	316	317
Border enforcement activities (Customs and INS) .....	2,488	2,429	2,652	2,692	2,711	2,247	2,380	2,550	2,654	2,710
Customs user fee .....	-892	-699	-696	-693	-712	-892	-699	-696	-693	-712
Protection activities (Secret Service) .....	384	425	495	491	506	386	424	477	483	496
Other enforcement .....	507	536	608	628	634	529	546	613	628	631
Subtotal, Federal law enforcement activities	5,200	5,734	6,566	6,978	7,071	4,648	5,714	6,211	6,733	6,924
752 Federal litigative and judicial activities:										
Civil and criminal prosecution and representation:										
Existing law .....	1,740	2,088	2,401	2,451	2,470	1,608	2,097	2,329	2,461	2,461
Proposed legislation .....			1	1	1			1	1	1
Federal judicial activities .....	1,773	2,090	2,585	2,714	2,839	1,680	2,101	2,385	2,502	2,589
Representation of indigents in civil cases .....	317	327	327	327	327	291	325	327	327	327
Subtotal, Federal litigative and judicial activities	3,829	4,505	5,314	5,493	5,637	3,579	4,523	5,042	5,291	5,378
753 Federal correctional activities .....	2,578	1,728	2,195	2,218	2,192	1,291	1,571	2,557	2,293	2,325
754 Criminal justice assistance .....	774	821	767	765	765	477	759	677	838	766
Total .....	12,381	12,789	14,842	15,455	15,666	9,995	12,567	14,486	15,156	15,394
<b>800 GENERAL GOVERNMENT</b>										
801 Legislative functions .....	1,800	2,021	2,468	2,452	2,493	1,752	2,085	2,466	2,429	2,428
802 Executive direction and management .....	296	270	243	295	302	160	259	248	282	300
803 Central fiscal operations:										
Collection of taxes .....	5,500	6,111	6,733	7,302	7,870	5,370	5,993	6,561	7,183	7,739
Other fiscal operations:										
Existing law .....	715	-1,079	47	-12	-53	634	-1,042	30	30	-62
Proposed legislation .....			-94					-94		
Subtotal, Central fiscal operations .....	6,215	5,032	6,687	7,290	7,817	6,004	4,951	6,497	7,212	7,677
804 General property and records management:										
Federal buildings fund .....	1,967	1,870	233	120		-220	655	626	1,304	1,264
Property receipts .....	-61	-169	-171	-173	-175	-61	-169	-171	-173	-175
Records management .....	126	139	153	153	153	157	241	255	251	144
Other .....	282	203	212	212	212	155	268	261	237	214
Subtotal, General property and records management	2,313	2,042	426	311	190	31	995	971	1,618	1,447
805 Central personnel management:										
Existing law .....	156	164	172	173	173	176	160	163	172	171
Proposed legislation .....			1	1	1			1	1	1
Subtotal, Central personnel management .....	156	164	173	174	174	176	160	164	173	172
806 General purpose fiscal assistance:										
Payments and loans to the District of Columbia .....	515	533	499	497	499	548	540	499	497	499
Payments to States and counties from Forest Service receipts:										
Existing law .....	365	355	367	360	365	369	356	364	362	365
Proposed legislation .....			2	2	2			2	2	2
Payments to States from receipts under the Mineral Leasing Act .....	451	515	473	476	491	451	515	473	476	491
Payments to States and counties from Federal land management activities .....	132	124	133	135	116	230	119	132	135	117
Payments in lieu of taxes .....	105	104	105	105	105	103	104	105	105	105
Payments to territories and Puerto Rico .....	177	210	220	228	236	175	210	220	228	236
Other .....	288	287	288	288	288	285	288	288	288	288
Subtotal, General purpose fiscal assistance	2,033	2,128	2,087	2,092	2,103	2,161	2,133	2,083	2,093	2,104
808 Other general government:										
Compacts of free association .....	136	177	150	153	135	179	177	150	153	135
Territories .....	109	154	87	87	86	119	146	95	95	86
Treasury claims .....	485	427	468	458	458	485	427	468	458	458

Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Civil liberties public education fund .....		500	500	250			500	500	250	
Presidential election campaign fund .....	32	33	33	33	33	—	21	158	5	
Other .....	-13	143	92	90	83	17	97	109	103	93
Subtotal, Other general government .....	750	1,433	1,330	1,071	795	800	1,367	1,479	1,063	772
<b>809 Deductions for offsetting receipts:</b>										
Existing law .....	-361	-725	-725	-725	-725	-361	-725	-725	-725	-725
Proposed legislation .....		-55					-55			
Subtotal, Deductions for offsetting receipts .....	-361	-780	-725	-725	-725	-361	-780	-725	-725	-725
Total .....	13,202	12,310	12,688	12,959	13,147	10,724	11,169	13,183	14,147	14,176
<b>900 NET INTEREST</b>										
<b>901 Interest on the public debt:</b>										
Existing law .....	264,820	286,290	303,894	319,590	329,434	264,820	286,290	303,894	319,590	329,434
Proposed legislation .....			84	365	604			84	365	604
Subtotal, Interest on the public debt .....	264,820	286,290	303,978	319,955	330,038	264,820	286,290	303,978	319,955	330,038
<b>902 Interest received by on-budget trust funds:</b>										
Existing law .....	-46,416	-50,179	-53,432	-56,773	-60,009	-46,416	-50,179	-53,432	-56,773	-60,009
Proposed legislation .....			-84	-365	-604			-84	-365	-604
Subtotal, Interest received by on-budget trust funds .....	-46,416	-50,179	-53,516	-57,137	-60,613	-46,416	-50,179	-53,516	-57,137	-60,613
<b>903 Interest received by off-budget trust funds .....</b>	<b>-15,991</b>	<b>-20,164</b>	<b>-23,733</b>	<b>-28,049</b>	<b>-32,769</b>	<b>-15,991</b>	<b>-20,164</b>	<b>-23,733</b>	<b>-28,049</b>	<b>-32,769</b>
<b>908 Other interest:</b>										
Interest on loans to Federal Financing Bank ..	-13,731	-16,137	-18,552	-19,834	-19,124	-13,731	-16,137	-18,552	-19,834	-19,124
Interest on refunds of tax collections .....	2,329	2,265	2,248	2,383	2,436	2,329	2,265	2,248	2,383	2,436
Interest on loans to FHA .....	-395	-534				-395	-534			
Other .....	-5,904	-4,928	-4,082	-5,279	-4,496	-6,394	-4,502	-4,082	-5,279	-4,496
Subtotal, Other interest .....	-17,701	-19,335	-20,386	-22,731	-21,184	-18,191	-18,909	-20,386	-22,731	-21,184
Total .....	184,711	196,612	206,343	212,038	215,472	184,221	197,038	206,343	212,038	215,472
On-budget .....	(200,702)	(216,776)	(230,076)	(240,087)	(248,241)	(200,212)	(217,202)	(230,076)	(240,087)	(248,241)
Off-budget .....	(-15,991)	(-20,164)	(-23,733)	(-28,049)	(-32,769)	(-15,991)	(-20,164)	(-23,733)	(-28,049)	(-32,769)
<b>920 ALLOWANCES</b>										
<b>926 Proposed agency contributions for PHS retirement .....</b>	<b></b>	<b></b>	<b>97</b>	<b>101</b>	<b>106</b>	<b></b>	<b></b>	<b>97</b>	<b>101</b>	<b>106</b>
<b>929 Operation Desert Shield placeholder .....</b>	<b></b>	<b>14,000</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>8,200</b>	<b>4,611</b>	<b>754</b>	<b>406</b>
Total .....		14,000	97	101	106		8,200	4,708	855	512
<b>950 UNDISTRIBUTED OFFSETTING RECEIPTS</b>										
<b>951 Employer share, employee retirement (on-budget):</b>										
Military retired contributions:										
Existing law .....	-16,324	-16,254	-16,161	-15,985	-15,780	-16,324	-16,254	-16,161	-15,985	-15,780
Proposed legislation .....					3,059					3,059
Contributions to HI trust fund .....	-2,153	-2,209	-2,346	-2,470	-2,608	-2,153	-2,209	-2,346	-2,470	-2,608
Contributions from Postal Service:										
Existing law .....	-3,536	-4,584	-4,871	-5,159	-5,758	-3,536	-4,584	-4,871	-5,159	-5,758
Proposed legislation .....			-132	-132	-132			-132	-132	-132
Contributions from other civilian agencies:										
Existing law .....	-6,032	-6,490	-6,979	-7,511	-8,160	-6,032	-6,490	-6,979	-7,511	-8,160
Proposed legislation .....			-97	-101	-106			-97	-101	-106
Subtotal, Employer share, employee retirement (on-budget) .....	-28,044	-29,537	-30,586	-31,358	-29,484	-28,044	-29,537	-30,586	-31,358	-29,484
<b>952 Employer share, employee retirement (off-budget) .....</b>	<b>-5,567</b>	<b>-5,827</b>	<b>-6,231</b>	<b>-6,794</b>	<b>-7,446</b>	<b>-5,567</b>	<b>-5,827</b>	<b>-6,231</b>	<b>-6,794</b>	<b>-7,446</b>
<b>953 Rents and royalties on the Outer Continental Shelf .....</b>	<b>-3,004</b>	<b>-3,729</b>	<b>-2,687</b>	<b>-3,285</b>	<b>-3,291</b>	<b>-3,004</b>	<b>-3,729</b>	<b>-2,687</b>	<b>-3,285</b>	<b>-3,291</b>
<b>954 Sale of major assets .....</b>	<b></b>	<b></b>	<b>-85</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>-85</b>	<b></b>	<b></b>
<b>959 Other undistributed offsetting receipts:</b>										
Spectrum auction, FCC (proposed) .....					-800					-800
Arctic National Wildlife Refuge leasing (proposed) .....				-1,901	-1				-1,901	-1
Lease of petroleum reserve (proposed) .....			-1,191	-391	-390			-1,191	-391	-390



Table A-2. BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority					Outlays				
	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
Subtotal, Other undistributed offsetting receipts .....			-1,191	-2,292	-1,190			-1,191	-2,292	-1,190
Total .....	-36,615	-39,093	-40,780	-43,729	-41,411	-36,615	-39,093	-40,780	-43,729	-41,411
On-budget .....	(-31,048)	(-33,266)	(-34,549)	(-36,935)	(-33,965)	(-31,048)	(-33,266)	(-34,549)	(-36,935)	(-33,965)
Off-budget .....	(-5,567)	(-5,827)	(-6,231)	(-6,794)	(-7,446)	(-5,567)	(-5,827)	(-6,231)	(-6,794)	(-7,446)
Total .....	1,368,500	1,519,972	1,577,773	1,533,655	1,605,829	1,251,703	1,409,563	1,445,902	1,454,185	1,427,055
On-budget .....	(1,083,762)	(1,218,921)	(1,260,671)	(1,193,098)	(1,238,966)	(1,026,638)	(1,171,658)	(1,194,205)	(1,187,807)	(1,150,218)
Off-budget .....	(284,738)	(301,051)	(317,102)	(340,556)	(366,863)	(225,065)	(237,905)	(251,697)	(266,378)	(276,837)

<sup>1</sup> Amounts for major credit programs for 1992 and subsequent years are not comparable to estimates for earlier years due to credit reform. See the credit reform discussion in Chapter VIII.A.

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## **XII.B. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT**

### **EXPLANATORY NOTE**

This tabulation contains information on budget authority (BA), outlays (O), and subfunctional code number(s) for each appropriation and fund account. Budget authority amounts reflect transfers of budget authority between appropriations. All budget authority items are definite appropriations except where otherwise indicated.

Congressional action in the appropriation process occasionally takes the form of a limitation on the use of a trust fund or other fund, or of an appropriation to liquidate contract authority. Amounts for such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

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## XII.B FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

**Department of Defense—Military**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Military Personnel						
Federal funds						
General and Special Funds:						
Military personnel, Army	Appropriation, current	051 BA	24,491,414	24,219,126	24,226,100	* 23,812,200
	Contract authority, permanent, indefinite	BA	123,100			
	Spending authority from offsetting collections, indefinite	BA	143,774	114,000	126,800	* 145,600
	Outlays (gross)	O	23,552,680	24,304,900	24,304,100	* 23,930,500
Military personnel, Army (gross)		BA	24,758,288	24,333,126	24,352,900	23,957,800
		O	23,552,680	24,304,900	24,304,100	23,930,500
	Total, offsetting collections	051 BA/O	-143,774	-114,000	-126,800	* -145,600
Total Military personnel, Army (net)		BA	24,614,514	24,219,126	24,226,100	23,812,200
		O	23,408,906	24,190,900	24,177,300	23,784,900

### Department of Defense—Military—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Military personnel, Navy	Appropriation, current	051 BA	19,248,598	19,246,467	19,597,700	* 19,862,700
	Contract authority, permanent, indefinite	BA	38,950			
	Spending authority from offsetting collections, indefinite	BA	124,281	314,800	320,700	* 347,900
	Outlays (gross)	O	18,723,307	19,535,600	19,866,600	* 20,190,200
Military personnel, Navy (gross)		BA	19,411,829	19,561,267	19,918,400	20,240,600
		O	18,723,307	19,535,600	19,866,600	20,190,200
	Total, offsetting collections	051 BA/O	-124,281	-314,800	-320,700	* -347,900
Total Military personnel, Navy (net)		BA	19,287,548	19,246,467	19,597,700	19,692,700
		O	18,599,026	19,220,800	19,545,900	19,842,300
Military personnel, Marine Corps	Appropriation, current	051 BA	5,780,974	5,911,602	6,066,800	* 6,101,000
	Contract authority, permanent, indefinite	BA	29,300			
	Spending authority from offsetting collections, indefinite	BA	18,048	4,670	21,200	* 20,600
	Outlays (gross)	O	5,560,422	5,935,170	6,069,500	* 6,107,900
Military personnel, Marine Corps (gross)		BA	5,828,320	5,916,272	6,088,000	6,121,600
		O	5,560,422	5,935,170	6,069,500	6,107,900
	Total, offsetting collections	051 BA/O	-18,046	-4,670	-21,200	* -20,600
Total Military personnel, Marine Corps (net)		BA	5,810,274	5,911,602	6,066,800	6,101,000
		O	5,542,376	5,930,500	6,048,300	6,087,300
Military personnel, Air Force	Appropriation, current	051 BA	19,970,144	20,015,101	18,905,500	* 18,739,100
	Contract authority, permanent, indefinite	BA	77,000			
	Spending authority from offsetting collections, indefinite	BA	171,900	181,300	1,213,000	* 1,255,000
	Outlays (gross)	O	19,162,820	20,274,100	20,129,500	* 19,963,900
Military personnel, Air Force (gross)		BA	20,219,044	20,196,401	20,118,500	19,994,100
		O	19,162,820	20,274,100	20,129,500	19,963,900
	Total, offsetting collections	051 BA/O	-171,900	-181,300	-1,213,000	* -1,255,000
Total Military personnel, Air Force (net)		BA	20,047,144	20,015,101	18,905,500	18,739,100
		O	18,990,920	20,092,800	18,916,500	18,708,900
Reserve personnel, Army	Appropriation, current	051 BA	2,201,098	2,368,700	2,192,800	* 2,076,100
	Contract authority, permanent, indefinite	BA	2,700			
	Spending authority from offsetting collections, indefinite	BA	6,023	6,000	6,100	* 6,200
	Outlays (gross)	O	2,188,045	2,349,400	2,192,900	* 2,074,000
Reserve personnel, Army (gross)		BA	2,209,821	2,374,700	2,198,900	2,082,300
		O	2,188,045	2,349,400	2,192,900	2,074,000
	Total, offsetting collections	051 BA/O	-6,023	-6,000	-6,100	* -6,200
Total Reserve personnel, Army (net)		BA	2,203,798	2,368,700	2,192,800	2,076,100
		O	2,182,022	2,343,400	2,186,800	2,067,800
Reserve personnel, Navy	Appropriation, current	051 BA	1,572,181	1,648,300	1,648,600	* 1,601,500
	Spending authority from offsetting collections, indefinite	BA	225	900	900	* 900
	Outlays (gross)	O	1,515,584	1,598,000	1,616,000	* 1,568,900
Reserve personnel, Navy (gross)		BA	1,572,406	1,649,200	1,649,500	1,602,400
		O	1,515,584	1,598,000	1,616,000	1,568,900
	Total, offsetting collections	051 BA/O	-225	-900	-900	* -900
Total Reserve personnel, Navy (net)		BA	1,572,181	1,648,300	1,648,600	1,601,500
		O	1,515,359	1,597,100	1,615,100	1,568,000
Reserve personnel, Marine Corps	Appropriation, current	051 BA	314,452	337,400	326,900	* 329,800
	Spending authority from offsetting collections, indefinite	BA	700	700	700	* 700
	Outlays (gross)	O	306,137	329,300	321,800	* 323,700
Reserve personnel, Marine Corps (gross)		BA	315,152	338,100	327,600	330,500
		O	306,137	329,300	321,800	323,700
	Total, offsetting collections	051 BA/O	-700	-700	-700	* -700
Total Reserve personnel, Marine Corps (net)		BA	314,452	337,400	326,900	329,800
		O	305,437	328,600	321,100	323,000
Reserve personnel, Air Force	Appropriation, current	051 BA	662,837	688,520	705,300	* 727,300
	Spending authority from offsetting collections, indefinite	BA	1,600	1,872	1,941	* 2,006
	Outlays (gross)	O	648,088	685,972	703,441	* 725,006
Reserve personnel, Air Force (gross)		BA	664,437	690,392	707,241	729,306
		O	648,088	685,972	703,441	725,006



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate
Total, offsetting collections .....	051 BA/O	-1,600	-1,872	-1,941	* -2,006
Total Reserve personnel, Air Force (net) .....	BA	662,837	688,520	705,300	727,300
	O	646,488	684,100	701,500	723,000
National Guard personnel, Army .....	051 BA	3,296,686	3,466,868	3,201,700	* 3,038,600
Appropriation, current .....	BA	5,700	5,700	5,700	* 5,700
Spending authority from offsetting collections, indefinite ..	O	3,387,596	3,448,400	3,206,000	* 3,038,100
Outlays (gross) .....					
National Guard personnel, Army (gross) .....	BA	3,302,386	3,472,568	3,207,400	3,044,300
	O	3,387,596	3,448,400	3,206,000	3,038,100
Total, offsetting collections .....	051 BA/O	-5,700	-5,700	-5,700	* -5,700
Total National Guard personnel, Army (net) .....	BA	3,296,686	3,466,868	3,201,700	3,038,600
	O	3,381,896	3,442,700	3,200,300	3,032,400
National Guard personnel, Air Force .....	051 BA	1,066,574	1,119,002	1,145,500	* 1,195,100
Appropriation, current .....	BA	2,653	2,747	2,856	* 2,961
Spending authority from offsetting collections, indefinite ..	O	1,052,296	1,110,247	1,137,956	* 1,186,161
Outlays (gross) .....					
National Guard personnel, Air Force (gross) .....	BA	1,069,227	1,121,749	1,148,356	1,198,061
	O	1,052,296	1,110,247	1,137,956	1,186,161
Total, offsetting collections .....	051 BA/O	-2,653	-2,747	-2,856	* -2,961
Total National Guard personnel, Air Force (net) .....	BA	1,066,574	1,119,002	1,145,500	1,195,100
	O	1,049,643	1,107,500	1,135,100	1,183,200
Total Federal funds Military Personnel .....	BA	78,876,008	79,021,086	78,016,900	77,513,400
	O	75,622,073	78,938,400	77,847,900	77,320,800
<b>Operation and Maintenance</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Operation and maintenance, Army .....	051 BA	23,416,881	22,333,420	* 21,886,800	* 19,936,500
Appropriation, current .....	BA	643,963			
Contract authority, permanent, indefinite .....	BA	3,683,893	3,591,646	3,902,000	* 3,848,000
Spending authority from offsetting collections, indefinite ..	O	27,759,643	26,300,746	25,919,100	* 24,187,400
Outlays (gross) .....					
Operation and maintenance, Army (gross) .....	BA	27,744,737	25,925,066	25,788,800	23,784,500
	O	27,759,361	26,300,746	25,919,100	24,187,400
Total, offsetting collections .....	051 BA/O	-3,683,893	-3,591,646	-3,902,000	* -3,848,000
Total Operation and maintenance, Army (net) .....	BA	24,060,844	22,333,420	21,886,800	19,936,500
	O	24,075,468	22,709,100	22,017,100	20,339,400
Operation and maintenance, Navy .....	051 BA	24,666,567	23,906,594	* 23,679,200	* 23,922,800
Appropriation, current .....	BA	279,227			
Contract authority, permanent, indefinite .....	BA	3,278,918	4,688,800	4,837,800	* 4,979,700
Spending authority from offsetting collections, indefinite ..	O	28,642,371	28,983,700	28,664,800	* 28,845,000
Outlays (gross) .....					
Operation and maintenance, Navy (gross) .....	BA	28,224,712	28,595,394	28,517,000	28,902,500
	O	28,642,371	28,983,700	28,664,800	28,845,000
Total, offsetting collections .....	051 BA/O	-3,278,918	-4,688,800	-4,837,800	* -4,979,700
Total Operation and maintenance, Navy (net) .....	BA	24,945,794	23,906,594	23,679,200	23,922,800
	O	25,363,453	24,294,900	23,827,000	23,865,300
Operation and maintenance, Marine Corps .....	051 BA	1,807,249	1,890,250	* 1,894,600	* 1,739,800
Appropriation, current .....	BA	47,300			
Contract authority, permanent, indefinite .....	BA	353,764	379,105	401,900	* 412,100
Spending authority from offsetting collections, indefinite ..	O	2,177,949	2,244,205	2,272,600	* 2,170,000
Outlays (gross) .....					
Operation and maintenance, Marine Corps (gross) ..	BA	2,208,313	2,269,355	2,296,500	2,151,900
	O	2,177,949	2,244,205	2,272,600	2,170,000
Total, offsetting collections .....	051 BA/O	-353,764	-379,105	-401,900	* -412,100
Total Operation and maintenance, Marine Corps (net) ..	BA	1,854,549	1,890,250	1,894,600	1,739,800
	O	1,824,185	1,865,100	1,870,700	1,757,900

**Department of Defense—Military—Continued**  
(in thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Operation and maintenance, Air Force .....	Appropriation, current .....	051 BA	21,813,044	20,856,090	* 20,351,900	* 20,760,400
	Contract authority, permanent, indefinite .....	BA	297,916			
	Spending authority from offsetting collections, indefinite ..	BA	2,015,672	3,043,700	3,290,000	* 3,417,400
	Outlays (gross) .....	O	24,093,164	24,127,100	23,848,700	* 23,966,100
Operation and maintenance, Air Force (gross) .....		BA	24,126,632	23,899,790	23,641,900	24,177,800
		O	24,093,164	24,127,100	23,848,700	23,966,100
	Total, offsetting collections .....	051 BA/O	-2,015,672	-3,043,700	-3,290,000	* -3,417,400
Total Operation and maintenance, Air Force (net) ....		BA	22,110,960	20,856,090	20,351,900	20,760,400
		O	22,077,492	21,083,400	20,558,700	20,548,700
Operation and maintenance, Defense agencies .....	Appropriation, current .....	051 BA	7,765,376	8,488,879	* 8,794,800	* 7,583,200
	Contract authority, permanent, indefinite .....	BA	11,639			
	Spending authority from offsetting collections, indefinite ..	BA	4,023,286	5,583,330	5,746,403	* 4,683,265
	Outlays (gross) .....	O	12,111,961	13,806,930	14,383,303	* 12,385,165
Operation and maintenance, Defense agencies (gross) ..		BA	11,800,301	14,072,209	14,541,203	12,266,465
		O	12,111,961	13,806,930	14,383,303	12,385,165
	Total, offsetting collections .....	051 BA/O	-4,023,286	-5,583,330	-5,746,403	* -4,683,265
Total Operation and maintenance, Defense agencies (net) ..		BA	7,777,015	8,488,879	8,794,800	7,583,200
		O	8,088,675	8,223,600	8,636,900	7,701,900
Operation Desert Shield, Defense .....	Appropriation, current .....	051 BA		1,000,000		
	Outlays .....	O		800,000	159,000	* 26,000
Office of the Inspector General .....	Appropriation, current .....	051 BA	96,800	99,480	118,200	* 116,700
	Outlays .....	O	76,904	94,100	111,700	* 114,800
Operation and maintenance, Army Reserve .....	Appropriation, current .....	051 BA	871,576	935,838		
	Spending authority from offsetting collections, indefinite ..	BA	34,334	24,828	* 937,200	* 973,100
	Outlays (gross) .....	O	873,738	914,628	945,537	* 977,804
Operation and maintenance, Army Reserve (gross) ..		BA	905,910	960,666	968,937	1,005,204
		O	873,738	914,628	945,537	977,804
	Total, offsetting collections .....	051 BA/O	-34,334	-24,828	-31,737	* -32,104
Total Operation and maintenance, Army Reserve (net) ..		BA	871,576	935,838	937,200	973,100
		O	839,404	889,800	913,800	945,700
Operation and maintenance, Navy Reserve .....	Appropriation, current .....	051 BA	923,267	1,005,658		
	Spending authority from offsetting collections, indefinite ..	BA	21,994	18,849	* 816,100	* 797,000
	Outlays (gross) .....	O	946,401	968,449	866,862	* 805,362
Operation and maintenance, Navy Reserve (gross) ..		BA	945,261	1,024,507	835,662	817,262
		O	946,401	968,449	866,862	805,362
	Total, offsetting collections .....	051 BA/O	-21,994	-18,849	-19,562	* -20,262
Total Operation and maintenance, Navy Reserve (net) ..		BA	923,267	1,005,658	816,100	797,000
		O	924,407	949,600	847,300	785,100
Operation and maintenance, Marine Corps Reserve .....	Appropriation, current .....	051 BA	78,432	84,833		
	Spending authority from offsetting collections, indefinite ..	BA	2,137	1,000	* 75,900	* 75,400
	Outlays (gross) .....	O	77,658	81,300	1,250	* 1,500
Operation and maintenance, Marine Corps Reserve (gross) ..		BA	80,569	85,833	77,150	78,900
		O	77,658	81,300	76,250	74,200
	Total, offsetting collections .....	051 BA/O	-2,137	-1,000	-1,250	* -1,500
Total Operation and maintenance, Marine Corps Reserve (net) ..		BA	78,432	84,833	75,900	75,400
		O	75,521	80,300	75,000	72,700
Operation and maintenance, Air Force Reserve .....	Appropriation, current .....	051 BA	1,008,817	1,086,036		
	Contract authority, permanent, indefinite .....	BA	10,793		* 1,075,400	* 1,232,500
	Spending authority from offsetting collections, indefinite ..	BA	38,502	73,100	34,752	* 39,503
	Outlays (gross) .....	O	1,098,941	1,127,600	1,092,152	* 1,229,103
Operation and maintenance, Air Force Reserve (gross) ..		BA	1,058,112	1,159,136	1,110,152	1,272,003
		O	1,098,941	1,127,600	1,092,152	1,229,103
	Total, offsetting collections .....	051 BA/O	-38,502	-73,100	-34,752	* -39,503
Total Operation and maintenance, Air Force Reserve (net) ..		BA	1,019,610	1,086,036	1,075,400	1,232,500
		O	1,060,439	1,054,500	1,057,400	1,189,600



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Operation and maintenance, Army National Guard .....	Appropriation, current .....	051 BA	1,867,884	2,024,867	<sup>*</sup> 2,080,700	<sup>*</sup> 2,083,700
	Spending authority from offsetting collections, indefinite ..	BA	34,954	30,200	45,000	<sup>*</sup> 45,000
	Outlays (gross) .....	O	1,881,059	1,963,900	2,048,800	<sup>*</sup> 2,064,900
Operation and maintenance, Army National Guard (gross) .....		BA	1,902,838	2,055,067	2,125,700	2,128,700
		O	1,881,059	1,963,900	2,048,800	2,064,900
	Total, offsetting collections .....	051 BA/O	-34,954	-30,200	-45,000	<sup>*</sup> -45,000
Total Operation and maintenance, Army National Guard (net) .....		BA	1,867,884	2,024,867	2,080,700	2,083,700
		O	1,846,105	1,933,700	2,003,800	2,019,900
Operation and maintenance, Air National Guard .....	Appropriation, current .....	051 BA	2,023,353	2,272,036	<sup>*</sup> 2,287,800	<sup>*</sup> 2,700,900
	Contract authority, permanent, indefinite .....	BA	6,200			
	Spending authority from offsetting collections, indefinite ..	BA	59,142	199,900	107,082	<sup>*</sup> 110,947
	Outlays (gross) .....	O	2,116,591	2,370,000	2,333,282	<sup>*</sup> 2,697,547
Operation and maintenance, Air National Guard (gross) .....		BA	2,088,695	2,471,936	2,394,882	2,811,847
		O	2,116,591	2,370,000	2,333,282	2,697,547
	Total, offsetting collections .....	051 BA/O	-59,142	-199,900	-107,082	<sup>*</sup> -110,947
Total Operation and maintenance, Air National Guard (net) .....		BA	2,029,553	2,272,036	2,287,800	2,700,900
		O	2,057,449	2,170,100	2,226,200	2,586,600
National Board for the Promotion of Rifle Practice, Army .....	Appropriation, current .....	051 BA	4,633	5,000	<sup>*</sup> 5,000	<sup>*</sup> 5,000
	Outlays .....	O	4,403	4,800	4,800	<sup>*</sup> 4,800
Total National Board for the Promotion of Rifle Practice, Army .....		BA	4,633	5,000	5,000	5,000
		O	4,403	4,800	4,800	4,800
Claims, Defense .....	Outlays .....	051 O	583			
Court of Military Appeals, Defense .....	Appropriation, current .....	051 BA	3,945	5,400	<sup>*</sup> 5,500	<sup>*</sup> 5,900
	Outlays .....	O	3,145	4,900	4,900	<sup>*</sup> 5,300
Total Court of Military Appeals, Defense .....		BA	3,945	5,400	5,500	5,900
		O	3,145	4,900	4,900	5,300
Drug interdiction and counter-drug activities, Defense .....	Appropriation, current .....	051 BA			1,158,600	<sup>*</sup> 1,248,400
	Outlays .....	O			398,600	<sup>*</sup> 931,500
Goodwill games .....	Appropriation, current .....	051 BA	14,522			
	Outlays .....	O	6,610	1,600	300	<sup>*</sup> 100
Foreign currency fluctuations, Defense .....	Reappropriation .....	051 BA	819,963			
Summer olympics .....	Outlays .....	051 O	6			
Tenth International Pan American games .....	Outlays .....	051 O	16			
Environmental restoration, Defense .....	Appropriation, current .....	051 BA			1,252,900	<sup>*</sup> 1,450,200
	Outlays .....	O	5,320		977,300	<sup>*</sup> 1,344,100
Humanitarian assistance .....	Appropriation, current .....	051 BA	10,000	15,000	<sup>*</sup> 13,000	<sup>*</sup> 13,000
	Outlays .....	O	6,607	14,200	12,700	<sup>*</sup> 13,300
Total Humanitarian assistance .....		BA	10,000	15,000	13,000	13,000
		O	6,607	14,200	12,700	13,300
Restoration of the Rocky Mountain Arsenal .....	Appropriation, permanent, indefinite .....	051 BA	19,745	10,100	20,000	<sup>*</sup> 20,000
	Outlays .....	O	4,223	18,000	20,000	<sup>*</sup> 20,000
Total Federal funds Operation and Maintenance .....		BA	88,309,092	86,019,481	86,451,600	84,665,500
		O	88,340,415	86,191,700	85,723,200	84,272,700

**Procurement**

*Federal funds*

<b>General and Special Funds:</b>						
Aircraft procurement, Army .....	Appropriation, current .....	051 BA	3,703,406	1,080,487		
				<sup>*</sup> -47,700		
	Spending authority from offsetting collections, indefinite ..	BA	52,664	34,000	<sup>*</sup> 1,667,700	<sup>*</sup> 1,247,400
	Outlays (gross) .....	O	2,861,040	2,989,247	10,400	<sup>*</sup> 53,600
				<sup>*</sup> -5,247	2,114,711	<sup>*</sup> 1,810,068
					<sup>*</sup> -20,511	<sup>*</sup> -12,068
Aircraft procurement, Army (gross) .....		BA	3,756,070	1,066,787	1,678,100	1,301,000
		O	2,861,040	2,984,000	2,094,200	1,798,000

### Department of Defense—Military—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
	Total, offsetting collections .....	051 BA/O	-52,664	-34,000	-10,400	<sup>N</sup> -53,600
Total Aircraft procurement, Army (net) .....		BA	3,703,406	1,032,787	1,667,700	1,247,400
		O	2,808,376	2,950,000	2,083,800	1,744,400
Missile procurement, Army .....	Appropriation, current .....	051 BA	2,462,756	2,044,479	<sup>N</sup> 1,106,700	<sup>N</sup> 1,341,900
	Spending authority from offsetting collections, indefinite ..	BA	158,975	105,200	266,300	<sup>N</sup> 266,300
Missile procurement, Army (gross) .....	Outlays (gross) .....	O	2,612,401	2,603,600	2,429,300	<sup>N</sup> 2,007,400
		BA	2,621,731	2,149,679	1,373,000	1,608,200
		O	2,612,401	2,603,600	2,429,300	2,007,400
		Total, offsetting collections .....	051 BA/O	-158,975	-105,200	-266,300
Total Missile procurement, Army (net) .....		BA	2,462,756	2,044,479	1,106,700	1,341,900
		O	2,453,426	2,498,400	2,163,000	1,741,100
Procurement of weapons and tracked combat vehicles, Army.	Appropriation, current .....	051 BA	2,495,196	1,967,429	<sup>N</sup> -64,000	<sup>N</sup> 574,300
	Spending authority from offsetting collections, indefinite ..	BA	533,862	593,900	519,100	<sup>N</sup> 412,300
	Outlays (gross) .....	O	3,295,347	3,328,480	2,824,560	<sup>N</sup> 1,980,980
			<sup>N</sup> -1,280	<sup>N</sup> -26,560	<sup>N</sup> -23,680	
Procurement of weapons and tracked combat vehicles, Army (gross).		BA	3,029,058	2,497,329	1,358,200	966,600
		O	3,295,347	3,327,200	2,798,000	1,957,300
	Total, offsetting collections .....	051 BA/O	-533,862	-593,900	-519,100	<sup>N</sup> -412,300
	Total Procurement of weapons and tracked combat vehicles, Army (net).	BA	2,495,196	1,903,429	839,100	574,300
O		2,761,485	2,733,300	2,278,900	1,545,000	
Procurement of ammunition, Army .....	Appropriation, current .....	051 BA	1,861,006	1,261,487	<sup>N</sup> -13,000	<sup>N</sup> 1,195,400
	Spending authority from offsetting collections, indefinite ..	BA	11,460	40,000	40,000	<sup>N</sup> 40,000
	Outlays (gross) .....	O	2,014,236	1,793,491	1,657,641	<sup>N</sup> 1,372,848
			<sup>N</sup> -5,291	<sup>N</sup> -741	<sup>N</sup> -5,148	
Procurement of ammunition, Army (gross) .....		BA	1,872,466	1,288,487	1,289,800	1,235,400
		O	2,014,236	1,788,200	1,656,900	1,367,700
	Total, offsetting collections .....	051 BA/O	-11,460	-40,000	-40,000	<sup>N</sup> -40,000
	Total Procurement of ammunition, Army (net) .....	BA	1,861,006	1,248,487	1,249,800	1,195,400
O		2,002,776	1,748,200	1,616,900	1,327,700	
Other procurement, Army .....	Appropriation, current .....	051 BA	3,531,648	2,456,787	<sup>N</sup> 3,163,800	<sup>N</sup> 3,254,400
	Spending authority from offsetting collections, indefinite ..	BA	162,220	266,300	224,200	<sup>N</sup> 224,200
	Outlays (gross) .....	O	4,598,184	4,507,700	3,695,300	<sup>N</sup> 3,375,700
		BA	3,693,868	2,723,087	3,388,000	3,478,600
Other procurement, Army (gross) .....		O	4,598,184	4,507,700	3,695,300	3,375,700
		Total, offsetting collections .....	051 BA/O	-162,220	-266,300	-224,200
Total Other procurement, Army (net) .....		BA	3,531,648	2,456,787	3,163,800	3,254,400
		O	4,435,964	4,241,400	3,471,100	3,151,500
Aircraft procurement, Navy .....	Appropriation, current .....	051 BA	9,158,399	7,748,051	<sup>N</sup> -1,597,500	<sup>N</sup> 6,953,200
	Spending authority from offsetting collections, indefinite ..	BA	7,080	6,800	6,800	<sup>N</sup> 7,100
	Outlays (gross) .....	O	9,037,588	8,969,663	8,291,098	<sup>N</sup> 7,748,708
			<sup>N</sup> -215,663	<sup>N</sup> -512,798	<sup>N</sup> -506,408	
Aircraft procurement, Navy (gross) .....		BA	9,165,479	6,157,151	7,223,500	6,960,300
		O	9,037,588	8,754,000	7,778,300	7,242,300
	Total, offsetting collections .....	051 BA/O	-7,080	-6,600	-6,800	<sup>N</sup> -7,100
	Total Aircraft procurement, Navy (net) .....	BA	9,158,399	6,150,551	7,216,700	6,953,200
O		9,030,508	8,747,400	7,771,500	7,235,200	



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Weapons procurement, Navy .....	Appropriation, current .....	051 BA	5,278,320	5,684,299 " -62,600		
	Spending authority from offsetting collections, indefinite ..	BA	39,305	70,000	* 4,530,700	* 4,754,600
	Outlays (gross) .....	O	5,597,102	5,590,172 " -6,072	70,000 5,407,633 " -20,533	* 74,800 * 5,186,713 " -23,913
	Weapons procurement, Navy (gross) .....	BA O	5,317,625 5,597,102	5,691,699 5,584,100	4,600,700 5,387,100	4,829,400 5,162,800
	Total, offsetting collections .....	051 BA/O	-39,305	-70,000	-70,000	" -74,800
Total Weapons procurement, Navy (net) .....			5,278,320 5,557,797	5,621,699 5,514,100	4,530,700 5,317,100	4,754,600 5,088,000
Shipbuilding and conversion, Navy .....	Appropriation, current .....	051 BA	11,111,050	10,193,771 " -405,000		
	Reappropriation .....	BA	98,470		* 8,758,900	* 8,297,900
	Outlays .....	O	11,016,086	10,909,350 " -20,250	11,379,550 " -60,750	* 10,840,250 " -76,950
	Total Shipbuilding and conversion, Navy .....	BA O	11,209,520 11,016,086	9,788,771 10,889,100	8,758,900 11,318,800	8,297,900 10,763,300
	Other procurement, Navy .....	051 BA	7,599,425	5,520,379 " -10,000		
Other procurement, Navy (gross) .....	Spending authority from offsetting collections, indefinite ..	BA	94,880	96,000	* 6,458,800	* 6,520,900
	Outlays (gross) .....	O	5,734,410	5,462,690 " -1,090	99,400 5,427,600 " -2,200	* 102,500 * 5,790,940 " -3,640
	Other procurement, Navy (gross) .....	BA O	7,694,305 5,734,410	5,606,379 5,461,600	6,558,200 5,425,400	6,623,400 5,787,300
	Total, offsetting collections .....	051 BA/O	-94,880	-96,000	-99,400	" -102,500
	Total Other procurement, Navy (net) .....	BA O	7,599,425 5,639,530	5,510,379 5,365,600	6,458,800 5,326,000	6,520,900 5,684,800
Coastal defense augmentation .....	Outlays .....	051 O	61,135	7,000	4,200	
Procurement, Marine Corps .....	Appropriation, current .....	051 BA	1,162,034	649,548		
	Spending authority from offsetting collections, indefinite ..	BA	22,019	27,300	* 1,010,100	* 650,900
	Outlays (gross) .....	O	1,331,913	1,188,100	5,200 1,052,100	* 5,300 * 931,800
	Procurement, Marine Corps (gross) .....	BA O	1,184,053 1,331,913	676,848 1,188,100	1,015,300 1,052,100	656,200 931,800
	Total, offsetting collections .....	051 BA/O	-22,019	-27,300	-5,200	" -5,300
Total Procurement, Marine Corps (net) .....			1,162,034 1,309,894	649,548 1,160,800	1,010,100 1,046,900	650,900 926,500
Aircraft procurement, Air Force .....	Appropriation, current .....	051 BA	15,414,635	9,408,137 " -86,000		
	Spending authority from offsetting collections, indefinite ..	BA	325,729	977,836	* 10,915,500	* 13,456,800
	Outlays (gross) .....	O	14,628,572	15,553,706 " -3,870	318,100 13,616,526 " -20,726	* 327,900 * 11,868,506 " -31,906
	Aircraft procurement, Air Force (gross) .....	BA O	15,740,364 14,628,572	10,299,973 15,549,836	11,233,600 13,595,800	13,784,700 11,836,600
	Total, offsetting collections .....	051 BA/O	-325,729	-977,836	-318,100	" -327,900
Total Aircraft procurement, Air Force (net) .....			15,414,635 14,302,843	9,322,137 14,572,000	10,915,500 13,277,700	13,456,800 11,508,700
Missile procurement, Air Force .....	Appropriation, current .....	051 BA	6,371,271	5,548,494 " -50,100		
	Spending authority from offsetting collections, indefinite ..	BA	223,412	318,725	* 5,841,800	* 6,776,800
	Outlays (gross) .....	O	8,174,388	7,598,931 " -3,006	425,300 6,612,322 " -11,022	* 428,300 * 6,311,333 " -16,533
	Missile procurement, Air Force (gross) .....	BA O	6,594,683 8,174,388	5,817,119 7,595,925	6,267,100 6,601,300	7,205,100 6,294,800
	Total, offsetting collections .....	051 BA/O	-223,412	-318,725	-425,300	" -428,300
Total Missile procurement, Air Force (net) .....			6,371,271 7,950,976	5,498,394 7,277,200	5,841,800 6,176,000	6,776,800 5,866,500

### Department of Defense—Military—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Other procurement, Air Force .....	Appropriation, current .....	051 BA	8,490,533	7,600,460 " -18,500		
	Spending authority from offsetting collections, indefinite ..	BA	432,201	427,890	404,900	427,100
	Outlays (gross) .....	O	9,104,411	8,712,035 " -3,145	8,993,992 " -4,292	8,898,151 " -5,051
Other procurement, Air Force (gross) .....		BA	8,922,734	8,008,850	8,463,000	9,295,800
		O	9,104,411	8,708,890	8,989,700	8,893,100
	Total, offsetting collections .....	051 BA/O	-432,201	-427,890	-404,900	" -427,100
Total Other procurement, Air Force (net) .....		BA	8,490,533	7,581,960	8,058,100	8,868,700
		O	8,672,210	8,281,000	8,584,800	8,466,000
Procurement, Defense agencies .....	Appropriation, current .....	051 BA	1,351,179	2,493,130 " -60,000		
	Spending authority from offsetting collections, indefinite ..	BA	208,969	414,112	166,200	177,100
	Outlays (gross) .....	O	1,671,112	2,132,112 " -21,600	2,287,800 " -27,000	2,351,000 " -9,900
Procurement, Defense agencies (gross) .....		BA	1,560,148	2,847,242	2,277,800	2,378,100
		O	1,671,112	2,110,512	2,260,800	2,341,100
	Total, offsetting collections .....	051 BA/O	-208,969	-414,112	-166,200	" -177,100
Total Procurement, Defense agencies (net) .....		BA	1,351,179	2,433,130	2,111,600	2,201,000
		O	1,462,143	1,696,400	2,094,600	2,164,000
National guard and reserve equipment .....	Appropriation, current .....	051 BA	988,720	2,515,700 " -8,000		
	Outlays .....	O	1,292,735	1,121,900 " -400	1,376,280 " -2,480	1,103,080 " -2,480
Total National guard and reserve equipment .....		BA	988,720	2,507,700		
		O	1,292,735	1,121,500	1,373,800	1,100,600
Defense production act purchases .....	Appropriation, current .....	051 BA	43,479	56,000		
	Outlays .....	O	16,507	36,300	31,700	38,600
Chemical agents and munitions destruction, Defense .....	Appropriation, current .....	051 BA	254,221	292,700	474,800	626,600
	Outlays .....	O	196,269	258,000	362,900	497,100
Procurement of aircraft and missiles, Navy .....	Outlays .....	051 O	1,716			
Procurement of equipment and missiles, Army .....	Outlays .....	051 O	22			
Total Federal funds Procurement .....		BA	81,375,748	64,098,938	63,404,100	66,720,800
		O	80,972,398	79,097,700	74,299,700	68,849,000

### Research, Development, Test, and Evaluation

#### Federal funds

#### General and Special Funds:

Research, development, test, and evaluation, Army .....	Appropriation, current .....	051 BA	5,258,341	5,435,636 " -72,700		
	Spending authority from offsetting collections, indefinite ..	BA	1,236,751	1,400,000	1,215,100	1,223,000
	Outlays (gross) .....	O	6,749,283	6,648,685 " -39,985	7,010,618 " -24,718	7,139,507 " -5,307
Research, development, test, and evaluation, Army (gross) .....		BA	6,495,082	6,762,936	7,451,500	7,090,300
		O	6,749,283	6,608,700	6,985,900	7,134,200
	Total, offsetting collections .....	051 BA/O	-1,236,751	-1,400,000	-1,215,100	" -1,223,000
Total Research, development, test, and evaluation, Army (net) .....		BA	5,258,341	5,362,936	6,236,400	5,867,300
		O	5,512,532	5,208,700	5,770,800	5,911,200
Research, development, test, and evaluation, Navy .....	Appropriation, current .....	051 BA	9,486,697	8,937,453 " -597,000		
	Spending authority from offsetting collections, indefinite ..	BA	240,166	234,500	250,000	250,000
	Outlays (gross) .....	O	9,400,559	9,421,420 " -334,320	8,841,831 " -192,831	9,188,666 " -46,566
Research, development, test, and evaluation, Navy (gross) .....		BA	9,726,863	8,574,953	8,444,300	9,738,000
		O	9,400,559	9,087,100	8,649,000	9,142,100
	Total, offsetting collections .....	051 BA/O	-240,166	-234,500	-250,000	" -250,000
Total Research, development, test, and evaluation, Navy (net) .....		BA	9,486,697	8,340,453	8,194,300	9,488,000
		O	9,160,393	8,852,600	8,399,000	8,892,100



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Research, development, test, and evaluation, Air Force ...	Appropriation, current .....	051 BA	13,507,289	11,793,971 " -107,400		
	Spending authority from offsetting collections, indefinite ..	BA	2,117,271	2,511,286	* 15,154,600	* 15,184,600
	Outlays (gross) .....	O	16,560,235	15,442,478 " -62,292	2,539,000 16,684,146 " -31,146	* 2,563,900 * 17,332,766 " -9,666
Research, development, test, and evaluation, Air Force (gross).		BA	15,624,560	14,197,857	17,693,600	17,748,500
		O	16,560,235	15,380,186	16,653,000	17,323,100
	Total, offsetting collections .....	051 BA/O	-2,117,271	-2,511,286	-2,539,000	* -2,563,900
Total Research, development, test, and evaluation, Air Force (net).		BA	13,507,289	11,686,571	15,154,600	15,184,600
		O	14,442,964	12,868,900	14,114,000	14,759,200
Research, development, test, and evaluation, Defense agencies.	Appropriation, current .....	051 BA	8,015,400	9,022,090 " -113,000		
	Spending authority from offsetting collections, indefinite ..	BA	172,389	296,500	* 10,032,500	* 10,190,400
	Outlays (gross) .....	O	8,367,008	8,767,560 " -58,760	250,900 9,626,105 " -43,505	* 240,100 * 10,176,897 " -7,797
Research, development, test, and evaluation, Defense agencies (gross).		BA	8,187,789	9,205,590	10,283,400	10,430,500
		O	8,367,008	8,708,800	9,582,600	10,169,100
	Total, offsetting collections .....	051 BA/O	-172,389	-296,500	-250,900	* -240,100
Total Research, development, test, and evaluation, Defense agencies (net).		BA	8,015,400	8,909,090	10,032,500	10,190,400
		O	8,194,619	8,412,300	9,331,700	9,929,000
Developmental test and evaluation, Defense .....	Appropriation, current .....	051 BA	178,221	237,310		
	Spending authority from offsetting collections, indefinite ..	BA	6,487	40,000	* 286,300	* 289,000
	Outlays (gross) .....	O	122,300	217,700	40,000 254,800 " 283,200	* 40,000 * 283,200
Developmental test and evaluation, Defense (gross)		BA	184,708	277,310	326,300	329,000
		O	122,300	217,700	254,800	283,200
	Total, offsetting collections .....	051 BA/O	-6,487	-40,000	-40,000	* -40,000
Total Developmental test and evaluation, Defense (net).		BA	178,221	237,310	286,300	289,000
		O	115,813	177,700	214,800	243,200
Operational test and evaluation, Defense .....	Appropriation, current .....	051 BA	12,725	13,550		
	Outlays .....	O	31,693	22,300	* 14,200	* 14,700
Total Operational test and evaluation, Defense .....		BA	12,725	13,550	14,200	14,700
		O	31,693	22,300	10,300	10,800
Total Federal funds Research, Development, Test, and Evaluation.		BA	38,458,673	34,549,910	39,918,300	41,034,000
		O	37,458,014	35,542,500	37,840,600	39,745,500

**Military Construction**

*Federal funds*

**General and Special Funds:**

Military construction, Army .....	Appropriation, current .....	051 BA	729,776	677,292		
	Spending authority from offsetting collections, indefinite ..	BA	1,496,367	1,500,000	* 851,300	* 959,800
	Outlays (gross) .....	O	2,496,378	2,313,200	1,500,000 2,290,700 " 2,378,000	* 1,500,000 * 2,378,000
Military construction, Army (gross) .....		BA	2,226,143	2,177,292	2,351,300	2,459,800
		O	2,496,378	2,313,200	2,290,700	2,378,000
	Total, offsetting collections .....	051 BA/O	-1,496,367	-1,500,000	-1,500,000	* -1,500,000
Total Military construction, Army (net) .....		BA	729,776	677,292	851,300	959,800
		O	1,000,011	813,200	790,700	878,000
Military construction, Navy .....	Appropriation, current .....	051 BA	1,126,050	1,126,406 " -37,000		
	Spending authority from offsetting collections, indefinite ..	BA	230,042	300,000	* 657,800	* 745,100
	Outlays (gross) .....	O	1,606,235	1,439,651 " -4,551	310,800 1,397,159 " -18,759	* 321,056 * 1,171,096 " -8,140
Military construction, Navy (gross) .....		BA	1,356,092	1,389,406	968,600	1,066,156
		O	1,606,235	1,435,100	1,378,400	1,162,956

**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Total, offsetting collections .....	051 BA/O		-230,042	-300,000	-310,800	<sup>^</sup> -321,056
Total Military construction, Navy (net) .....	BA		1,126,050	1,089,406	657,800	745,100
	O		1,376,193	1,135,100	1,067,600	841,900
Military construction, Air Force .....	051 BA		1,170,796	897,704		
Appropriation, current .....				<sup>^</sup> -83,000		
Spending authority from offsetting collections, indefinite ..	BA		-75	720	<sup>^</sup> 1,082,400	<sup>^</sup> 780,500
Outlays (gross) .....	O		1,190,050	1,063,694	493	<sup>^</sup> 508
				<sup>^</sup> -6,474	1,041,193	<sup>^</sup> 1,016,208
					<sup>^</sup> -35,000	<sup>^</sup> -21,600
Military construction, Air Force (gross) .....	BA		1,170,721	815,424	1,082,893	781,008
	O		1,190,050	1,057,220	1,006,193	994,608
Total, offsetting collections .....	051 BA/O		75	-720	-493	<sup>^</sup> -508
Total Military construction, Air Force (net) .....	BA		1,170,796	814,704	1,082,400	780,500
	O		1,190,125	1,056,500	1,005,700	994,100
Military construction, Defense agencies .....	051 BA		509,830	533,169		
Appropriation, current .....					<sup>^</sup> 571,600	<sup>^</sup> 236,100
Spending authority from offsetting collections, indefinite ..	BA		8,392	10,000		
Outlays (gross) .....	O		485,005	491,000	557,200	<sup>^</sup> 547,700
Military construction, Defense agencies (gross) .....	BA		518,222	543,169	571,600	236,100
	O		485,005	491,000	557,200	547,700
Total, offsetting collections .....	051 BA/O		-8,392	-10,000		
Total Military construction, Defense agencies (net) ..	BA		509,830	533,169	571,600	236,100
	O		476,613	481,000	557,200	547,700
North Atlantic Treaty Organization infrastructure .....	051 BA		402,789	192,700		
Appropriation, current .....					<sup>^</sup> 358,800	<sup>^</sup> 266,200
Spending authority from offsetting collections, indefinite ..	BA		31,642	40,000	20,000	<sup>^</sup> 20,000
Outlays (gross) .....	O		518,313	406,100	388,100	<sup>^</sup> 353,700
North Atlantic Treaty Organization infrastructure (gross) ..	BA		434,431	232,700	378,800	286,200
	O		518,313	406,100	388,100	353,700
Total, offsetting collections .....	051 BA/O		-31,642	-40,000	-20,000	<sup>^</sup> -20,000
Total North Atlantic Treaty Organization infrastructure (net) ..	BA		402,789	192,700	358,800	266,200
	O		486,671	366,100	368,100	333,700
Military construction, Army National Guard .....	051 BA		230,490	313,224		
Appropriation, current .....					<sup>^</sup> 50,400	<sup>^</sup> 54,100
Outlays .....	O		170,867	190,600	246,200	<sup>^</sup> 172,500
Outlays for grants to State and local governments .....	O		(150,000)	(200,000)	(32,000)	<sup>^</sup> (5,000)
Total Military construction, Army National Guard .....	BA		230,490	313,224	50,400	54,100
	O		170,867	190,600	246,200	172,500
Military construction, Air National Guard .....	051 BA		235,867	180,560		
Appropriation, current .....					<sup>^</sup> 131,800	<sup>^</sup> 40,600
Outlays .....	O		150,770	169,700	179,400	<sup>^</sup> 152,000
Total Military construction, Air National Guard .....	BA		235,867	180,560	131,800	40,600
	O		150,770	169,700	179,400	152,000
Military construction, Army Reserve .....	051 BA		99,124	77,426		
Appropriation, current .....					<sup>^</sup> 57,500	<sup>^</sup> 28,200
Outlays .....	O		81,471	74,600	76,400	<sup>^</sup> 67,000
Total Military construction, Army Reserve .....	BA		99,124	77,426	57,500	28,200
	O		81,471	74,600	76,400	67,000
Military construction, Naval Reserve .....	051 BA		54,250	80,307		
Appropriation, current .....					<sup>^</sup> 20,900	<sup>^</sup> 26,400
Outlays .....	O		62,199	47,900	59,400	<sup>^</sup> 40,700
Total Military construction, Naval Reserve .....	BA		54,250	80,307	20,900	26,400
	O		62,199	47,900	59,400	40,700
Military construction, Air Force Reserve .....	051 BA		46,200	38,600		
Appropriation, current .....					<sup>^</sup> 20,800	<sup>^</sup> 36,700
Outlays .....	O		66,619	50,800	37,100	<sup>^</sup> 28,600
Total Military construction, Air Force Reserve .....	BA		46,200	38,600	20,800	36,700
	O		66,619	50,800	37,100	28,600



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Base realignment and closure account .....	Appropriation, current .....	051 BA	480,000	998,100	<sup>^</sup> 733,600	<sup>^</sup> 540,700
	Outlays .....	O	18,255	206,500	560,100	<sup>^</sup> 674,800
Total Base realignment and closure account .....		BA	480,000	998,100	733,600	540,700
		O	18,255	206,500	560,100	674,800
Foreign currency fluctuations, construction .....	Appropriation, current .....	051 BA	19,356			
	Reappropriation .....	BA	25,000			
Total Foreign currency fluctuations, construction .....		BA	44,356			
Total Federal funds Military Construction .....		BA	5,129,528	4,995,488	4,536,900	3,714,400
		O	5,079,794	4,592,000	4,947,900	4,731,000
<b>Family Housing</b>						
<i>Federal funds</i>						
<b>General and Special Funds:</b>						
Family housing, Army .....	Appropriation, current .....	051 BA	1,432,156	1,525,353	<sup>^</sup> 1,534,300	<sup>^</sup> 1,476,800
	Spending authority from offsetting collections, indefinite ..	BA	11,121	16,000	16,000	<sup>^</sup> 16,000
	Outlays (gross) .....	O	1,745,153	1,585,700	1,521,500	<sup>^</sup> 1,521,300
Family housing, Army (gross) .....		BA	1,443,277	1,541,353	1,550,300	1,492,800
		O	1,745,153	1,585,700	1,521,500	1,521,300
	Total, offsetting collections .....	051 BA/O	-11,121	-16,000	-16,000	<sup>^</sup> -16,000
Total Family housing, Army (net) .....		BA	1,432,156	1,525,353	1,534,300	1,476,800
		O	1,734,032	1,569,700	1,505,500	1,505,300
Family housing, Navy and Marine Corps .....	Appropriation, current .....	051 BA	792,421	854,981	<sup>^</sup> 879,900	<sup>^</sup> 792,900
	Spending authority from offsetting collections, indefinite ..	BA	29,759	16,100	9,728	<sup>^</sup> 10,065
	Outlays (gross) .....	O	833,343	854,100	876,928	<sup>^</sup> 925,465
Family housing, Navy and Marine Corps (gross) .....		BA	822,180	871,081	889,628	802,965
		O	833,343	854,100	876,928	925,465
	Total, offsetting collections .....	051 BA/O	-29,759	-16,100	-9,728	<sup>^</sup> -10,065
Total Family housing, Navy and Marine Corps (net) .....		BA	792,421	854,981	879,900	792,900
		O	803,584	838,000	867,200	915,400
Family housing, Air Force .....	Appropriation, current .....	051 BA	870,004	888,435	<sup>^</sup> 1,081,500	<sup>^</sup> 1,167,000
	Spending authority from offsetting collections, indefinite ..	BA	9,032	9,500	8,311	<sup>^</sup> 8,275
	Outlays (gross) .....	O	951,949	918,900	1,019,311	<sup>^</sup> 1,135,675
Family housing, Air Force (gross) .....		BA	879,036	897,935	1,089,811	1,175,275
		O	951,949	918,900	1,019,311	1,135,675
	Total, offsetting collections .....	051 BA/O	-9,032	-9,500	-8,311	<sup>^</sup> -8,275
Total Family housing, Air Force (net) .....		BA	870,004	888,435	1,081,500	1,167,000
		O	942,917	909,400	1,011,000	1,127,400
Family housing, Defense agencies .....	Appropriation, current .....	051 BA	21,124	20,715	<sup>^</sup> 26,200	<sup>^</sup> 26,800
	Spending authority from offsetting collections, indefinite ..	BA	535	800	800	<sup>^</sup> 800
	Outlays (gross) .....	O	18,709	18,900	23,300	<sup>^</sup> 24,600
Family housing, Defense agencies (gross) .....		BA	21,659	21,515	27,000	27,600
		O	18,709	18,900	23,300	24,600
	Total, offsetting collections .....	051 BA/O	-535	-800	-800	<sup>^</sup> -800
Total Family housing, Defense agencies (net) .....		BA	21,124	20,715	26,200	26,800
		O	18,174	18,100	22,500	23,800
<b>Public Enterprise Funds:</b>						
Homeowners assistance fund, Defense .....	Appropriation, current .....	051 BA	25,100	5,100	84,000	<sup>^</sup> 85,000
	Authority to borrow, permanent, indefinite .....	BA	1,827	1,435	5,000	<sup>^</sup> 5,000
	Spending authority from offsetting collections .....	BA	4,988	4,683	5,000	<sup>^</sup> 5,500
	Outlays (gross) .....	O	6,956	5,883	18,000	<sup>^</sup> 48,500
Homeowners assistance fund, Defense (gross) .....		BA	31,915	11,218	94,000	95,500
		O	6,956	5,883	18,000	48,500

### Department of Defense—Military—Continued

(In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate	
	Total, offsetting collections .....	051 BA/O	-4,988	-4,683	-5,000	" -5,000
Total Homeowners assistance fund, Defense (net) ..	BA	26,927	6,535	89,000	90,500	
	O	1,968	1,200	13,000	43,500	
Total Federal funds Family Housing .....	BA	3,142,632	3,296,019	3,610,900	3,554,000	
	O	3,500,675	3,336,400	3,419,200	3,615,400	
<b>Special Foreign Currency Program</b>						
<i>Federal funds</i>						
General and Special Funds:						
Special foreign currency program .....	Outlays .....	051 O	349			
<b>Revolving and Management Funds</b>						
<i>Federal funds</i>						
<b>Public Enterprise Funds:</b>						
National defense stockpile transaction fund .....	Appropriation, current .....	051 BA		10,000		
	Spending authority from offsetting collections, indefinite ..	BA	35,712	120,000	108,700	" 108,700
	Outlays (gross) .....	O	124,509	123,900	112,000	" 110,300
National defense stockpile transaction fund (gross) ..	BA	35,712	130,000	108,700	108,700	
	O	124,509	123,900	112,000	110,300	
Total, offsetting collections .....	051 BA/O	-35,712	-120,000	-108,700	" -108,700	
Total National defense stockpile transaction fund (net).	BA		10,000			
	O	88,797	3,900	3,300	1,600	
William Langer jewel bearing plant revolving fund .....	Spending authority from offsetting collections, indefinite ..	051 BA	4,912	4,860	5,051	" 5,251
	Outlays (gross) .....	O	4,861	4,860	5,051	" 5,251
William Langer jewel bearing plant revolving fund (gross).	BA	4,912	4,860	5,051	5,251	
	O	4,861	4,860	5,051	5,251	
Total, offsetting collections .....	051 BA/O	-4,912	-4,860	-5,051	" -5,251	
Total William Langer jewel bearing plant revolving fund (net).	BA					
	O	-51				
Laundry service, Naval Academy .....	Spending authority from offsetting collections, indefinite ..	051 BA	2,570	2,622		
	Outlays (gross) .....	O	2,745	2,622		
Laundry service, Naval Academy (gross) .....	BA	2,570	2,622			
	O	2,745	2,622			
Total, offsetting collections .....	051 BA/O	-2,570	-2,622			
Total Laundry service, Naval Academy (net) .....	BA					
	O	175				
<b>Intragovernmental Funds:</b>						
Pentagon reservation maintenance revolving fund .....	Appropriation, current .....	051 BA				" 63,300
	Spending authority from offsetting collections, indefinite ..	BA		82,300	66,600	" 68,200
	Outlays (gross) .....	O		37,500	48,700	" 89,600
Pentagon reservation maintenance revolving fund (gross).	BA		82,300	66,600	131,500	
	O		37,500	48,700	89,600	
Total, offsetting collections .....	051 BA/O		-82,300	-66,600	" -68,200	
Total Pentagon reservation maintenance revolving fund (net).	BA					63,300
	O		-44,800	-17,900	21,400	
Army stock fund .....	Appropriation, current .....	051 BA	-114,000	381,400		
	Contract authority, permanent, indefinite .....	BA	195,226			
	Spending authority from offsetting collections, indefinite ..	BA	7,388,473	8,483,400		
	Outlays (gross) .....	O	7,218,792	8,700,500		
Army stock fund (gross) .....	BA	7,469,699	8,864,800			
	O	7,218,792	8,700,500			
Total, offsetting collections .....	051 BA/O	-7,388,473	-8,483,400			
Total Army stock fund (net) .....	BA		81,226	381,400		
	O	-169,681	217,100			



**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Navy stock fund .....	Appropriation, current .....	051 BA	-411,700			
	Spending authority from offsetting collections, indefinite ..	BA	8,043,500	9,440,823		
	Outlays (gross) .....	O	8,114,248	9,382,723		
Navy stock fund (gross) .....		BA	7,631,800	9,440,823		
		O	8,114,248	9,382,723		
	Total, offsetting collections .....	051 BA/O	-8,043,500	-9,440,823		
Total Navy stock fund (net) .....		BA	-411,700			
		O	70,748	-58,100		
Air Force stock fund .....	Appropriation, current .....	051 BA	111,100	887,900		
	Contract authority, permanent, indefinite .....	BA	9,559			
	Spending authority from offsetting collections, indefinite ..	BA	9,309,250	13,086,224		
	Outlays (gross) .....	O	9,352,762	13,529,424		
Air Force stock fund (gross) .....		BA	9,429,909	13,974,124		
		O	9,352,762	13,529,424		
	Total, offsetting collections .....	051 BA/O	-9,309,250	-13,086,224		
Total Air Force stock fund (net) .....		BA	120,659	887,900		
		O	43,512	443,200		
Defense stock fund .....	Appropriation, current .....	051 BA	-195,000			
	Contract authority, permanent, indefinite .....	BA	1,018,181			
	Spending authority from offsetting collections, indefinite ..	BA	10,581,198	13,852,700		
	Outlays (gross) .....	O	10,702,838	13,830,700		
Defense stock fund (gross) .....		BA	11,404,379	13,852,700		
		O	10,702,838	13,830,700		
	Total, offsetting collections .....	051 BA/O	-10,581,198	-13,852,700		
Total Defense stock fund (net) .....		BA	823,181			
		O	121,640	-22,000		
Army industrial fund .....	Appropriation, current .....	051 BA	-14,300	151,100		
	Spending authority from offsetting collections, indefinite ..	BA	2,974,126	2,542,400		
	Outlays (gross) .....	O	2,901,424	2,596,600		
Army industrial fund (gross) .....		BA	2,959,826	2,693,500		
		O	2,901,424	2,596,600		
	Total, offsetting collections .....	051 BA/O	-2,974,126	-2,542,400		
Total Army industrial fund (net) .....		BA	-14,300	151,100		
		O	-72,702	54,200		
Navy industrial fund .....	Appropriation, current .....	051 BA	-100,000	238,700		
	Spending authority from offsetting collections, indefinite ..	BA	17,365,968	15,173,957		
	Outlays (gross) .....	O	16,991,574	15,134,757		
Navy industrial fund (gross) .....		BA	17,265,968	15,412,657		
		O	16,991,574	15,134,757		
	Total, offsetting collections .....	051 BA/O	-17,365,968	-15,173,957		
Total Navy industrial fund (net) .....		BA	-100,000	238,700		
		O	-374,394	-39,200		
Marine Corps industrial fund .....	Appropriation, current .....	051 BA	-4,000			
	Spending authority from offsetting collections, indefinite ..	BA	121,133	105,724		
	Outlays (gross) .....	O	119,139	104,424		
Marine Corps industrial fund (gross) .....		BA	117,133	105,724		
		O	119,139	104,424		
	Total, offsetting collections .....	051 BA/O	-121,133	-105,724		
Total Marine Corps industrial fund (net) .....		BA	-4,000			
		O	-1,994	-1,300		
Air Force industrial fund .....	Spending authority from offsetting collections, indefinite ..	051 BA	5,895,479	5,758,899		
	Outlays (gross) .....	O	6,091,240	5,748,099		
Air Force industrial fund (gross) .....		BA	5,895,479	5,758,899		
		O	6,091,240	5,748,099		
	Total, offsetting collections .....	051 BA/O	-5,895,479	-5,758,899		
Total Air Force industrial fund (net) .....		BA				
		O	195,761	-10,800		

### Department of Defense—Military—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Defense industrial fund .....	Appropriation, current .....	051 BA	-29,200	4,000		
	Spending authority from offsetting collections, indefinite ..	BA	1,313,571	1,350,200		
	Outlays (gross) .....	O	1,164,662	1,342,100		
Defense industrial fund (gross) .....		BA	1,284,371	1,354,200		
		O	1,164,662	1,342,100		
	Total, offsetting collections .....	051 BA/O	-1,313,571	-1,350,200		
Total Defense industrial fund (net) .....		BA	-29,200	4,000		
		O	-148,909	-8,100		
Defense business operations fund .....	Appropriation, current .....	051 BA		3,400,200		<sup>N</sup> 2,273,200
	Spending authority from offsetting collections, indefinite ..	BA		73,843,417		<sup>N</sup> 75,056,549
	Outlays (gross) .....	O		75,669,217		<sup>N</sup> 77,306,749
Defense business operations fund (gross) .....		BA		77,243,617		77,329,749
		O		75,669,217		77,306,749
	Total, offsetting collections .....	051 BA/O		-73,843,417		<sup>N</sup> -75,056,549
Total Defense business operations fund (net) .....		BA		3,400,200		2,273,200
		O		1,825,800		2,250,200
Navy management fund .....	Spending authority from offsetting collections, indefinite ..	051 BA	558,762	573,790	571,200	<sup>N</sup> 568,500
	Outlays (gross) .....	O	589,946	573,790	571,200	<sup>N</sup> 568,500
Navy management fund (gross) .....		BA	558,762	573,790	571,200	568,500
		O	589,946	573,790	571,200	568,500
	Total, offsetting collections .....	051 BA/O	-558,762	-573,790	-571,200	<sup>N</sup> -568,500
Total Navy management fund (net) .....		BA				
		O	31,184			
Army conventional ammunition working capital fund .....	Spending authority from offsetting collections, indefinite ..	051 BA	2,790,226	2,276,146	1,707,000	<sup>N</sup> 1,778,100
	Outlays (gross) .....	O	2,676,056	2,276,146	1,707,000	<sup>N</sup> 1,778,100
Army conventional ammunition working capital fund (gross) .....		BA	2,790,226	2,276,146	1,707,000	1,778,100
		O	2,676,056	2,276,146	1,707,000	1,778,100
	Total, offsetting collections .....	051 BA/O	-2,790,226	-2,276,146	-1,707,000	<sup>N</sup> -1,778,100
Total Army conventional ammunition working capital fund (net) .....		BA				
		O	-114,170			
Emergency response fund .....	Appropriation, current .....	051 BA	100,000			
Total Federal funds Revolving and Management Funds .....		BA	565,866	1,673,100	3,400,200	2,336,500
		O	-330,084	534,100	1,811,200	2,273,200

### Allowances

#### Federal funds

<b>General and Special Funds:</b>						
Other legislation .....	Appropriation, current .....	051 BA			<sup>J</sup> -185,900	<sup>N</sup> -792,900
	Outlays .....	O			<sup>J</sup> -2,457,400	<sup>N</sup> -1,133,100
Savings from reform of Davis-Bacon Act .....	Appropriation, current .....	051 BA			<sup>J</sup> -150,000	<sup>N</sup> -110,000
	Outlays (gross) .....	O			<sup>J</sup> -81,000	<sup>N</sup> -113,900
Total Savings from reform of Davis-Bacon Act .....		BA			-150,000	-110,000
		O			-81,000	-113,900
General transfer authority outlay allowance .....	Outlays .....	051 O			420,000	<sup>N</sup> 330,000
Total Federal funds Allowances .....		BA			-335,900	-902,900
		O			-2,118,400	-917,000

### Trust Funds

#### Trust funds

Department of the Army trust funds .....	Appropriation, permanent, indefinite .....	051 BA	117	700	700	<sup>N</sup> 700
	Outlays .....	O	161	400	400	<sup>N</sup> 400
Department of the Navy trust funds .....	Appropriation, permanent, indefinite .....	051 BA	38,012	30,300	29,400	<sup>N</sup> 30,400
	Outlays .....	O	34,401	28,600	27,600	<sup>N</sup> 28,100
Department of the Air Force general gift fund .....	Appropriation, permanent, indefinite .....	051 BA	247	200	200	<sup>N</sup> 200
	Outlays .....	O	118	200	200	<sup>N</sup> 200



### Department of Defense—Civil—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
<i>Trust funds</i>						
Military retirement fund	Appropriation, permanent, indefinite	602 BA	33,970,174	35,551,417	36,874,200	38,523,600
	Outlays	O	21,543,594	22,977,700	24,672,800	26,220,800
<b>Summary</b>						
Federal funds:						
(As shown in detail above)		BA	10,596,000	10,782,000	11,402,000	12,057,000
		O	10,597,729	10,782,000	11,402,000	12,057,000
Trust funds:						
(As shown in detail above)		BA	33,970,174	35,551,417	36,874,200	38,523,600
		O	21,543,594	22,977,700	24,672,800	26,220,800
Interfund transactions		054 BA/O	-10,596,000	-10,782,000	-11,402,000	-12,057,000
Total Military Retirement		BA	33,970,174	35,551,417	36,874,200	38,523,600
		O	21,545,323	22,977,700	24,672,800	26,220,800
<b>Education Benefits</b>						
<i>Trust funds</i>						
Education benefits fund	Appropriation, permanent, indefinite	702 BA	158,036	147,600	125,600	118,300
	Outlays	O	130,044	146,700	153,700	160,500
<b>Summary</b>						
Trust funds:						
(As shown in detail above)		BA	158,036	147,600	125,600	118,300
		O	130,044	146,700	153,700	160,500
Interfund transactions		702 BA/O	-100,427	-95,824	-81,209	-78,963
Total Education Benefits		BA	57,609	51,776	44,391	39,337
		O	29,617	50,876	72,491	81,537
<b>Armed Services Retirement Home</b>						
<i>Soldiers' and Airmen's Home</i>						
<i>Trust funds</i>						
Operation and maintenance	Appropriation, current	705 BA	38,745	40,581	42,123	43,339
	Spending authority from offsetting collections, indefinite ..	BA	123	215	226	
	Outlays (gross)	O	38,536	40,611	42,193	43,216
Operation and maintenance (gross)		BA	38,868	40,796	42,349	43,339
		O	38,536	40,611	42,193	43,216
Total, offsetting collections		705 BA/O	-123	-215	-226	
Total Operation and maintenance (net)		BA	38,745	40,581	42,123	43,339
		O	38,413	40,396	41,967	43,216
Capital outlays	Appropriation, current	705 BA	9,375	11,223	4,220	10,000
	Outlays	O	20,602	21,496	24,033	9,004
Payment of claims	Appropriation, permanent, indefinite	705 BA		5	5	5
	Outlays	O		5	5	5
Soldiers' and Airmen's Home revolving fund	Spending authority from offsetting collections, indefinite ..	705 BA	696	628	875	
	Outlays (gross)	O	611	628	875	
Soldiers' and Airmen's Home revolving fund (gross)		BA	696	628	875	
		O	611	628	875	
Total, offsetting collections		705 BA/O	-696	-628	-875	
Total Soldiers' and Airmen's Home revolving fund (net)		BA				
		O	-85			
<b>Summary</b>						
Trust funds:						
(As shown in detail above)		BA	48,120	51,809	46,348	53,344
		O	58,930	61,897	66,005	52,225
Deductions for offsetting receipts:						
Proprietary receipts from the public		705 BA/O	-4,896	-4,939	-6,814	-7,377
Total Soldiers' and Airmen's Home		BA	43,224	46,870	39,534	45,967
		O	54,034	56,958	59,191	44,848

### Department of Defense—Civil—Continued

(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
<b>Flood control, Mississippi River and tributaries</b>						
Appropriation, current	301 BA		330,298	344,806	348,550	346,550
Spending authority from offsetting collections, indefinite ..	BA		568	440	450	460
Outlays (gross)	O		333,162	380,318	346,417	347,010
<b>Flood control, Mississippi River and tributaries (gross)</b>						
	BA		330,864	345,046	347,000	347,010
	O		333,162	380,318	346,417	347,010
Total, offsetting collections	301 BA/O		-571	-440	-450	-460
<b>Total Flood control, Mississippi River and tributaries (net)</b>						
	BA		330,293	344,806	346,550	346,550
	O		332,591	379,878	345,967	346,550
<b>Permanent appropriations:</b>						
(Water resources)	(Appropriation, permanent, indefinite)	301 BA	7,686	7,000	7,000	7,000
	(Outlays)	O	4,658	7,686	7,000	7,000
(Other general purpose fiscal assistance)	(Appropriation, permanent, indefinite)	806 BA	7,014	6,000	6,000	6,000
	(Outlays)	O	5,890	7,014	6,000	6,000
	(Outlays for grants to State and local governments)	O	(5,890)	(7,014)	(6,000)	(6,000)
<b>Total Permanent appropriations</b>						
	BA		14,700	13,000	13,000	13,000
	O		10,548	14,700	13,000	13,000
<b>Intragovernmental Funds:</b>						
<b>Revolving fund</b>						
Appropriation, current	301 BA		9,860			
Spending authority from offsetting collections, indefinite ..	BA		2,210,324	2,197,025	2,097,000	
Outlays (gross)	O		2,168,324	2,197,025	2,097,000	
<b>Revolving fund (gross)</b>						
	BA		2,220,184	2,197,025	2,097,000	
	O		2,168,324	2,197,025	2,097,000	
Total, offsetting collections	301 BA/O		-2,210,324	-2,197,025	-2,097,000	
<b>Total Revolving fund (net)</b>						
	BA		9,860			
	O		-42,000			
<b>Trust funds</b>						
<b>Inland waterways trust fund</b>						
Appropriation, current	301 BA		124,082	117,000	137,410	126,419
Outlays	O		123,190	92,142	129,246	130,816
<b>Rivers and harbors contributed funds</b>						
Appropriation, permanent, indefinite	301 BA		135,819	176,000	228,840	229,340
Outlays	O		138,192	176,000	228,840	229,340
<b>Harbor maintenance trust fund</b>						
Appropriation, current	301 BA		159,074	485,500	498,600	518,370
Outlays	O		159,074	485,500	498,600	518,370
<b>Coastal wetlands restoration trust fund</b>						
Appropriation, permanent, indefinite	301 BA				34,012	35,819
Outlays	O				34,012	35,819
<b>Summary</b>						
<b>Federal funds:</b>						
(As shown in detail above)	BA		2,913,377	2,712,996	2,872,174	3,029,643
	O		3,070,912	2,772,388	2,797,487	2,953,600
<b>Deductions for offsetting receipts:</b>						
Proprietary receipts from the public	301 BA/O		-7,114	-6,100	-6,100	-6,100
	303 BA/O		-15,856	-17,000	-18,000	-19,000
					-20,000	-20,000
<b>Total Federal funds</b>						
	BA		2,890,407	2,689,896	2,828,074	2,984,543
	O		3,047,942	2,749,288	2,753,387	2,908,500
<b>Trust funds:</b>						
(As shown in detail above)	BA		418,975	778,500	898,862	907,948
	O		420,456	753,642	890,698	912,345
<b>Deductions for offsetting receipts:</b>						
Proprietary receipts from the public	301 BA/O		-144,668	-186,300	-239,280	-239,910
<b>Total Trust funds</b>						
	BA		274,307	592,200	659,582	668,038
	O		275,788	567,342	651,418	672,435
<b>Total Corps of Engineers—Civil</b>						
	BA		3,164,714	3,262,096	3,487,656	3,652,581
	O		3,323,730	3,316,630	3,404,805	3,580,935
<b>Military Retirement</b>						
<b>Federal funds</b>						
<b>General and Special Funds:</b>						
Payment to military retirement fund	054 BA		10,596,000	10,782,000	11,402,000	~ 12,057,000
	O		10,596,000	10,782,000	11,402,000	~ 12,057,000
Retired pay, Defense	602 O		1,729			



### Department of Defense—Civil (In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
<b>Cemeterial Expenses, Army</b>						
<i>Federal funds</i>						
<b>General and Special Funds:</b>						
Salaries and expenses .....	Appropriation, current .....	705 BA	12,374	12,236	12,587	12,411
	Outlays .....	O	11,848	12,271	12,542	12,865
<b>Corps of Engineers—Civil</b>						
<i>Federal funds</i>						
<b>General and Special Funds:</b>						
General investigations .....	Appropriation, current .....	301 BA	129,251	146,435	160,342	160,342
	Spending authority from offsetting collections, indefinite ..	BA	1,310	1,000	1,300	1,300
	Outlays (gross) .....	O	135,699	150,117	157,470	161,642
General investigations (gross) .....		BA	130,561	147,435	161,642	161,642
		O	135,699	150,117	157,470	161,642
	Total, offsetting collections .....	301 BA/O	-1,310	-1,000	-1,300	-1,300
Total General investigations (net) .....		BA	129,251	146,435	160,342	160,342
		O	134,389	149,117	156,170	160,342
Construction, general .....	Appropriation, current .....	301 BA	959,729	1,026,086	1,084,947	1,222,605
	Spending authority from offsetting collections, indefinite ..	BA	310,428	349,309	397,410	400,000
	Outlays (gross) .....	O	1,490,494	1,281,500	1,423,783	1,546,124
Construction, general (gross) .....		BA	1,270,157	1,375,395	1,482,357	1,622,605
		O	1,490,494	1,281,500	1,423,783	1,546,124
	Total, offsetting collections .....	301 BA/O	-310,432	-349,309	-397,410	-400,000
Total Construction, general (net) .....		BA	959,725	1,026,086	1,084,947	1,222,605
		O	1,180,062	932,191	1,026,373	1,146,124
Operation and maintenance, general:						
(Water resources) .....	(Appropriation, current) .....	301 BA	1,219,425	945,169	1,001,335	999,146
	(Spending authority from offsetting collections, indefinite)	BA	180,121	502,036	515,600	540,000
	(Outlays (gross)) .....	O	1,376,167	1,511,852	1,508,502	1,539,584
Total (Water resources) .....		BA	1,399,546	1,447,205	1,516,935	1,539,146
		O	1,376,167	1,511,852	1,508,502	1,539,584
(Recreational resources) .....	(Appropriation, current) .....	303 BA	19,720	20,000	15,000	17,000
	(Outlays (gross)) .....	O	19,720	20,000	15,000	17,000
Total (Recreational resources) .....		BA	19,720	20,000	15,000	37,000
		O	19,720	20,000	15,000	37,000
Operation and maintenance, general (gross) .....		BA	1,419,266	1,467,205	1,531,935	1,576,146
		O	1,395,887	1,531,852	1,523,502	1,576,584
	Total, offsetting collections .....	301 BA/O	-180,170	-502,036	-515,600	-540,000
Total Operation and maintenance, general (net) .....		BA	1,239,096	965,169	1,016,335	1,036,146
		O	1,215,717	1,029,816	1,007,902	1,036,584
Regulatory program .....	Appropriation, current .....	301 BA	68,455	71,100	86,000	86,000
	Outlays .....	O	65,794	76,658	85,255	86,000
Flood control and coastal emergencies .....	Appropriation, current .....	301 BA	20,000	20,000	15,000	15,000
	Spending authority from offsetting collections, indefinite ..	BA	97,567	9,751	9,000	9,000
	Outlays (gross) .....	O	145,363	55,106	26,500	24,000
Flood control and coastal emergencies (gross) .....		BA	117,567	29,751	24,000	24,000
		O	145,363	55,106	26,500	24,000
	Total, offsetting collections .....	301 BA/O	-97,567	-9,751	-9,000	-9,000
Total Flood control and coastal emergencies (net) ..		BA	20,000	20,000	15,000	15,000
		O	47,796	45,355	17,500	15,000
General expenses .....	Appropriation, current .....	301 BA	141,997	126,600	150,000	150,000
	Outlays .....	O	126,015	144,673	145,320	150,000

**Department of Defense—Military—Continued**  
(In thousands of dollars)

Account			1990 actual	1991 estimate	1992 estimate	1993 estimate
Surcharge collections, sales of commissary stores, Army	Contract authority, permanent, indefinite .....	051 BA		42,400		
	Spending authority from offsetting collections, indefinite ..	BA	102,508	102,783		
	Outlays (gross) .....	O	103,242	122,783		
Surcharge collections, sales of commissary stores, Army (gross).		BA	102,508	145,183		
		O	103,242	122,783		
Total, offsetting collections .....	051 BA/O		-102,508	-102,783		
Total Surcharge collections, sales of commissary stores, Army (net).		BA		42,400		
		O	734	20,000		
Department of the Navy trust revolving funds .....	Spending authority from offsetting collections, indefinite ..	051 BA	79,507	89,944	24,530	~ 28,072
	Outlays (gross) .....	O	73,971	89,444	24,030	~ 27,572
Department of the Navy trust revolving funds (gross)		BA	79,507	89,944	24,530	28,072
		O	73,971	89,444	24,030	27,572
Total, offsetting collections .....	051 BA/O		-79,507	-89,944	-24,530	~ -28,072
Total Department of the Navy trust revolving funds (net).		BA				
		O	-5,536	-500	-500	-500
Department of the Air Force trust revolving funds .....	Contract authority, permanent, indefinite .....	051 BA		37,700		
	Spending authority from offsetting collections, indefinite ..	BA	185,166	187,101	48,500	~ 49,500
	Outlays (gross) .....	O	164,337	168,801	53,500	~ 54,500
Department of the Air Force trust revolving funds (gross).		BA	185,166	224,801	48,500	49,500
		O	164,337	168,801	53,500	54,500
Total, offsetting collections .....	051 BA/O		-185,166	-187,101	-48,500	~ -49,500
Total Department of the Air Force trust revolving funds (net).		BA		37,700		
		O	-20,829	-18,300	5,000	5,000
Surcharge collections, sales of commissary stores, defense.	Contract authority, permanent, indefinite .....	051 BA			4,400	
	Spending authority from offsetting collections, indefinite ..	BA			321,452	~ 338,100
	Outlays (gross) .....	O			318,152	~ 334,800
Surcharge collections, sales of commissary stores, defense (gross).		BA			325,852	338,100
		O			318,152	334,800
Total, offsetting collections .....	051 BA/O				-321,452	~ -338,100
Total Surcharge collections, sales of commissary stores, defense (net).		BA			4,400	
		O			-3,300	-3,300
Total Trust funds Trust Funds .....		BA	38,376	111,300	34,700	31,300
		O	9,049	30,400	29,400	29,900
<b>Summary</b>						
Federal funds:						
(As shown in detail above) .....		BA	293,857,547	273,654,022	279,003,000	278,635,700
		O	290,643,634	288,232,800	283,771,300	279,890,600
Deductions for offsetting receipts:						
Intrafund transactions .....	051 BA/O		60			
Proprietary receipts from the public .....	051 BA/O		-870,484	-784,800	-727,500	-743,100
Total Federal funds .....		BA	292,987,123	272,869,222	278,275,500	277,892,600
		O	289,773,210	287,448,000	283,043,800	279,147,500
Trust funds:						
(As shown in detail above) .....		BA	38,376	111,300	34,700	31,300
		O	9,049	30,400	29,400	29,900
Interfund transactions .....	051 BA/O		-26,909	-27,500	-28,000	-29,000
Total Department of Defense—Military .....		BA	292,998,590	272,953,022	278,282,200	277,894,900
		O	289,755,350	287,450,900	283,045,200	279,148,400



**Department of Defense—Civil—Continued**  
(In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate
<i>U.S. Naval Home</i>					
<i>Trust funds</i>					
U.S. Naval home — Operation and maintenance .....	Appropriation, current .....	705 BA		10,055	10,358
	Outlays .....	O		9,975	10,297
U.S. Naval home — Capital program .....	Appropriation, current .....	705 BA		1,253	3,000
	Outlays .....	O		571	1,618
Total Trust funds U.S. Naval Home .....		BA		11,308	13,358
		O		10,546	11,915
Total Trust funds Armed Services Retirement Home .....		BA			
		O			
			43,224	46,870	50,842
			54,034	56,958	69,737
					59,325
					56,763
<b>Forest and Wildlife Conservation, Military Reservations</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Forest products program .....	Appropriation, permanent, indefinite .....	302 BA	-1,123		
Wildlife conservation .....	Appropriation, permanent, indefinite .....	303 BA	2,002	2,500	2,600
	Outlays .....	O	1,678	2,700	2,500
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....		BA	879	2,500	2,600
		O	1,678	2,700	2,500
Deductions for offsetting receipts:					
Proprietary receipts from the public .....		302 BA/O	1,123		
		303 BA/O	-2,002	-2,500	-2,600
Total Forest and Wildlife Conservation, Military Reservations .....		BA			
		O	799	200	-100
					-200
<b>The Mildred and Claude Pepper Foundation</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Mildred and Claude Pepper Foundation .....	Appropriation, current .....	552 BA	10,000		
	Outlays .....	O	10,000		
<b>Summary</b>					
Federal funds:					
(As shown in detail above) .....		BA	13,532,630	13,509,732	14,289,361
		O	13,692,167	13,569,359	14,214,529
Deductions for offsetting receipts:					
Proprietary receipts from the public .....		301 BA/O	-7,114	-6,100	-6,100
		302 BA/O	1,123		
		303 BA/O	-17,858	-19,500	-20,600
				-20,000	-21,700
				-20,000	-20,000
Total Federal funds .....		BA	13,508,781	13,484,132	14,242,661
		O	13,668,318	13,543,759	14,167,829
					15,053,954
					15,025,965
Trust funds:					
(As shown in detail above) .....		BA	34,595,305	36,529,326	37,956,318
		O	22,153,024	23,939,939	25,793,749
Deductions for offsetting receipts:					
Proprietary receipts from the public .....		301 BA/O	-144,668	-186,300	-239,280
		705 BA/O	-4,896	-4,939	-8,019
					-239,910
					-8,935
Total Trust funds .....		BA	34,445,741	36,338,087	37,709,019
		O	22,003,460	23,748,700	25,546,450
					39,367,705
					27,108,940
Interfund transactions .....		054 BA/O	-10,596,000	-10,782,000	-11,402,000
		702 BA/O	-100,427	-95,824	-81,209
Total Department of Defense—Civil .....		BA	37,258,095	38,944,395	40,468,471
		O	24,975,351	26,414,635	28,231,070
					42,285,696
					29,951,142

### Allowances (In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate
<b>Allowances for:</b>					
<i>Federal funds</i>					
<b>General and Special Funds:</b>					
Government contribution for proposed PHS commissioned corps retirement accrual .....	Appropriation, current .....	BA		'96,700	'101,200
Contingencies for:	Outlays .....	O		'96,700	'101,200
Relatively uncontrollable programs .....	Appropriation, current .....	BA			0
Other requirements .....	Outlays .....	O			0
	Appropriation, current .....	BA			0
	Outlays .....	O			0
Total Federal funds Allowances for: .....		BA			101,200
		O			101,200

### Operation Desert Shield

#### *Federal funds*

<b>General and Special Funds:</b>					
Operation Desert Shield placeholder .....	Appropriation, current .....	BA	'29,000,000		
	Outlays .....	O	'23,200,000	'4,611,000	'754,000

### Summary

Federal funds:					
(As shown in detail above) .....		BA	29,000,000	96,700	101,200
		O	23,200,000	4,707,700	855,200
Deductions for offsetting receipts:					
Offsetting Governmental receipts .....	929	BA/O	-15,000,000		
Total Allowances .....		BA	14,000,000	96,700	101,200
		O	8,200,000	4,707,700	855,200

### Totals (In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate
<b>Budget Totals</b>					
<b>Federal funds:</b>					
(As shown in detail above) .....		BA	1,024,944,906	1,169,107,070	1,185,489,773
		O	1,006,678,494	1,158,557,381	1,160,014,439
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions .....		BA/O	-17,898,990	-22,122,874	-22,995,307
Interfund transactions from off-budget accounts .....		BA/O	-1,082,152	-400,000	
Proprietary receipts from the public .....		BA/O	-11,538,384	-13,040,292	-13,745,722
			'-55,000	'-183,551	'330,521
Offsetting Governmental receipts .....		BA/O	-15,000,000		
(Undistributed by agency):					
Proprietary receipts from the public:					
Other interest .....	908	BA/O	-2,033		-817,591
Rents and royalties on the Outer Continental Shelf .....	953	BA/O	-3,004,086	-3,729,000	-2,687,000
Sale of major assets .....	954	BA/O		'-85,000	-3,285,157
Other undistributed offsetting receipts .....	959	BA/O		'-1,190,731	'-2,291,580
Total deductions .....		BA/O	-33,525,645	-54,347,166	-40,887,311
Federal fund totals .....		BA	991,419,261	1,114,759,904	1,144,602,462
		O	973,152,849	1,104,210,215	1,119,127,128
					1,104,767,553
<b>Trust funds:</b>					
(As shown in detail above) .....		BA	262,496,465	284,394,277	305,781,358
		O	223,639,024	247,680,355	264,791,061
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions .....		BA/O	-65,221	-813	-813
Intrafund transactions from off-budget accounts .....		BA/O	-3,049,144	-3,583,000	-3,405,000
				'66,000	'66,000
Proprietary receipts from the public .....		BA/O	-23,492,891	-23,856,803	-24,889,695
				'-24,000	'-149,000



**Totals—Continued**  
(In thousands of dollars)

Account		1990 actual	1991 estimate	1992 estimate	1993 estimate
<b>(Undistributed by agency):</b>					
<b>Off-budget under current law:</b>					
Employer share, employee retirement (on-budget) ...	951 BA/O	-3,909,022	-4,971,602	-5,291,184	-5,606,075
	BA/O			-132,000	-132,000
Total deductions	BA/O	-30,516,278	-32,412,218	-33,676,692	-36,441,897
Trust fund totals	BA	231,980,187	251,982,059	272,104,666	288,022,419
	O	193,122,746	215,268,137	231,114,369	246,622,229
<b>Interfund transactions (-):</b>					
Interest received by on-budget trust funds	902 BA/O	-46,416,295	-50,179,372	-53,391,228	-56,726,404
				-84,400	-364,793
Employer share, employee retirement (on-budget) ...	951 BA/O	-24,135,357	-24,565,269	-25,065,975	-25,518,548
				-96,700	-101,200
Applied by agency above	BA/O	-69,085,919	-73,075,884	-77,398,044	-80,872,302
Total interfund transactions	BA/O	-139,637,571	-147,820,525	-156,036,347	-163,583,247
Budget totals $\Delta$	BA	1,083,761,877	1,218,921,438	1,260,670,781	1,193,098,491
	O	1,026,638,024	1,171,657,827	1,194,205,150	1,187,806,535
<b>Off-Budget Totals</b>					
<b>Federal funds:</b>					
(As shown in detail above)	BA	3,082,699	2,721,820	1,803,668	1,812,000
	O	1,625,626	58,865	-1,123,660	1,019,000
Federal fund totals	BA	3,082,699	2,721,820	1,803,668	1,812,000
	O	1,625,626	58,865	-1,123,660	1,019,000
<b>Trust funds:</b>					
(As shown in detail above)	BA	307,921,178	329,847,085	351,109,292	379,863,424
	O	249,705,022	269,364,828	288,631,675	306,478,209
<b>Deductions for offsetting receipts:</b>					
<b>(As shown in detail above):</b>					
Proprietary receipts from the public	BA/O	-127			
Interfund transactions: Applied by agency above	BA/O	-4,707,248	-5,527,488	-5,846,968	-6,276,100
<b>(Undistributed by agency):</b>					
<b>Interfund transactions (-):</b>					
Interest received by off-budget trust funds	903 BA/O	-15,991,240	-20,164,000	-23,733,000	-28,049,000
Employer share, employee retirement (off-budget) ...	952 BA/O	-5,567,027	-5,826,916	-6,231,000	-6,794,000
Subtotal interfund transactions	BA/O	-26,265,515	-31,518,404	-35,810,968	-41,119,100
Total deductions	BA/O	-26,265,642	-31,518,404	-35,810,968	-41,119,100
Trust fund totals	BA	281,655,536	298,328,681	315,298,324	338,744,324
	O	223,439,380	237,846,424	252,820,707	265,359,109
Off-Budget totals $\Delta$	BA	284,738,235	301,050,501	317,101,992	340,556,324
	O	225,065,206	237,905,289	251,697,047	266,378,109
Federal Government totals $\Delta$	BA	1,368,500,112	1,519,971,939	1,577,772,773	1,533,654,815
	O	1,251,703,230	1,409,563,116	1,445,902,197	1,454,184,644

### Federal Government Totals (In thousands of dollars)

	1991		1992		1993	
	BA	Outlays	BA	Outlays	BA	Outlays
Δ Federal Government budget totals are distributed as follows:						
Federal funds:						
Enacted, pending and initial requests:						
Appropriations .....	1,082,144,778	1,072,748,221	1,099,216,525	1,066,195,306	796,759,474	789,463,564
Multi-year appropriations requests <sup>(*)</sup> .....					306,931,543	308,094,692
Legislative action required <sup>(†)</sup> .....			-649,417	-633,465	-657,793	-657,657
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation <sup>(*)</sup> .....	1,950,577	556,546		585,027		303,310
Rescission proposal <sup>(††)</sup> .....	-4,223,027	-831,493		-1,196,118		-275,790
To be proposed separately:						
Under proposed legislation <sup>(‡)</sup> .....	62,956,562	62,942,972	88,629,633	89,232,329	12,367,302	53,033,641
Allowances .....	29,000,000	23,200,000	96,700	4,707,700	101,200	855,200
Deductions for offsetting receipts .....	-54,292,166	-54,292,166	-39,428,029	-39,428,029	-43,069,348	-43,069,348
Under proposed legislation <sup>(‡)</sup> .....	-55,000	-55,000	-1,459,282	-1,459,282	-1,961,059	-1,961,059
Total Federal funds .....	1,117,481,724	1,104,269,080	1,146,406,130	1,118,003,468	1,070,471,319	1,105,786,553
Trust funds:						
Enacted, pending and initial requests:						
Appropriations .....	614,252,568	516,945,669	659,709,911	556,226,737	708,114,075	593,375,456
Multi-year appropriations requests <sup>(*)</sup> .....					209,186	207,811
Legislative action required <sup>(†)</sup> .....			-172,036	-172,036	-180,784	-180,784
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation <sup>(*)</sup> .....		99,514		-121,986		-74,115
To be proposed separately:						
Under proposed legislation <sup>(‡)</sup> .....	-11,206		-2,647,225	-2,509,979	-3,814,737	-3,786,033
Deductions for offsetting receipts .....	-63,930,622	-63,930,622	-69,397,660	-69,397,660	-77,345,997	-77,345,997
Under proposed legislation <sup>(‡)</sup> .....			-90,000	-90,000	-215,000	-215,000
Total Trust funds .....	550,310,740	453,114,561	587,402,990	483,935,076	626,766,743	511,981,338
Interfund transactions (-) .....	-147,820,525	-147,820,525	-156,036,347	-156,036,347	-163,583,247	-163,583,247
Federal Government totals .....	1,519,971,939	1,409,563,116	1,577,772,773	1,445,902,197	1,533,654,815	1,454,184,644

\* Supplemental under existing legislation.

†† Rescission proposal.

‡ Proposed for later transmittal under existing legislation.

‡ Proposed for later transmittal under proposed legislation.

\* Additional authorizing legislation required.

† Legislative action required.

\* Second year of two year budget.



## TOTAL AGENCY OUTLAYS GROSS OF OFFSETTING COLLECTIONS FROM THE PUBLIC

(In billions of dollars)

Department or other unit	1991				1992			
	Net Outlays	Non-Federal Sources <sup>1</sup>	Non-Federal Receipts <sup>2</sup>	Gross Outlays	Net Outlays	Non-Federal Sources <sup>1</sup>	Non-Federal Receipts <sup>2</sup>	Gross Outlays
Legislative Branch .....	2.5	0.1	.....	2.7	3.0	0.1	.....	3.1
The Judiciary .....	2.1	0.1	—	2.1	2.3	.....	—	2.4
Executive Office of the President .....	0.3	*	—	0.3	0.3	*	—	0.3
Funds Appropriated to the President .....	11.3	1.3	11.6	24.1	12.0	0.4	11.5	24.0
Agriculture .....	55.4	20.7	1.6	77.6	55.7	20.1	1.7	77.5
Commerce .....	2.8	0.4	0.2	3.3	2.8	0.5	0.2	3.5
Defense—Military .....	287.5	8.1	0.8	296.4	283.0	9.3	0.7	293.1
Defense—Civilian .....	26.4	.....	0.2	26.6	28.2	.....	0.3	28.5
Education .....	24.8	1.0	0.1	25.9	27.5	1.1	0.1	28.7
Energy .....	13.5	7.3	2.1	22.9	14.9	8.0	2.2	25.1
Health and Human Services except Social Security .....	222.4	3.5	11.8	237.8	242.5	5.0	13.0	260.5
Health and Human Services, Social Security .....	263.8	*	—	263.8	282.8	*	—	282.8
Housing and Urban Development .....	23.5	9.0	—	32.5	24.3	8.8	0.3	33.4
Interior .....	6.4	0.3	2.1	8.8	6.5	0.3	2.1	8.9
Justice .....	8.7	0.1	0.4	9.2	10.0	0.1	0.4	10.6
Labor .....	34.5	1.1	.....	35.6	34.8	1.3	0.1	36.2
State .....	4.3	.....	*	4.3	4.5	*	*	4.5
Transportation .....	30.8	0.3	0.3	31.3	31.9	0.3	0.3	32.4
Treasury .....	277.0	2.7	3.9	283.7	298.6	2.8	3.6	305.0
Veterans Affairs .....	31.3	3.9	1.1	36.3	32.8	2.4	1.2	36.4
Environmental Protection Agency .....	5.8	.....	0.1	5.9	5.9	.....	0.2	6.1
General Services Administration .....	0.8	0.2	0.2	1.1	0.7	0.2	0.2	1.1
NASA .....	13.5	0.1	—	13.5	14.7	0.2	—	14.9
Office of Personnel Management .....	35.2	4.4	—	39.6	37.0	4.9	—	41.9
Small Business Administration .....	0.5	1.3	—	1.9	0.3	1.2	—	1.5
Export-Import Bank of the United States .....	0.5	1.9	—	2.5	0.6	1.8	—	2.4
Federal Deposit Insurance Corporation .....	27.0	19.3	—	46.3	12.1	25.3	—	37.4
Federal Emergency Management Agency .....	1.4	0.8	—	2.1	0.9	0.8	.....	1.7
National Science Foundation .....	2.1	—	—	2.1	2.4	—	—	2.4
Postal Service .....	0.6	43.1	—	43.7	-0.9	46.1	—	45.2
Railroad Retirement Board .....	4.3	—	—	4.3	4.9	—	—	4.9
Resolution Trust Corporation .....	84.6	37.7	—	122.3	76.1	42.5	—	118.6
Tennessee Valley Authority .....	0.1	5.9	—	6.0	0.8	5.7	—	6.6
United States Information Agency .....	1.0	—	*	1.0	1.1	—	*	1.1
Other Independent Agencies .....	4.1	1.2	0.5	5.9	4.2	1.3	0.7	6.2
Allowances .....	8.2	—	15.0	23.2	4.7	—	—	4.7
Undistributed offsetting receipts:								
Interest paid to trust funds .....	-70.3	—	—	-70.3	-77.2	—	—	-77.2
Employer share, employee retirement .....	-35.4	—	—	-35.4	-36.8	—	—	-36.8
Other .....	-3.7	—	3.7	—	-4.0	—	4.0	—
Total .....	1,409.6	175.8	55.7	1,641.0	1,445.9	190.7	42.8	1,679.4

<sup>\*</sup> \$50 million or less.<sup>1</sup> Offsetting collections from the public that are credited to expenditure (appropriation or fund) accounts.<sup>2</sup> Offsetting receipts from the public that are deposited in receipt accounts.

## XII.C. FEDERAL EMPLOYMENT

This chapter discusses civilian employment in the Executive Branch and the employment ceilings used to control unnecessary growth in the number of personnel. It also deals with personnel compensation and benefits and compares the Federal workforce with other government employment, as well as with United States population data.

### FULL-TIME EQUIVALENT OF TOTAL FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

Civilian employment in the executive branch is controlled on a full-time equivalent (FTE) or workyear basis. Postal Service and Department of Defense employment, and some Veterans Affairs employees, have

been exempted by law from full-time equivalent controls.

Table C-1 is a tabulation of full-time equivalent employment levels for the major agencies of the executive branch. The estimates for 1991, 1992, and 1993 constitute upper limits on agency FTE employment for agencies subject to FTE controls.

### SIGNIFICANT CHANGES IN FULL-TIME EQUIVALENT EMPLOYMENT

Civilian agency FTE employment is expected to decrease by nearly 22,800 during 1991, and then to increase by about 23,100 during 1992. Most of the 1991 activity will take place in the Department of Commerce, which will be phasing out temporary employees at the

Table C-1. FULL TIME EQUIVALENT OF FEDERAL CIVILIAN EMPLOYMENT<sup>1</sup>

Agency	Fiscal Year				
	1990 actual <sup>2</sup>	1991 estimate	1992 estimate	1993 estimate	Difference 1991-92
Agriculture .....	110,755	109,762	111,402	111,402	1,640
Commerce .....	87,756	34,858	35,440	36,872	582
Defense—civil functions .....	28,259	28,007	27,944	27,757	-63
Education .....	4,596	4,735	4,927	4,934	192
Energy .....	16,815	17,965	18,330	18,330	365
Health and Human Services .....	117,817	121,725	125,103	125,103	3,378
Housing and Urban Development .....	13,264	13,998	14,250	14,250	252
Interior .....	71,233	73,910	74,491	74,491	581
Justice .....	79,082	88,843	96,236	100,110	7,393
Labor .....	18,050	18,352	18,628	18,650	276
State .....	25,633	26,164	26,458	26,533	294
Transportation .....	64,863	67,740	70,609	71,426	2,869
Treasury .....	155,931	155,643	156,889	158,330	1,246
Veterans Affairs .....	214,040	216,944	218,138	217,023	1,194
Environmental Protection Agency .....	15,155	16,781	17,621	17,621	840
National Aeronautics and Space Administration .....	23,829	24,197	25,032	25,529	835
Other:					
Agency For International Development .....	4,526	4,580	4,562	4,512	-18
General Services Administration .....	19,447	19,717	19,989	19,989	272
Nuclear Regulatory Commission .....	3,188	3,240	3,335	3,335	95
Office of Personnel Management .....	5,702	6,088	6,202	6,202	114
Panama Canal Commission .....	8,293	8,603	8,603	8,603	.....
Small Business Administration .....	5,316	4,009	4,223	4,223	214
Tennessee Valley Authority .....	23,716	25,000	25,000	25,000	.....
United States Information Agency .....	8,598	8,625	8,618	8,641	-7
Miscellaneous .....	43,506	47,048	47,615	47,590	567
<b>Civilian agency employment .....</b>	<b>1,169,370</b>	<b>1,146,534</b>	<b>1,169,645</b>	<b>1,176,456</b>	<b>23,111</b>
Defense—military functions <sup>3</sup> .....	1,021,163	984,297	942,184	904,881	-42,113
Subtotal .....	2,190,533	2,130,831	2,111,829	2,081,337	-19,002
Postal Service Employment <sup>4</sup> .....	789,166	782,131	775,321	775,321	-6,810
<b>Total, Executive Branch .....</b>	<b>2,979,699</b>	<b>2,912,962</b>	<b>2,887,150</b>	<b>2,856,658</b>	<b>-25,812</b>

<sup>1</sup>Excludes developmental positions under the Worker-Trainee Opportunity Program; participants in the Cooperative Education Program; disadvantaged and part-time workers under such Office of Personnel Management programs as Summer Aids, stay-in-school, and junior fellowship; and certain statutory exemptions.

<sup>2</sup>Data are estimated for portions of Defense-Civil Functions as well as for the Federal Reserve System, Board of Governors and the International Trade Commission.

<sup>3</sup>By law (10 U.S.C., Chapter 4, section 140b), the Department of Defense is exempt from full-time equivalent employment controls. Data shown are estimated.

<sup>4</sup>Includes the Postal Rate Commission.



Bureau of the Census that were hired to conduct the 1990 decennial Census of Population and Housing. During 1991, significant increases will occur in the Departments of Agriculture, Health and Human Services, Justice, Transportation, Treasury and Veterans Affairs. Civilian employment in the Department of Defense will decrease by about 42,100 and Postal Service employment will decrease by about 6,800 from 1991 to 1992.

#### END-OF-YEAR EMPLOYMENT LEVELS

Table C-2 shows Governmentwide Federal civilian employment as of the end of fiscal years 1988, 1989, and 1990. Postal Service employment (including the Postal Rate Commission) is also shown, together with data for the legislative and judicial branches and for active duty military personnel.

Table C-2. TOTAL FEDERAL EMPLOYMENT END-OF-YEAR

Description	Actual, as of September 30		
	1988	1989	1990
Executive branch civilian employment (less Postal Service):			
Full-time permanent .....	1,900,842	1,921,145	1,920,637
Other than full-time permanent .....	298,014	286,487	292,834
Subtotal .....	2,198,856	2,207,632	2,213,471
Postal Service:			
Full-time permanent .....	650,058	661,688	651,526
Other than full-time permanent .....	181,956	164,677	165,422
Subtotal .....	832,014	826,365	816,948
Special Categories <sup>1</sup> .....	22,904	30,123	36,748
Subtotal, executive branch civilian employment .....	3,053,774	3,064,120	3,067,167
Military personnel on active duty: <sup>2</sup>			
Department of Defense .....	2,138,213	2,130,229	2,069,357
Department of Transportation (Coast Guard) .....	37,723	37,592	37,087
Subtotal, military personnel .....	2,175,936	2,167,821	2,106,444
<b>Total, executive branch employment</b> ..	<b>5,229,710</b>	<b>5,231,941</b>	<b>5,173,611</b>
Legislative and judicial personnel: <sup>3</sup>			
Full-time permanent .....	35,552	35,855	37,587
Other than full-time permanent .....	23,497	23,750	23,513
Subtotal, legislative and judicial branches .....	59,049	59,605	61,100
<b>Grand total</b> .....	<b>5,288,759</b>	<b>5,291,546</b>	<b>5,234,711</b>
<b>ADDENDUM</b>			
Executive branch employment (less Postal Service):			
DOD-Military functions (total employment) ..	1,010,194	1,037,626	997,197
Non-DOD (total employment) .....	1,188,662	1,170,006	1,216,274
Total .....	2,198,856	2,207,632	2,213,471

<sup>1</sup> Developmental positions under the Worker-Trainee Opportunity Program; participants in the Cooperative Education Program; disadvantaged summer and part-time workers under such Office of Personnel Management programs as Summer Aids, stay-in-school, and junior fellowship; and certain statutory exemptions.

<sup>2</sup> Excludes reserve components.

<sup>3</sup> Excludes members and officers of Congress.

Full-time permanent employees accounted for nearly 86.8 percent of executive branch employment (excluding

the Postal Service) at the end of fiscal year 1990; a ratio that has not varied by more than two percent over the past decade. The remainder were part-time employees, intermittent employees (those employed on an irregular basis) and full-time temporary employees (generally, in positions occupied for less than one year).

#### PERSONNEL COMPENSATION AND BENEFITS

Direct compensation of the current Federal work force includes base pay, merit pay, interim geographic adjustments, recruitment and relocation bonuses, retention allowances, cash incentive and performance awards, meritorious and distinguished executive awards, premium pay for overtime, Sunday and holiday pay, differentials for night work and overseas duty, and flight and other hazardous duty pay. In addition, it includes uniform allowances (when paid in cash), cost-of-living and overseas quarters allowances.

Table C-3 COMPENSATION AND BENEFITS FOR CURRENT PERSONNEL

(Obligations in millions of dollars)

Description	1990 Actual	1991 est.	1992 est.
<b>Civilian personnel costs:</b>			
Executive branch (excluding Postal Service):			
Direct compensation .....	69,950	75,801	79,274
Personnel benefits <sup>1, 2</sup> .....	19,610	21,577	23,542
DOD-Military functions, civilian personnel:			
Direct compensation .....	(-31,232)	(-33,773)	(-34,217)
Personnel benefits .....	(-5,985)	(-6,620)	(-6,762)
Subtotal .....	89,560	97,378	102,816
Postal Service:			
Direct compensation .....	26,198	26,972	27,671
Personnel benefits .....	6,913	10,573	9,121
Subtotal .....	33,111	37,545	36,792
Legislative and judiciary: <sup>3</sup>			
Direct compensation .....	1,445	1,703	1,935
Personnel benefits .....	266	320	385
Subtotal .....	1,711	2,023	2,320
<b>Total, civilian personnel costs <sup>3</sup> ....</b>	<b>124,380</b>	<b>136,944</b>	<b>141,927</b>
<b>Military personnel costs: <sup>4</sup></b>			
Direct compensation .....	52,640	53,659	53,563
Personnel benefits .....	22,979	23,272	23,253
<b>Total, military personnel costs <sup>4</sup> ....</b>	<b>75,619</b>	<b>76,931</b>	<b>76,816</b>
<b>Grand total, personnel costs</b> .....	<b>200,001</b>	<b>213,877</b>	<b>218,744</b>
<b>ADDENDUM</b>			
Retired pay for former personnel:			
Civilian personnel .....	31,288	33,794	35,148
Military personnel .....	22,062	23,505	25,259
<b>Total</b> .....	<b>53,350</b>	<b>57,300</b>	<b>60,406</b>

<sup>1</sup> In addition to the employing agency's contributions to the costs of life and health insurance retirement and Medicare Hospital Insurance, this amount includes transfers from general revenues to amortize the effects of general pay increases on Federal retirement systems, for employees in the legislative and judicial branches as well as employees (nonPostal) in the executive branch. The transfers amounted to \$5,211 million in 1990 and are estimated to be \$5,687 million in 1991 and \$6,078 million in 1992.

<sup>2</sup> Includes allowance of \$97 million in 1992 for Government contributions for proposed PHS commissioned corps retirement accrual.

<sup>3</sup> Excludes members and officers of Congress.

<sup>4</sup> Excludes reserve components.

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

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

#### GOVERNMENT EMPLOYMENT AND POPULATION COMPARISONS

As illustrated in table C-4, the Federal share of total government employment has declined significantly over the last three decades, from 28.1 percent in 1960 to 16.7 percent in 1990. Employment for all government has risen steadily over the period due to increases in State and local government. Only in 1981-82 were there decreases in State and local government.

The ratio of Federal civilian employment to the total U.S. population was 12.2 per thousand in 1990, down from a high of 14.7 in 1968 and 1969.

Table C-4. GOVERNMENT EMPLOYMENT AND POPULATION, 1960-90

Fiscal year	Government employment				Population	
	Federal executive branch <sup>1</sup> (thousands)	State and local governments (thousands)	All governmental units (thousands)	Federal as percent of all governmental units	Total United States (thousands)	Federal employment per 1,000 population
1960 <sup>2</sup>	2,371	6,073	8,444	28.1	180,671	13.1
1961 <sup>2</sup>	2,407	6,295	8,702	27.7	183,691	13.1
1962	2,485	6,533	9,018	27.6	186,538	13.3
1963 <sup>3</sup>	2,490	6,834	9,324	26.7	189,242	13.2
1964 <sup>3</sup>	2,469	7,236	9,705	25.4	191,889	12.9
1965	2,496	7,683	10,179	24.5	194,303	12.8
1966	2,664	8,259	10,923	24.4	196,560	13.6
1967	2,877	8,730	11,607	24.8	198,712	14.5
1968	2,951	9,141	12,092	24.4	200,706	14.7
1969 <sup>4</sup>	2,980	9,496	12,476	23.9	202,677	14.7
1970 <sup>2</sup>	2,944	9,869	12,813	23.0	205,052	14.4
1971 <sup>2</sup>	2,883	10,372	13,255	21.8	207,661	13.9
1972	2,823	10,896	13,719	20.6	209,896	13.4
1973	2,775	11,286	14,061	19.7	211,909	13.1
1974	2,847	11,713	14,560	19.6	213,854	13.3
1975	2,848	12,114	14,962	19.0	215,973	13.2
1976	2,832	12,282	15,114	18.7	218,035	13.0
1977 <sup>5</sup>	2,789	12,704	15,493	18.0	220,904	12.6
1978	2,820	13,050	15,870	17.8	223,278	12.6
1979	2,823	13,359	16,182	17.4	225,779	12.5
1980 <sup>2</sup>	2,821	13,542	16,363	17.2	228,468	12.3
1981 <sup>2</sup>	2,806	13,274	16,080	17.5	230,848	12.2
1982	2,768	13,207	15,975	17.3	233,184	11.9
1983	2,819	13,220	16,039	17.6	<sup>6</sup> 235,439	12.0
1984	2,854	13,504	16,358	17.4	<sup>6</sup> 237,663	12.0
1985	2,964	13,827	16,791	17.7	<sup>6</sup> 239,951	12.4
1986	2,967	14,157	17,124	17.3	<sup>6</sup> 242,295	12.2
1987	3,030	14,402	17,432	17.4	<sup>6</sup> 244,627	12.4
1988	3,054	14,766	17,820	17.1	<sup>6</sup> 247,039	12.4
1989	3,064	15,144	18,208	16.8	<sup>6</sup> 249,493	12.3
1990 <sup>2</sup>	3,067	15,337	18,404	16.7	<sup>6</sup> 252,145	12.2

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

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

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

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

<sup>5</sup>Data for 1956 through 1976 are as of June 30; for 1977 through 1989, as of Sept. 30.

<sup>6</sup>U.S. population data for 1984-1990 are the latest available from the Census Bureau.



## XII.D. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must usually provide budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. For 1992, the Administration proposes \$1,577.8 billion of new budget authority for the Federal Government. Of this amount, \$1,260.7 billion is for agencies included in the budget and \$317.1 billion is for off-budget Federal entities.

Of this total new budget authority, both on-budget and off-budget, \$764.8 billion will require congressional action. New budget authority of \$1,079.4 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847, and the authority to spend offsetting collections credited to appropriation or fund accounts. Budget authority for the medicare, railroad retirement, and unemployment insurance trust funds was changed by statute last year, so that it equals estimated outlays of the funds rather than the funds' receipts. The gross amount of new budget authority is partially offset by

\$266.4 billion of deductions for offsetting collections, which consist of proprietary receipts and collections from the public and collections of one Government account from another.

Not all of the new budget authority for 1992 will be obligated or spent in that year:<sup>1</sup>

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

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

Table D-1. BUDGET AUTHORITY

(in billions of dollars)

Description	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate
<b>Available through current action by the Congress:</b>					
Enacted and pending appropriations .....	635.1	678.3			
Proposed in this budget:					
Appropriations .....			678.8	683.6	739.6
Supplemental requests .....		2.0			
Rescission proposals .....		-4.2			
To be requested separately:					
Upon enactment of proposed legislation .....		62.9	86.0	7.4	0.2
Allowances:					
Civilian agencies <sup>1</sup> .....			0.1	0.1	0.1
Department of Defense-Military <sup>2</sup> .....		29.0	-0.3	-0.9	-4.8
Subtotal, available through current action by Congress .....	635.1	768.0	764.8	691.0	739.8
<b>Available without current action by Congress (permanent appropriations):</b>					
Trust funds (existing law) .....	563.7	606.2	647.7	695.9	749.6
On-budget .....	(255.8)	(276.4)	(296.6)	(316.0)	(337.1)
Off-budget .....	(307.9)	(329.8)	(351.1)	(380.0)	(412.4)
Interest on the public debt .....	264.8	286.3	304.0	320.0	330.0
Other .....	134.8	125.6	127.7	113.0	88.0
Subtotal, available without current action by Congress .....	963.3	1,018.1	1,079.4	1,128.8	1,167.6
<b>Deductions for offsetting receipts</b> .....	-229.9	-266.1	-266.4	-286.2	-301.6
On-budget .....	(-203.7)	(-234.6)	(-230.6)	(-245.1)	(-254.6)
Off-budget .....	(-26.3)	(-31.5)	(-35.8)	(-41.1)	(-46.9)
<b>Total, budget authority</b> .....	<b>1,368.5</b>	<b>1,520.0</b>	<b>1,577.8</b>	<b>1,533.7</b>	<b>1,605.8</b>
On-budget .....	(1,083.8)	(1,218.9)	(1,260.7)	(1,193.1)	(1,239.0)
Off-budget .....	(284.7)	(301.1)	(317.1)	(340.6)	(366.9)

<sup>1</sup> Allowances for Government contribution for proposed Public Health Service (PHS) commissioned corps retirement accrual.

<sup>2</sup> Allowances for Operation Desert Shield placeholder.

ment's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 20 years.

- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for most education and job training activity is appropriated for school or program years that begin with the fourth quarter of the fiscal year. Most of these funds result in outlays in the year after the year of appropriation.
- Prior to the effective date of credit reform in 1992, budget authority for many direct loan and loan guarantee programs was not closely related to outlays in any particular year. Under credit reform the budget authority for new direct loans and new loan guarantees will be the amount required to finance the anticipated subsidy calculated on a net present value basis.
- Government enterprises and insurance programs are occasionally given budget authority for re-

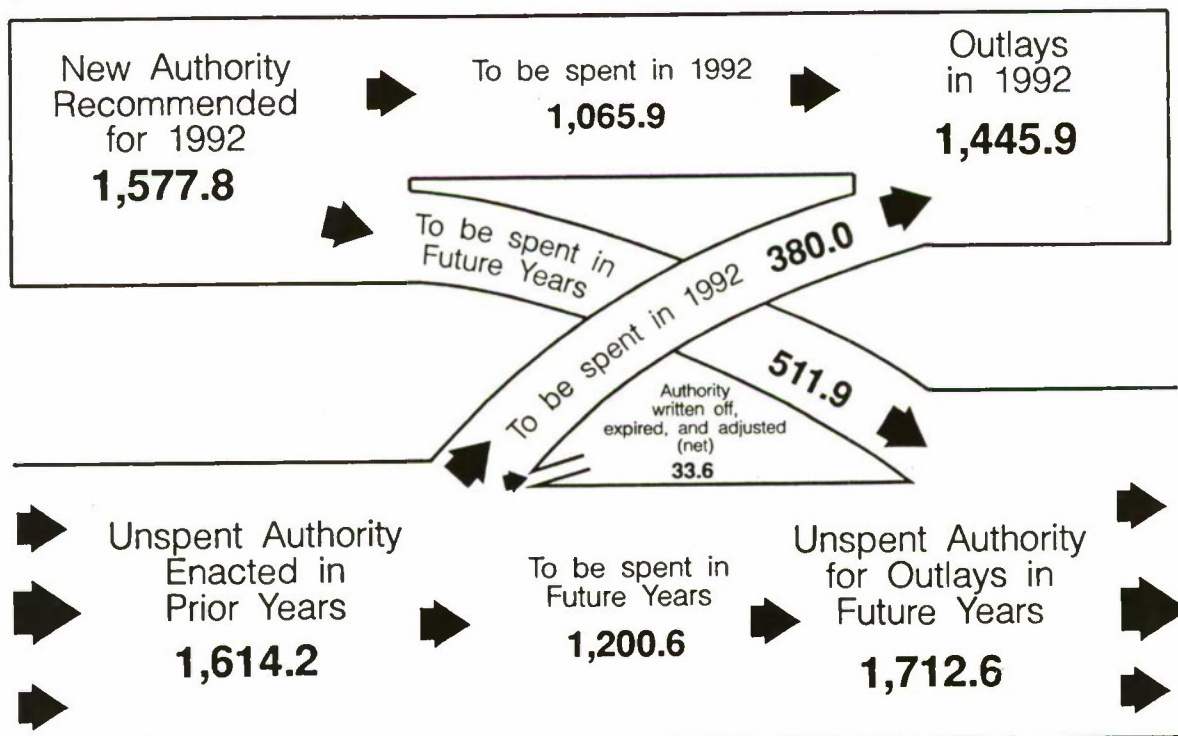
serves that will be used only in the event of special circumstances.

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

As shown in the following chart, \$380.0 billion of the outlays in 1992 (26 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$511.9 billion of the new budget authority proposed for 1992 (32 percent of the total amount proposed) will not lead to outlays until future years. Thus, the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays.

## Relationship of Budget Authority to Outlays - 1992

\$ Billions





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## XIII. DETAILED BUDGET ESTIMATES

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Part Four-215

Pages Part Four-215 through Part Four-221, Part Four-475 through Part Four-547, and portions of pages Part Four-558 through Part Four-563 and Part Four-1199 through Part Four-1222 have been extracted and reprinted herein.

The entire section XIII. may be referred to on pages Part Four-215 through Part Four-1239 of the "Budget of the United States Government."

## EXPLANATION OF ESTIMATES

This chapter contains various tables and schedules in support of the budget. It includes explanations of the work to be performed and the money needed. It includes the language proposed for enactment by Congress on each item for which congressional action in an appropriations bill is required. It also contains the language proposed for the general provisions of appropriations acts that apply to entire agencies or groups of agencies.

### ARRANGEMENT

The sections in this chapter reflect the branches of Government, and the cabinet departments, selected independent agencies, and other activities of the executive branch. The smaller agencies in the executive branch are grouped alphabetically in one section—"Other independent agencies."

Each section is organized by major subordinate organizations within the agency (usually bureaus) or by major program area. For each bureau or major program area, *Federal funds*, covering the funds that are not set aside in "trust," precede *trust funds*, covering moneys that are held by the Government in accounts established by law or by trust agreement for specific purposes and designated by law as being

trust funds. Within each fund group, accounts with new budget authority in 1992 generally will precede those without such an entry. By law, the Old-Age and Survivors Insurance and Disability Insurance trust funds are outside the budget totals. These accounts are presented in a separate section, Health and Human Services, Social Security. Also, by law the Postal Service Fund is outside the budget totals. A presentation for the Fund is included in the "Other independent agencies" section.

The general provisions that are Government-wide in scope (identified "Departments, Agencies, and Corporations"), normally contained in the Treasury, Postal Service, and General Government Appropriations Act appear after this introductory section. The proposed language for general provisions of appropriations acts that are only applicable to the agency in each section appear at the end of that section. In some instances general provisions in an appropriations act may apply to two or more agencies. The first column of the following table lists the most recently enacted appropriations and the major agencies that are included in each act. The second column provides the location of the general provisions that apply to the agencies listed in the first column.

	<i>Appropriation Act</i>	<i>Section in which general provisions appear</i>
1.	Legislative Branch Appropriations Act, 1991 (Public Law 101-520).....	Legislative Branch.
2.	Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991 (Public Law 101-513). Department of Defense Department of State Agency for International Development Department of Agriculture	Funds Appropriated to the President.
3.	Rural Development, Agriculture, and Related Agencies Appropriations Act, 1991 (Public Law 101-506). Department of Agriculture Department of Health and Human Services	Department of Agriculture.
4.	Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1991 (Public Law 101-515). Department of Commerce Department of Justice Department of State The Judiciary Department of Transportation Small Business Administration	Department of Commerce.
5.	Department of Defense Appropriations Act, 1991 (Public Law 101-511).....	Department of Defense Military.
6.	Military Construction Appropriations Act, 1991 (Public Law 101-519).....	Department of Defense.
7.	Energy and Water Development Appropriations Act, 1991 (Public Law 101-514)..... Department of Energy Corps of Engineers Department of Interior	Department of Energy.
8.	Departments of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act, 1991 (Public Law 101-507). Housing and Urban Development NASA Veterans Affairs Environmental Protection Agency General Services Administration	Department of Veterans Affairs.
9.	Department of the Interior and Related Agencies Appropriations Act, 1991 (Public Law 101-512). Department of Interior Department of Agriculture Department of Energy Department of Education Department of Health and Human Services	Department of the Interior.
10.	Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 1991 (Public Law 101-517). Department of Labor	Department of Labor.

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	<i>Appropriation Act</i>	<i>Section in which general provisions appear</i>
	Department of Health and Human Services Department of Education	
11.	Department of Transportation and Related Agencies Appropriations Act, 1991 (Public Law 101-516).	Department of Transportation.
12.	Treasury, Postal Service and General Government Appropriations Act, 1991 (Public Law 101-509). All departments, agencies, and corporations	Department of Treasury. Following this section.

## FORM OF DETAILED MATERIAL

### APPROPRIATIONS LANGUAGE

The language proposed for inclusion in the 1992 appropriations acts is printed following the account title. Language for 1991 appropriations, printed in roman type, is used as a base. Brackets enclose material that is proposed for deletion; italic type indicates proposed new language. At the end of the final language paragraph, and printed in italic within parentheses, are citations to any relevant authorizing legislation and to the specific appropriations act from which the basic text of the 1991 language is taken. Where appropriate, a note follows the language indicating that the budget authority proposed is for continuing activities for which additional appropriations authorization is or has been proposed. An illustration of proposed appropriations language for 1992 follows:

#### OPERATING EXPENSES

For necessary expenses of the Office of Climate Information, **[\$30,290,000]** *\$28,870,000* of which **[\$150,000]** *\$400,000* shall remain available until expended. (34 U.S.C. 218 et seq.; Department of Government Appropriation Act, 1990.)

The language proposed for general provisions is presented in the same fashion, except that the previously enacted language is not shown where whole sections or subsections of language are proposed for deletion.

#### BASIS FOR SCHEDULES

The 1990 column of this budget generally presents the actual transactions and balances for that year, as recorded in agency accounts.

For 1991, the regular schedules include enacted appropriations. In addition, indefinite appropriations are included on the basis of amounts likely to be required.

The 1992 column of the regular schedules includes proposed appropriations for all programs under existing legislation, including those that require extension or renewal of expiring laws.

Amounts for proposed new legislation are shown generally in separate schedules, following the regular schedules or in budget sequence in the respective bureau. These schedules are headed "Proposed for later transmittal under proposed legislation." Appropriations language is included with the regular schedules, but not with the separate schedules for proposed legislation. Necessary appropriations language will be transmitted later upon enactment of the proposed legislation. In some cases, when the amount requested in the budget is less than the amount required for the program level mandated in existing authorizing legislation (as in the case of certain entitlement programs), the reduced amount is reflected in the proposed appropriations language and the regular schedules. The proposed change in the authorizing legislation may be included in the appropriations language transmitted with the budget or in proposed legislation, to be transmitted separately. In these cases, the words, "Legislative Action Required" appear at the end of the language.

### PROGRAM AND FINANCING SCHEDULE

This schedule consists of several parts.

In the "Program by activities" section, obligations generally are shown for specific activities or projects. The activity structure is developed individually for each appropriation or fund account to provide a meaningful presentation of information for the program being financed. That structure is tailored to the individual account and is not uniform across the Government. When the amounts of obligations that are financed from collections credited to an account (reimbursements and repayments) are significant, "Reimbursable program" obligations are shown separately from "Direct program" obligations. When the amounts are significant, "Capital investments" are shown separately from "Operating expenses." The last entry "Total obligations," indicates the minimum amount of budgetary resources that must be available to the appropriation or fund account in that year.

The "Financing" section shows the budgetary resources available or estimated to be available to finance the total obligations. First are unobligated balances of budgetary resources (that have not expired) brought forward from the end of the prior year. Next, those amounts that were available for obligation during the year and were not used, but continue to be available, are shown as an unobligated balance available, end of year. That balance is carried forward and usually obligated in a subsequent year. Other adjusting entries may be included. The residual is the amount of new budget authority required to finance the program. Where more than one kind of budget authority is provided, that information is shown. In some cases, provisions of law other than the appropriations language for the account increase or reduce the budget authority provided. In such cases, the public law number is usually indicated in the stub entry. For example, P.L. 99-177 refers to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, also known as the Gramm-Rudman-Hollings Act. In some cases, the availability of budgetary resources may be restrained by legally binding limitations on obligations. Such limitations are usually included in appropriations language.

The "Relation of obligations to outlays" section shows the difference between obligations, which may not be liquidated in the same year in which they are incurred, and outlays. The amount of obligations that were incurred in previous years but not liquidated, are entered as an obligated balance, start of year. Similarly, an end of year obligated balance is entered. Certain adjusting entries may be included. The residual is the amount of outlays resulting from the liquidation of obligations incurred in that year and previous years.

The "Adjustments to budget authority and outlays" section shows deductions for offsetting collections for those accounts that are credited with such collections. The amounts are listed by source—Federal funds, trust funds, non-Federal sources, or off-budget Federal accounts. The total amount of collections is deducted from gross budget authority and from gross outlays to derive net budget authority and outlays. For accounts with limitations on the authority to spend offsetting collections, the balance of any amount of that is unavailable for obligation is shown at the bottom of the schedule.



## Program and Financing (in thousands of dollars)

Identification code 17-0643-0-1-452	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>			
<b>Direct program:</b>			
00.01 Information services.....	22,866	22,700	21,500
00.02 Meteorological research.....	4,780	4,900	4,900
00.03 Longitudinal weather studies.....	2,500	2,490	2,120
00.04 Construction.....		150	400
00.91 Total direct program.....	30,146	30,240	28,920
01.01 Reimbursable program.....	250	350	380
10.00 Total obligations.....	30,396	30,590	29,300
<b>Financing:</b>			
21.40 Unobligated balance available, start of year.....			-50
24.40 Unobligated balance available, end of year.....		50	
25.00 Unobligated balance lapsing.....	45		
39.00 Budget authority (gross).....	30,441	30,640	29,250
<b>Current:</b>			
40.00 Appropriations.....	30,191	30,290	28,870
<b>Permanent:</b>			
68.00 Spending authority from offsetting collections.....	250	350	380
<b>Relation of obligations to outlays:</b>			
71.00 Total obligations.....	30,396	30,590	29,300
72.40 Obligated balance, start of year.....	1,364	1,120	1,246
74.40 Obligated balance, end of year.....	-1,120	-1,246	-1,275
87.00 Outlays (gross).....	30,640	30,364	29,271
<b>Adjustments to budget authority and outlays:</b>			
<b>Deductions for offsetting collections:</b>			
88.00 Federal funds.....	-250	-350	-380
88.90 Total, offsetting collections.....	-250	-350	-380
89.00 Budget authority (net).....	30,191	30,290	28,870
90.00 Outlays (net).....	30,390	30,114	28,891

A schedule entitled "Summary of Budget Authority and Outlays" is shown immediately following the program and financing schedule and any associated notes for each account that includes separate program and financing schedules for program supplemental requests, requests for later transmittal under proposed or existing legislation, or rescission proposals.

## NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

Narrative statements present briefly the objectives of the program and the work to be financed primarily for 1991. Measures of expected performance may be included, and the relationship to the financial estimates is described.

## SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a schedule of obligations, according to the following uniform list of object classifications:

10 PERSONAL SERVICES AND BENEFITS	24 Printing and reproduction
11 Personnel compensation	25 Other services
12 Personnel benefits	26 Supplies and materials
13 Benefits for former personnel	30 ACQUISITION OF CAPITAL ASSETS
20 CONTRACTUAL SERVICES AND SUPPLIES	31 Equipment
21 Travel and transportation of persons	32 Lands and structures
22 Transportation of things	33 Investments and loans
23.1 Rental payment to GSA	40 GRANTS AND FIXED CHARGES
23.2 Rental payments to others	41 Grants, subsidies, and contributions
23.3 Communications, utilities, and miscellaneous charges	42 Insurance claims and indemnities
	43 Interest and dividends
	44 Refunds

These object classes reflect the nature of the things or services purchased, regardless of the purpose of the program for which they are used.

Several of the object classes are divided into subclasses—personnel compensation, for example, is shown separately for full-time permanent employees, for other than full-time employees, and for certain other payments.

Except for revolving funds, reimbursable obligations are aggregated in a single line and not identified by object class. Data, classified by object, are illustrated in the following schedule:

## Object Classification (in thousands of dollars)

Identification code 17-0643-0-1-452	1990 actual	1991 est.	1992 est.
<b>Direct obligations:</b>			
<b>Personnel compensation:</b>			
11.1 Full-time permanent.....	19,653	19,540	19,200
11.3 Other than full-time permanent.....	792	800	570
11.5 Other personnel compensation.....	231	169	190
11.9 Total personnel compensation.....	20,676	20,509	19,960
12.1 Civilian personnel benefits.....	1,940	1,899	1,887
21.0 Travel and transportation of persons.....	91	85	80
22.0 Transportation of things.....	17	18	17
23.1 Rental payments to GSA.....	1,680	1,752	1,790
23.3 Communications, utilities, and miscellaneous charges.....	1,759	1,580	1,675
24.0 Printing and reproduction.....	1,390	1,429	1,470
25.0 Other services.....	1,774	1,838	559
26.0 Supplies and materials.....	429	480	497
31.0 Equipment.....	390	500	585
32.0 Land and structures.....		150	400
99.0 Subtotal, direct obligations.....	30,146	30,240	28,920
99.0 Reimbursable obligations.....	250	350	380
99.9 Total obligations.....	30,396	30,590	29,300

When obligations for personnel compensation are shown in the object classification schedule, a personnel summary generally will follow the object classification schedule, as illustrated below:

## Personnel Summary

<b>Direct:</b>			
Total number of full-time permanent positions.....	813	785	741
Total compensable workyears:			
Full-time equivalent employment.....	774	748	706
Full-time equivalent of overtime and holiday hours.....	23	17	19
<b>Reimbursable:</b>			
Total number of full-time permanent positions.....	9	13	14
Total compensable workyears: Full-time equivalent employment.....	8	12	13

Control of Federal civilian employment generally is on a full-time equivalent (FTE) or workyear basis for the executive branch.

## BUSINESS-TYPE BUDGET STATEMENTS

Business-type budget statements are presented for activities specifically required by the Government Corporation Control Act or similar legislation and generally for other revolving and trust revolving funds conducting business with the public. They are occasionally presented for funds conducting business within the Government.

## Statement of Revenue and Expense

For many revolving funds there is a statement of revenue and expense that shows the resulting net income or loss for the year. This statement usually includes accrued revenue (e.g., revenue earned) and accrued expenditures (e.g., including costs incurred but not yet paid), whether funded or unfunded.



## Revenue and Expense (in thousands of dollars)

Identification code	16-4023-0-3-754	1990 actual	1991 est.	1992 est.
Operating income:				
0111	Revenue	23,625	27,950	34,980
0112	Expense	-2,830	-3,700	-4,000
Total net income for the year		20,795	24,250	30,980

## Statement of Financial Condition

The statement of financial condition shows assets, liabilities, and equity for the fund at the close of each fiscal year. In addition to this information, which is similar to commercial balance sheet data, budget needs also require additional information, shown in the equity section. A disclosure is made of obligations incurred that have not yet accrued into liabilities (undelivered orders) and of budgetary resources for which no funding has been received (unfinanced budgetary resources). Unfinanced budgetary resources include orders from Federal customers that have not been filled (unfilled orders), and unfinanced budget authority in the form of authority to borrow for which borrowing has not taken place, and contract authority for which liquidating cash has not been received. Orders received from the public must be accompanied by advance payment. The amounts in the 1990 column are unaudited and subject to change at the end of June 1991.

## Financial Condition (in thousands of dollars)

Identification code	16-4023-0-3-754	1989 actual	1990 actual	1991 est.	1992 est.
<b>Assets:</b>					
1000	Fund balance with Treasury	4,250	3,650	4,975	2,725
1100	Accounts receivable: Federal agencies	2,000	2,300	2,200	2,200
1210	Advance and Prepayments: Public	500	600	300	300
1320	Inventories: Stockpiled materials	2,545	2,425	2,695	2,468
1420	Investments: Agency securities, par	3,600	2,500	4,790	4,350
1510	Loans receivable: Public	33,250	45,225	37,750	42,470
1670	Property, plant, and equipment: Land	95,372	100,127	98,910	107,700
1730	Other assets: Seized monetary assets (cash)	195	221	168	189
1999	Total assets	141,712	157,048	151,698	162,402
<b>Liabilities:</b>					
2000	Accounts payable: Federal agencies	2,800	4,700	3,200	4,000
2110	Interest payable: Public	145	300	600	467
2299	Accrued payroll and benefits	115	120	188	200
2615	Debt issued under borrowing authority: Intra-governmental debt: debt to Treasury	32,600	40,000	33,500	42,500
2999	Total liabilities	35,660	45,120	37,488	47,167
<b>Equity:</b>					
3199	Appropriated fund equity: Unexpended financed budget authority: Invested capital	7,850	6,150	9,675	7,075
3200	Revolving fund equity: Appropriated capital	98,762	107,998	106,023	110,327
3999	Total equity	106,052	111,928	114,210	115,235

## FEDERAL CREDIT SCHEDULES

Federal credit programs provide benefits to the public in the form of direct loans and loan guarantees. The Federal Credit Reform Act of 1990 made significant changes in the methods of budgeting and accounting for Federal credit programs. Beginning in 1992, the estimated subsidy costs arising from the direct and guaranteed loans of a program must be calculated on a net present value basis. For most programs, direct loan obligations and loan guarantee commitments cannot be made unless appropriations for the subsidy cost have been provided in advance in annual appropriations acts. In addition, the budget proposes annual limitations on the amount of obligations for direct loans and commitments for guaranteed loans in appropriations language.

Subsidy appropriations are recorded as budget authority in credit program accounts. In addition, the administrative expenses associated with a credit program are financed in the program account. All cash flows arising from direct loan obligations and loan guarantee commitments are recorded in separate financing accounts. The transactions of the financing accounts are not included in the budget totals. The program accounts made subsidy payments, recorded as on-budget outlays, to the financing accounts at the time of the disbursement of the direct or guaranteed loans.

The transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 continue to be accounted for on a cash flow basis and are recorded in liquidating accounts. In most cases, the liquidating account is the account that was used for the program prior to the enactment of the 1990 requirements.

Program and Financing schedules (described above) are shown for program, financing, and liquidating accounts. In addition, a Summary of Loan Levels, Subsidy Budget Authority, and Outlays by Program schedule is shown for program accounts. Status of Direct Loans and Status of Guaranteed Loans schedules (as applicable) are shown for liquidating accounts and financing accounts. Examples of these schedules are shown below. Federal credit programs are discussed in depth in Chapter VII.A.

## Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in thousands of dollars)

Identification code	83-0100-0-1-155	1990 actual	1991 est.	1992 est.
<b>Direct loan levels supportable by subsidy budget authority:</b>				
1150	Direct loan program 1		301,000	301,000
1150	Direct loan program 2		199,000	199,000
1159	Total direct loan levels		500,000	500,000
<b>Direct loan subsidy rates (in percent):</b>				
1320	Direct loan program 1		8.0	8.0
1320	Direct loan program 2		2.9	2.9
1329	Weighted average subsidy rate		6.0	6.0
<b>Direct loan subsidy budget authority:</b>				
1330	Direct loan program 1		24,098	24,098
1330	Direct loan program 2		5,865	5,865
1339	Total subsidy budget authority		29,963	29,963
<b>Direct loan subsidy outlays:</b>				
1340	Direct loan program 1		10,757	10,757
1340	Direct loan program 2		2,618	2,618
1349	Total subsidy outlays		13,375	13,375
<b>Guaranteed loan levels supportable by subsidy budget authority:</b>				
2150	Guaranteed loan program 1		603,000	603,000
2150	Guaranteed loan program 2		517,100	517,000
2150	Guaranteed loan program 3		8,879,900	8,879,900
2159	Total guaranteed loan levels		10,000,000	10,000,000
<b>Guaranteed loan subsidy rates (in percent):</b>				
2320	Guaranteed loan program 1		3.2	3.2
2320	Guaranteed loan program 2		1.4	1.4
2320	Guaranteed loan program 3		0.1	0.1
2329	Weighted average subsidy rate		0.4	0.4
<b>Guaranteed loan subsidy budget authority:</b>				
2330	Guaranteed loan program 1		19,308	19,308
2330	Guaranteed loan program 2		7,241	7,241
2330	Guaranteed loan program 3		8,879	8,879
2339	Total subsidy budget authority		35,428	35,428
<b>Guaranteed loan subsidy outlays:</b>				
2340	Guaranteed loan program 1		11,585	11,585
2340	Guaranteed loan program 2		4,345	4,345

2340	Guaranteed loan program 3.....	5,327	5,327
2349	Total subsidy outlays.....	21,257	21,257

## Status of Direct Loans (in thousands of dollars)

Identification code: 83-4111-0-3-155	1990 actual	1991 est.	1992 est.
Position with respect to appropriations act limitation on obligations:			
1111	Limitation on direct loans.....		500,000
1150	Total direct loan obligations.....		500,000
Cumulative balance of direct loans outstanding:			
Disbursements:			
1231	Direct loan disbursements.....		300,000
1251	Repayments: Repayments and prepayments.....		-25,000
1290	Outstanding, end of year.....		275,000

## Status of Guaranteed Loans (in thousands of dollars)

Identification code: 83-4112-0-3-155	1990 actual	1991 est.	1992 est.
Position with respect to appropriations act limitations on commitments:			
2111	Limitations on guaranteed loans made by private lenders.....		10,000,000
2150	Total guaranteed loan commitments.....		10,000,000
Cumulative balance of guaranteed loans outstanding:			
Disbursements:			
2231	Disbursements of new guaranteed loans.....		1,560,000
2251	Repayments: Repayments and prepayments.....		-500,000
2290	Outstanding, end of year.....		1,060,000

## MEMORANDUM

2299	U.S. contingent liability for guaranteed loans outstanding, end of year.....		1,060,000
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## ALLOCATIONS BETWEEN AGENCIES

In some cases, funds appropriated to the President or to an agency are allocated to one or more agencies that help to carry out a program. Obligations incurred under such allocations are included in the data for the account to which the appropriation is made in the allocating agency. The object classification schedule for such accounts identifies the amount of such obligations by performing agency. A note at the end of

a bureau or equivalent grouping identifies allocations received from other agencies.

## BUDGETS NOT SUBJECT TO REVIEW

In accordance with law or established practice, the presentations for the Legislative Branch, the Judiciary, the Milk Market Orders Assessment Fund of the Department of Agriculture, the Farm Credit Administration, and the International Trade Commission have been included, without review, in the amounts submitted by the agencies.

The budgets of the privately owned Government-sponsored enterprises and the Board of Governors of the Federal Reserve System, are not subject to review; they are included for information purposes only.

## RECONCILIATION OF DIFFERENCES WITH AMOUNTS PUBLISHED BY TREASURY FOR 1990

The following table provides a reconciliation of the receipts, outlays, and deficit total published by Treasury and those published in this budget. The deficit totals for 1990 in this budget are higher than those previously reported by the Department of the Treasury by \$7.5 million. The differences are due to misclassifications and reporting errors by the agencies that were not found in time to be included in the reports by Treasury.

(In millions of dollars)

	Receipts	Outlays	Deficit (-)
Totals published by Treasury.....	1,031,462	1,251,850	-220,388
Adjustments:			
Federal Retirement Thrift Board.....		17	-17
Federal Retirement Thrift Board—offsetting receipt.....		-17	17
Legislative Branch: GAO, Salaries and expenses.....		-3	3
Funds Appropriated to the President: Inter-American Foundation.....		-1	1
Federal Emergency Management Agency.....	76	151	-76
Railroad Retirement Board.....		-35	35
Department of the Interior: Bureau of Land Management.....		1	-1
Department of Energy: SPR petroleum.....		56	-56
Department of Energy: Uranium supply and enrichment.....		-70	70
Department of Justice: Immigration user fees.....	-232	-232	
Funds Appropriated to the President: Agency for International Development.....		-6	6
Federal Home Loan Board: Revolving fund.....		-13	13
Environmental Protection Agency.....	3	3	
Miscellaneous reporting errors.....		3	-3
Adjustments, Net.....	-154	-147	-7
Totals in the budget.....	1,031,308	1,251,703	-220,396



# DEPARTMENT OF DEFENSE—MILITARY

## MILITARY PERSONNEL

### ACTIVE FORCES

These appropriations finance the personnel costs of the active duty forces of the Army, Navy, Marine Corps, and Air Force. Changes in financial requirements are primarily related to military personnel strengths. In addition, these appropriations finance the future retirement benefits of the current active forces. While most of the entitlements financed by these appropriations are set by statute, the estimates reflect continuing efforts to improve management including implementation of audit recommendations, improved management of military travel, and prudent use of bonus programs, and other pay programs.

The numbers of active duty military personnel provided for are shown in the following table. Included in the 1990 actual yearend numbers are 25,652 National Guard and Reserve Personnel called to active duty pursuant to 673b U.S.C. 10:

	YEAREND NUMBER			
	1990 actual	1991 est.	1992 est.	1993 est.
Defense total.....	2,069,357	1,974,184	1,886,400	1,794,500
Officers.....	298,954	285,090	276,149	262,210
Enlisted.....	1,756,850	1,675,611	1,597,101	1,519,441
Academy cadets and midshipmen.....	13,553	13,483	13,150	12,849
Army.....	750,589	702,170	660,200	618,200
Officers.....	104,862	99,291	95,481	89,468
Enlisted.....	641,341	598,413	560,419	524,533
Military Academy cadets.....	4,386	4,466	4,300	4,199
Navy.....	582,854	569,721	551,400	536,000
Officers.....	73,088	71,016	69,468	67,557
Enlisted.....	504,969	494,022	477,382	463,993
Naval Academy midshipmen/aviation cadets.....	4,797	4,683	4,550	4,450
Marine Corps.....	196,652	193,735	188,000	182,200
Officers.....	19,958	19,757	19,180	18,591
Enlisted.....	176,694	173,978	168,820	163,609
Air Force.....	539,262	508,558	486,800	458,100
Officers.....	101,046	95,026	92,020	86,594
Enlisted.....	433,846	409,198	390,480	367,306
Air Force Academy cadets.....	4,370	4,334	4,300	4,200

	AVERAGE NUMBER			
	1990 actual	1991 est.	1992 est.	1993 est.
Defense total.....	2,086,288	2,008,107	1,924,419	1,836,354
Officers.....	301,091	294,409	283,226	270,866
Enlisted.....	1,772,262	1,700,543	1,628,259	1,532,865
Academy cadets and midshipmen.....	12,935	13,155	12,934	12,623
Army.....	753,589	717,774	675,175	634,941
Officers.....	106,286	103,931	98,109	94,006
Enlisted.....	643,117	609,661	572,899	536,899
Military Academy cadets.....	4,186	4,182	4,167	4,036
Navy.....	583,994	569,424	556,676	540,815
Officers.....	72,427	71,695	70,280	68,658
Enlisted.....	507,095	493,100	481,930	467,817
Naval Academy midshipmen/aviation cadets.....	4,472	4,629	4,466	4,340
Marine Corps.....	196,349	195,735	191,806	185,604
Officers.....	20,091	19,889	19,519	18,936
Enlisted.....	176,258	175,846	172,287	166,668

Air Force.....	552,356	525,174	500,762	474,994
Officers.....	102,287	98,894	95,318	89,266
Enlisted.....	445,792	421,936	401,143	381,481
Air Force Academy cadets.....	4,277	4,344	4,301	4,247

### Federal Funds

#### General and special funds:

##### MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; **[\$23,869,226,000] \$24,226,100,000.**

Further, for the foregoing purposes, **\$23,812,200,000**, to become available for obligation on October 1, 1992. (10 U.S.C. 701-04, 744, 956, 1035, 1037, 1047-49, 1212, 1475-80, 2389, 2421, 2634, 3687, 4561, 4562, 4741; chapters 3, 5, 7, and 9 of title 37, United States Code; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

#### Program and Financing (in thousands of dollars)

Identification code	21-1010-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
Direct program:					
00.01	Pay and allowances of officers.....	6,317,300	6,425,185	6,507,982	6,493,561
00.02	Pay and allowances of enlisted personnel.....	15,899,086	15,671,863	15,583,326	15,247,618
00.03	Pay and allowances of cadets.....	35,604	37,482	38,241	39,024
00.04	Subsistence of enlisted personnel.....	1,189,330	824,577	820,980	797,909
00.05	Permanent change of station travel.....	1,105,007	1,172,805	1,182,220	1,137,614
00.06	Other military personnel costs.....	84,287	87,214	93,351	96,474
00.91	Total direct program.....	24,630,614	24,219,126	24,226,100	23,812,200
01.01	Reimbursable program.....	143,774	114,000	126,800	145,600
10.00	Total obligations.....	24,774,388	24,333,126	24,352,900	23,957,800
<b>Financing:</b>					
22.40	Unobligated balance transferred, net.....	-27,100			
25.00	Unobligated balance lapsing.....	11,000			
39.00	<b>Budget authority (gross).....</b>	<b>24,758,288</b>	<b>24,333,126</b>	<b>24,352,900</b>	<b>23,957,800</b>
<b>Budget authority:</b>					
Current:					
40.00	Appropriation.....	24,273,214	23,869,226	24,226,100	23,812,200
40.00	Appropriation (section 8141, P.L. 101-511).....		58,000		
40.49	Portion applied to liquidate contract authority.....	-123,100			
42.00	Transferred from other accounts.....	341,300	291,900		
43.00	Appropriation (adjusted).....	24,491,414	24,219,126	24,226,100	23,812,200
Permanent:					
68.00	Spending authority from offsetting collections.....	143,774	114,000	126,800	145,600
69.15	Contract authority (indefinite).....	123,100			



## General and special funds—Continued

## MILITARY PERSONNEL, ARMY—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2010-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Relation of obligations to outlays:					
71.00	Total obligations.....	24,774,388	24,333,126	24,352,900	23,957,800
72.40	Obligated balance, start of year.....	71,831	1,294,367	1,322,593	1,371,393
74.40	Obligated balance, end of year.....	-1,294,367	-1,322,593	-1,371,393	-1,398,693
77.00	Adjustments in expired accounts.....	827			
87.00	Outlays (gross).....	23,552,680	24,304,900	24,304,100	23,930,500
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds.....	-62,172	-46,292	-63,100	-79,335
88.30	Trust funds.....	-29,980	-31,683	-29,807	-31,007
88.40	Non-Federal sources.....	-51,622	-36,025	-33,893	-35,258
88.90	Total, offsetting collections.....	-143,774	-114,000	-126,800	-145,600
89.00	Budget authority (net).....	24,614,514	24,219,126	24,226,100	23,812,200
90.00	Outlays (net).....	23,408,906	24,190,900	24,177,300	23,784,900

## Object Classification (in thousands of dollars)

Identification code	21-2010-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
Personnel compensation:					
11.7	Military personnel.....	15,524,847	15,628,420	15,555,116	15,354,410
11.8	Special personal services payments.....	253	251	250	249
11.9	Total personnel compensation benefits.....	15,525,100	15,628,671	15,555,366	15,354,659
Military personnel benefits:					
12.2	Accrued retirement benefits.....	5,370,463	5,257,722	5,198,404	5,074,436
12.2	Other personnel benefits.....	2,236,306	2,048,829	2,195,152	2,119,016
13.0	Benefits for former personnel.....	81,647	78,200	85,500	92,600
21.0	Travel and transportation of persons.....	337,514	353,967	338,943	330,539
22.0	Transportation of things.....	651,897	725,698	747,971	740,604
25.0	Other services: Contracts.....	29,230	29,187	26,485	25,798
26.0	Supplies and materials.....	396,545	94,833	76,319	72,758
42.0	Insurance claims and indemnities.....	1,912	2,019	1,960	1,790
99.0	Subtotal, direct obligations.....	24,630,614	24,219,126	24,226,100	23,812,200
99.0	Reimbursable obligations.....	143,774	114,000	126,800	145,600
99.9	Total obligations.....	24,774,388	24,333,126	24,352,900	23,957,800

## MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; [\$19,065,967,000] \$19,597,700,000.

Further, for the foregoing purposes, \$19,892,700,000, to become available for obligation on October 1, 1992. (10 U.S.C. 600, 683-4, 701-4, 744, 956, 1035, 1037, 1047-49, 1212, 1475-80, 2421, 2634, 5413-14, 5441-42, 5444, 5446, 5450-51, 5454, 5501, 5503, 6081-86, 6221, 6911-12, 6960, 6969; 26 U.S.C. 3121; chapters 3, 5, 7, 9, and 10 of title 37, United States Code; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1453-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
00.01	Pay and allowances of officers.....	4,580,685	4,646,545	4,761,836	4,818,049

00.02	Pay and allowances of enlisted personnel.....	13,177,469	13,344,617	13,529,443	13,739,737
00.03	Pay and allowances of cadets.....	40,037	41,969	42,151	42,746
00.04	Subsistence of enlisted personnel.....	853,700	568,742	583,781	592,211
00.05	Permanent change of station travel.....	588,846	604,768	636,934	654,936
00.06	Other military personnel costs.....	40,915	39,826	43,555	45,021
00.91	Total direct program.....	19,281,652	19,246,467	19,597,700	19,892,700
01.01	Reimbursable program.....	124,281	314,800	320,700	347,900
10.00	Total obligations.....	19,405,933	19,561,267	19,918,400	20,240,600
Financing:					
25.00	Unobligated balance lapsing.....	5,896			
39.00	Budget authority (gross).....	19,411,829	19,561,267	19,918,400	20,240,600

## Budget authority:

Current:					
40.00	Appropriation.....	19,049,548	19,065,967	19,597,700	19,892,700
40.00	Appropriation (section 8141, P.L. 101-511).....		45,100		
40.49	Portion applied to liquidate contract authority.....	-38,950			
42.00	Transferred from other accounts.....	238,000	135,400		
43.00	Appropriation (adjusted).....	19,248,598	19,246,467	19,597,700	19,892,700
Permanent:					
68.00	Spending authority from offsetting collections.....	124,281	314,800	320,700	347,900
69.15	Contract authority (indefinite).....	38,950			

## Relation of obligations to outlays:

71.00	Total obligations.....	19,405,933	19,561,267	19,918,400	20,240,600
72.40	Obligated balance, start of year.....	73,619	740,196	765,863	817,663
74.40	Obligated balance, end of year.....	-740,196	-765,863	-817,663	-868,063
77.00	Adjustments in expired accounts.....	-16,049			
87.00	Outlays (gross).....	18,723,307	19,535,600	19,866,600	20,190,200

## Adjustments to budget authority:

Deductions for offsetting collections:					
88.10	Federal funds.....	-50,745	-291,148	-296,513	-323,316
88.30	Trust funds.....	-23,160	-19,652	-20,187	-20,584
88.40	Non-Federal sources.....	-50,376	-4,000	-4,000	-4,000
88.90	Total, offsetting collections.....	-124,281	-314,800	-320,700	-347,900
89.00	Budget authority (net).....	19,287,548	19,246,467	19,597,700	19,892,700
90.00	Outlays (net).....	18,599,026	19,220,800	19,545,900	19,842,300

## Object Classification (in thousands of dollars)

Identification code	17-1453-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
Personnel compensation:					
11.7	Military personnel.....	12,765,010	12,708,976	12,967,611	13,161,033
11.8	Special personal services payments.....	38	44	47	47
11.9	Total personnel compensation.....	12,765,048	12,709,020	12,967,658	13,161,080
Military personnel benefits:					
12.2	Accrued retirement benefits.....	4,072,163	4,058,514	4,091,424	4,134,866
12.2	Other personnel benefits.....	1,535,732	1,819,956	1,849,076	1,889,212
13.0	Benefits for former personnel.....	35,060	35,480	39,100	40,600
21.0	Travel and transportation of persons.....	162,784	166,452	170,196	173,951
22.0	Transportation of things.....	359,332	369,472	393,266	405,228
25.0	Other services: Other.....	16,061	17,073	18,846	19,179
26.0	Supplies and materials.....	334,095	69,096	66,700	67,180
42.0	Insurance claims and indemnities.....	1,377	1,404	1,434	1,404
99.0	Subtotal, direct obligations.....	19,281,652	19,246,467	19,597,700	19,892,700
99.0	Reimbursable obligations.....	124,281	314,800	320,700	347,900
99.9	Total obligations.....	19,405,933	19,561,267	19,918,400	20,240,600

## MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the



Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; [\$5,897,502,000] \$6,066,800,000.

Further, for the foregoing purposes, \$6,101,000,000, to become available for obligation on October 1, 1992. (10 U.S.C. 956, 1035, 1047-49, 1212, 1475-80, 2634, 5413-14, 5441, 5443, 5446, 5451, 5454, 5456, 5458, 5502-03, 6032, 6081-86, 6148, 6222; 12 U.S.C. 1715m; chapters 3, 5, 7, and 9 of title 37, United States Code; 41 U.S.C. 1594d; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1105-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Pay and allowances of officers	1,185,244	1,231,167	1,248,932	1,262,034
00.02	Pay and allowances of enlisted personnel	4,094,037	4,256,986	4,377,395	4,398,407
00.04	Subsistence of enlisted personnel	309,513	204,431	211,558	214,218
00.05	Permanent change of station travel	194,834	203,219	211,919	208,847
00.06	Other military personnel costs	15,194	15,799	16,996	17,494
00.91	Total direct program	5,798,822	5,911,602	6,066,800	6,101,000
01.01	Reimbursable program	18,046	4,670	21,200	20,600
10.00	Total obligations	5,816,868	5,916,272	6,088,000	6,121,600
<b>Financing:</b>					
25.00	Unobligated balance lapsing	11,452			
39.00	Budget authority (gross)	5,828,320	5,916,272	6,088,000	6,121,600
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation	5,742,274	5,897,502	6,066,800	6,101,000
40.00	Appropriation (section 8141, P.L. 101-511)		14,100		
40.49	Portion applied to liquidate contract authority	-29,300			
42.00	Transferred from other accounts	68,000			
43.00	Appropriation (adjusted)	5,780,974	5,911,602	6,066,800	6,101,000
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections	18,046	4,670	21,200	20,600
69.15	Contract authority (indefinite)	29,300			
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net	5,816,868	5,916,272	6,088,000	6,121,600
72.40	Obligated balance, start of year	42,707	287,716	268,818	287,318
74.40	Obligated balance, end of year	-287,716	-268,818	-287,318	-301,018
77.00	Adjustments in expired accounts	-11,438			
87.00	Outlays (gross)	5,560,422	5,935,170	6,069,500	6,107,900
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-12,340	-2,390	-18,920	-18,320
88.30	Trust funds	-262	-180	-180	-180
88.40	Non-Federal sources	-5,444	-2,100	-2,100	-2,100
88.90	Total, offsetting collections	-18,046	-4,670	-21,200	-20,600
89.00	Budget authority (net)	5,810,274	5,911,602	6,066,800	6,101,000
90.00	Outlays (net)	5,542,376	5,930,500	6,048,300	6,087,300

## Object Classification (in thousands of dollars)

Identification code	17-1105-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.7	Military personnel	3,826,949	3,993,157	4,093,977	4,131,493
11.8	Special personal services payments	35	36	37	39
11.9	Total personnel compensation	3,826,984	3,993,193	4,094,014	4,131,532
<b>Military personnel benefits:</b>					
12.2	Accrued retirement benefits	1,274,874	1,306,443	1,320,833	1,324,720
12.2	Other personnel benefits	355,528	376,365	402,691	399,284
13.0	Benefits for former personnel	13,823	14,300	15,400	15,900
21.0	Travel and transportation of persons	71,754	72,577	76,149	73,511
22.0	Transportation of things	103,588	109,646	114,530	113,986
25.0	Other services: Purchases from industrial funds	4,623	4,900	5,013	4,911
26.0	Supplies and materials	147,141	33,572	37,504	36,526
42.0	Insurance claims and indemnities	507	606	666	630

99.0	Subtotal, direct obligations	5,798,822	5,911,602	6,066,800	6,101,000
99.0	Reimbursable obligations	18,046	4,670	21,200	20,600
99.9	Total obligations	5,816,868	5,916,272	6,088,000	6,121,600

## MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; [\$19,738,372,000] \$18,905,500,000.

Further, for the foregoing purposes, \$18,739,100,000, to become available for obligation on October 1, 1992. (10 U.S.C. 503, 504-09, 518-19, 600, 683-84, 687, 701-04, 744, 956, 1035-37, 1047-49, 1211-12, 1331, 1475-80, 2632, 2634, 8033, 8036, 8066, 8201-15, 8281, 8284-89, 8293-8303, 8305-10, 8312-13, 8441-49, 8451-52, 8491, 8494-8504, 8531, 8687, 8722, 9306, 9331-37, 9341-55, 9441, 9561-63, 9741-43; 12 U.S.C. 1715m; 33 U.S.C. 855, 858; chapters 3, 5, 7, 9, 10, and 11, of title 37, United States Code; 49 U.S.C. 1657; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3500-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Pay and allowances of officers	6,473,648	6,526,965	6,403,237	6,279,345
00.02	Pay and allowances of enlisted personnel	11,749,675	11,631,431	10,680,272	10,599,373
00.03	Pay and allowances of cadets	36,055	37,049	37,923	39,093
00.04	Subsistence of enlisted personnel	903,955	827,439	806,858	798,003
00.05	Permanent change of station travel	845,768	951,877	936,337	981,052
00.06	Other military personnel costs	38,043	40,340	40,873	42,234
00.91	Total direct program	20,047,144	20,015,101	18,905,500	18,739,100
01.01	Reimbursable program	171,900	181,300	1,213,000	1,255,000
10.00	Total obligations	20,219,044	20,196,401	20,118,500	19,994,100
<b>Financing:</b>					
39.00	Budget authority (gross)	20,219,044	20,196,401	20,118,500	19,994,100
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation	19,771,144	19,738,372	18,905,500	18,739,100
40.00	Appropriation (section 8141, P.L. 101-511)		47,800		
40.49	Portion applied to liquidate contract authority	-77,000			
42.00	Transferred from other accounts	276,000	228,929		
43.00	Appropriation (adjusted)	19,970,144	20,015,101	18,905,500	18,739,100
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections	171,900	181,300	1,213,000	1,255,000
69.15	Contract authority (indefinite)	77,000			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	20,219,044	20,196,401	20,118,500	19,994,100
72.40	Obligated balance, start of year	72,438	1,082,415	1,004,716	993,716
74.40	Obligated balance, end of year	-1,082,415	-1,004,716	-993,716	-1,023,916
77.00	Adjustments in expired accounts	-46,247			
87.00	Outlays (gross)	19,162,820	20,274,100	20,129,500	19,963,900
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-34,450	-16,792	-1,085,695	-1,122,976
88.30	Trust funds	-83,154	-93,407	-72,283	-74,963



## General and special funds—Continued

## MILITARY PERSONNEL, AIR FORCE—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	57-3500-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
88.40	Non-Federal sources .....	-54,296	-71,101	-55,022	-57,061
88.90	Total, offsetting collections .....	-171,900	-181,300	-1,213,000	-1,255,000
89.00	Budget authority (net) .....	20,047,144	20,015,101	18,905,500	18,739,100
90.00	Outlays (net) .....	18,990,920	20,092,800	18,916,500	18,708,900

## Object Classification (in thousands of dollars)

Identification code	57-3500-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
11.7	Personnel compensation: Military personnel .....	13,011,689	12,932,306	12,176,006	12,031,787
Military personnel benefits:					
12.2	Accrued retirement benefits .....	4,365,268	4,293,278	4,010,561	3,941,212
12.2	Other personnel benefits .....	1,800,845	1,903,703	1,841,946	1,849,677
13.0	Benefits for former personnel .....	35,504	36,800	39,332	40,692
21.0	Travel and transportation of persons .....	231,601	241,876	235,789	234,790
22.0	Transportation of things .....	495,404	569,194	565,216	603,884
25.0	Other services: Purchases from industrial funds .....	27,886	29,974	28,455	28,709
26.0	Supplies and materials .....	77,506	6,528	6,752	6,905
42.0	Insurance claims and indemnities .....	1,441	1,442	1,443	1,444
99.0	Subtotal, direct obligations .....	20,047,144	20,015,101	18,905,500	18,739,100
99.0	Reimbursable obligations .....	171,900	181,300	1,213,000	1,255,000
99.9	Total obligations .....	20,219,044	20,196,401	20,118,500	19,994,100

## RESERVE FORCES

These appropriations finance the personnel costs of the National Guard and Reserve forces, including the future retirement benefits of the current Reserve forces. The estimates reflect continuing efforts to improve management efficiency including, for example, more economical use of training and recruiting resources as well as the undertaking of active missions at lower costs.

The number of National Guard and Reserve personnel estimated to participate in the Selected Reserve training programs and the number of full-time active duty military personnel provided for are summarized in the following table. Excluded from the 1990 actual yearend numbers are 25,652 National Guard and Reserve Personnel called to active duty pursuant to 673b U.S.C. 10.

## YEAREND NUMBER

	1990 actual	1991 est.	1992 est.	1993 est.
Defense total .....	1,127,561	1,175,926	1,068,400	988,600
Trained inactive duty .....	983,496	1,049,826	956,142	882,809
Training pipeline .....	70,268	52,036	42,295	39,275
Full-time active duty .....	73,797	74,064	69,963	66,516
Army Reserve .....	299,145	318,700	282,700	254,500
Trained inactive duty .....	256,462	288,204	255,118	228,898
Training pipeline .....	28,980	17,152	14,899	13,599
Full-time active duty .....	13,703	13,344	12,683	12,003
Navy Reserve .....	149,352	153,400	134,600	127,100
Trained inactive duty .....	122,742	125,986	110,040	103,626
Training pipeline .....	3,938	4,417	2,515	2,361
Full-time active duty .....	22,672	22,997	22,045	21,113
Marine Corps Reserve .....	44,530	43,900	40,900	38,900
Trained inactive duty .....	38,939	37,851	35,056	33,596
Training pipeline .....	3,286	3,648	3,674	3,174
Full-time active duty .....	2,305	2,401	2,170	2,130
Air Force Reserve .....	80,602	85,591	81,200	82,400

Trained inactive duty .....	78,665	83,243	78,864	80,089
Training pipeline .....	1,249	1,693	1,693	1,693
Full-time active duty .....	688	655	643	618
Army National Guard .....	436,964	457,300	410,900	366,300
Trained inactive duty .....	381,171	408,848	370,924	329,150
Training pipeline .....	30,005	22,253	16,635	15,570
Full-time active duty .....	25,788	26,199	23,341	21,580
Air National Guard .....	116,968	117,035	118,100	119,400
Trained inactive duty .....	105,517	105,694	106,140	107,450
Training pipeline .....	2,810	2,873	2,879	2,878
Full-time active duty .....	8,641	8,468	9,081	9,072

The Reserve Officers' Training Corps program provides training for reserve and regular officer candidates who have enrolled in the course while attending a college at which an ROTC unit has been established. College graduates who satisfactorily complete the advanced course of the program are commissioned and may be ordered to active duty for a minimum of 3 years.

The Reserve Officers' Training Corps Vitalization Act of 1964, as amended, authorizes a limited number of scholarships for ROTC students on a competitive basis. Successful candidates for the scholarships generally serve a minimum period of 4 years on active duty upon graduation and appointment as a commissioned officer. A number of scholarship recipients will fulfill their entire obligation in the Reserve components.

The Armed Forces health professions scholarship program provides a source of active duty commissioned officers for the various health professions.

The numbers of commissioned officers graduated from these programs are summarized below:

	1990 actual	1991 est.	1992 est.	1993 est.
ROTC:				
Army .....	8,174	7,434	7,790	7,210
Navy .....	1,906	1,920	1,677	1,470
Air Force .....	2,290	2,175	1,890	1,800
Total .....	12,370	11,529	11,357	10,480
Navy officer candidates .....	44	77	77	77
Marine Corps officer candidates .....	555	555	555	555
Total .....	599	632	632	632
Health professions scholarship:				
Army .....	345	375	375	375
Navy .....	271	272	280	300
Air Force .....	353	355	348	348
Total .....	969	1,002	1,003	1,023

## Federal Funds

## General and special funds:

## RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 265, 3021, and 3038 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; [\$2,363,300,000] \$2,192,800,000.

Further, for the foregoing purposes, \$2,076,100,000, to become available for obligation on October 1, 1992. (10 U.S.C. 683, 1475-80, 2101-11, 3722; 37 U.S.C. 204, 206, 209, 301, 305, 402-04, 414-18, 1002; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)



## Program and Financing (in thousands of dollars)

Identification code	21-2070-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Unit and individual training.....	1,162,224	1,221,549	1,187,944	1,124,143
00.02	Other training and support.....	1,036,942	1,147,151	1,004,856	951,957
00.91	Total direct program.....	2,199,166	2,368,700	2,192,800	2,076,100
01.01	Reimbursable program.....	6,023	6,000	6,100	6,200
10.00	Total obligations.....	2,205,189	2,374,700	2,198,900	2,082,300
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	4,631			
39.00	Budget authority (gross).....	2,209,821	2,374,700	2,198,900	2,082,300
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	2,203,798	2,363,300	2,192,800	2,076,100
40.49	Portion applied to liquidate contract authority.....	-2,700			
42.00	Transferred from other accounts.....		5,400		
43.00	Appropriation (adjusted).....	2,201,098	2,368,700	2,192,800	2,076,100
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	6,023	6,000	6,100	6,200
69.15	Contract authority (indefinite).....	2,700			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	2,205,189	2,374,700	2,198,900	2,082,300
72.40	Obligated balance, start of year.....	159,982	151,874	177,174	183,174
74.40	Obligated balance, end of year.....	-151,874	-177,174	-183,174	-191,474
77.00	Adjustments in expired accounts.....	-25,252			
87.00	Outlays (gross).....	2,188,045	2,349,400	2,192,900	2,074,000
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-5,466	-4,656	-4,756	-4,856
88.40	Non-Federal sources.....	-557	-1,344	-1,344	-1,344
88.90	Total, offsetting collections.....	-6,023	-6,000	-6,100	-6,200
89.00	Budget authority (net).....	2,203,798	2,368,700	2,192,800	2,076,100
90.00	Outlays (net).....	2,182,022	2,343,400	2,186,800	2,067,800

## Object Classification (in thousands of dollars)

Identification code	21-2070-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
11.7	Personnel compensation: Military personnel.....	1,513,245	1,617,512	1,522,794	1,450,463
<b>Military personnel benefits:</b>					
12.2	Accrued retirement benefits.....	262,503	275,341	266,977	253,195
12.2	Other personnel benefits.....	172,940	205,117	185,635	170,381
21.0	Travel and transportation of persons.....	159,109	178,857	136,778	126,557
22.0	Transportation of things.....	7,143	7,684	7,501	7,138
26.0	Supplies and materials.....	83,997	83,960	72,886	68,137
42.0	Insurance claims and indemnities.....	229	229	229	229
99.0	Subtotal, direct obligations.....	2,199,166	2,368,700	2,192,800	2,076,100
99.0	Reimbursable obligations.....	6,023	6,000	6,100	6,200
99.9	Total obligations.....	2,205,189	2,374,700	2,198,900	2,082,300

## RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 265 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; **[\$1,645,000,000] \$1,648,600,000.**

Further, for the foregoing purposes, \$1,601,500,000, to become available for obligation on October 1, 1992. (10 U.S.C. 600, 683-4, 1475-80, 2031, 2101-11, 5456-57, 6081-86, 6148; 26 U.S.C. 3121; 37 U.S.C. 204,

206, 301, 305, 402-4, 415-18, 427, 1002; 38 U.S.C. 701-12; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1405-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Unit and individual training.....	679,637	695,196	655,773	614,717
00.02	Other training and support.....	892,082	953,104	992,827	986,783
00.91	Total direct program.....	1,571,719	1,648,300	1,648,600	1,601,500
01.01	Reimbursable program.....	225	900	900	900
10.00	Total obligations.....	1,571,944	1,649,200	1,649,500	1,602,400
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	462			
39.00	Budget authority (gross).....	1,572,406	1,649,200	1,649,500	1,602,400
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	1,572,181	1,645,000	1,648,600	1,601,500
42.00	Transferred from other accounts.....		3,300		
43.00	Appropriation (adjusted).....	1,572,181	1,648,300	1,648,600	1,601,500
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	225	900	900	900
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	1,571,944	1,649,200	1,649,500	1,602,400
72.40	Obligated balance, start of year.....	161,041	183,891	235,091	268,591
74.40	Obligated balance, end of year.....	-183,891	-235,091	-268,591	-302,091
77.00	Adjustments in expired accounts.....	-33,509			
87.00	Outlays (gross).....	1,515,584	1,598,000	1,616,000	1,568,900
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-181	-736	-736	-736
88.30	Trust funds.....		-136	-136	-136
88.40	Non-Federal sources.....	-44	-28	-28	-28
88.90	Total, offsetting collections.....	-225	-900	-900	-900
89.00	Budget authority (net).....	1,572,181	1,648,300	1,648,600	1,601,500
90.00	Outlays (net).....	1,515,359	1,597,100	1,615,100	1,568,000

## Object Classification (in thousands of dollars)

Identification code	17-1405-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
11.7	Personnel compensation: Military personnel.....	1,076,171	1,131,581	1,149,968	1,119,381
<b>Military personnel benefits:</b>					
12.2	Accrued retirement benefits.....	233,702	243,763	248,503	242,425
12.2	Other personnel benefits.....	90,323	96,341	89,539	85,777
21.0	Travel and transportation of persons.....	124,810	121,612	109,634	105,976
22.0	Transportation of things.....	12,930	14,666	16,663	14,636
25.0	Other services: Other.....	569	644	644	648
26.0	Supplies and materials.....	32,024	38,491	32,447	31,455
42.0	Insurance claims and indemnities.....	1,190	1,202	1,202	1,202
99.0	Subtotal, direct obligations.....	1,571,719	1,648,300	1,648,600	1,601,500
99.0	Reimbursable obligations.....	225	900	900	900
99.9	Total obligations.....	1,571,944	1,649,200	1,649,500	1,602,400

## RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 265 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for



## General and special funds—Continued

## RESERVE PERSONNEL, MARINE CORPS—Continued

payments to the Department of Defense Military Retirement Fund; **[\$336,400,000]** **\$326,900,000.**

Further, for the foregoing purposes, **\$329,800,000**, to become available for obligation on October 1, 1992. (10 U.S.C. 600, 683, 1475-80, 2031, 2101-11, 5456, 5458, 6081-86, 6148; 37 U.S.C. 206, 301, 305, 402-04, 415-18, 1002; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 17-1108-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Unit and individual training.....	193,254	199,260	195,889	195,902
00.02 Other training and support.....	121,129	138,140	131,011	133,898
00.91 Total direct program.....	314,383	337,400	326,900	329,800
01.01 Reimbursable program.....	700	700	700	700
10.00 Total obligations.....	315,083	338,100	327,600	330,500
<b>Financing:</b>				
25.00 Unobligated balance lapsing.....	69			
39.00 Budget authority (gross).....	315,152	338,100	327,600	330,500
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	314,452	336,400	326,900	329,800
42.00 Transferred from other accounts.....		1,000		
43.00 Appropriation (adjusted).....	314,452	337,400	326,900	329,800
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	700	700	700	700
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	315,083	338,100	327,600	330,500
72.40 Obligated balance, start of year.....	35,616	39,067	47,867	53,667
74.40 Obligated balance, end of year.....	-39,067	-47,867	-53,667	-60,467
77.00 Adjustments in expired accounts.....	-5,495			
87.00 Outlays (gross).....	306,137	329,300	321,800	323,700
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....		-650	-650	-650
88.40 Non-Federal sources.....	-700	-50	-50	-50
88.90 Total, offsetting collections.....	-700	-700	-700	-700
89.00 Budget authority (net).....	314,452	337,400	326,900	329,800
90.00 Outlays (net).....	305,437	328,600	321,100	323,000

## Object Classification (in thousands of dollars)

Identification code 17-1108-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
11.7 Personnel compensation: Military personnel.....	227,439	243,364	235,386	238,425
<b>Military personnel benefits:</b>				
12.2 Accrued retirement benefits.....	36,476	39,218	38,150	38,314
12.2 Other personnel benefits.....	13,289	14,136	14,022	14,228
21.0 Travel and transportation of persons.....	24,067	26,733	25,208	24,681
22.0 Transportation of things.....	939	930	902	934
26.0 Supplies and materials.....	11,270	12,120	12,333	12,319
42.0 Insurance claims and indemnities.....	903	899	899	899
99.0 Subtotal, direct obligations.....	314,383	337,400	326,900	329,800
99.0 Reimbursable obligations.....	700	700	700	700
99.9 Total obligations.....	315,083	338,100	327,600	330,500

## RESERVE PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 265, 8021, and 8038 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing

reserve training, or while performing drills or equivalent duty or other duty, and for members of the Air Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; **[\$686,800,000]** **\$705,300,000.**

Further, for the foregoing purposes, **\$727,300,000**, to become available for obligation on October 1, 1992. (10 U.S.C. 261-80, 591-95, 597-600, 651, 671-85, 687, 715, 1475-80, 2031, 2101-11, 2120-27, 2131-33, 2511, 8062, 8076, 8221-23, 8259-60, 8351-54, 8356-63, 8365-68, 8371-81, 8392-95, 8491, 8687, 8722, 9301, 9411-14, 9561-63, 9741, 9743; 37 U.S.C. 204, 206, 209, 301, 309, 402-11, 415-18, 1002; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 57-3700-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Unit and individual training.....	425,935	446,659	445,048	462,367
00.02 Other training and support.....	236,214	241,861	260,252	264,933
00.91 Total direct program.....	662,149	688,520	705,300	727,300
01.01 Reimbursable program.....	1,600	1,872	1,941	2,006
10.00 Total obligations.....	663,749	690,392	707,241	729,306
<b>Financing:</b>				
25.00 Unobligated balance lapsing.....	688			
39.00 Budget authority (gross).....	664,437	690,392	707,241	729,306
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	662,837	686,800	705,300	727,300
42.00 Transferred from other accounts.....		1,720		
43.00 Appropriation (adjusted).....	662,837	688,520	705,300	727,300
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	1,600	1,872	1,941	2,006
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	663,749	690,392	707,241	729,306
72.40 Obligated balance, start of year.....	36,454	44,312	48,732	52,532
74.40 Obligated balance, end of year.....	-44,312	-48,732	-52,532	-56,832
77.00 Adjustments in expired accounts.....	-7,803			
87.00 Outlays (gross).....	648,088	685,972	703,441	725,006
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-1,600	-1,872	-1,941	-2,006
88.90 Total, offsetting collections.....	-1,600	-1,872	-1,941	-2,006
89.00 Budget authority (net).....	662,837	688,520	705,300	727,300
90.00 Outlays (net).....	646,488	684,100	701,500	723,000

## Object Classification (in thousands of dollars)

Identification code 57-3700-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
11.7 Personnel compensation: Military personnel.....	464,675	485,359	496,337	513,771
<b>Military personnel benefits:</b>				
12.2 Accrued retirement benefits.....	58,665	60,742	61,991	63,055
12.2 Other personnel benefits.....	44,090	43,322	44,856	46,572
21.0 Travel and transportation of persons.....	75,022	76,586	78,351	79,117
22.0 Transportation of things.....	576	676	919	922
26.0 Supplies and materials.....	17,826	20,179	20,236	21,141
41.0 Grants, subsidies, and contributions.....	1,256	1,617	2,571	2,683
42.0 Insurance claims and indemnities.....	39	39	39	39
99.0 Subtotal, direct obligations.....	662,149	688,520	705,300	727,300
99.0 Reimbursable obligations.....	1,600	1,872	1,941	2,006
99.9 Total obligations.....	663,749	690,392	707,241	729,306



## NATIONAL GUARD PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under section 265, 3021, or 3496 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; **[\$3,379,500,000] \$3,201,700,000.**

Further, for the foregoing purposes, **\$3,038,600,000**, to become available for obligation on October 1, 1992. (10 U.S.C. 683, 1475-80, 3722; 37 U.S.C. 301, 305, 402-04, 418, 1002; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2060-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Unit and individual training.....	1,751,902	1,828,743	1,711,215	1,560,320
00.02	Other training and support.....	1,542,809	1,638,125	1,490,485	1,478,280
00.91	Total direct program.....	3,294,711	3,466,868	3,201,700	3,038,600
01.01	Reimbursable program.....	5,700	5,700	5,700	5,700
10.00	Total obligations.....	3,300,411	3,472,568	3,207,400	3,044,300
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	1,975			
39.00	Budget authority (gross).....	3,302,386	3,472,568	3,207,400	3,044,300
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	3,246,700	3,379,500	3,201,700	3,038,600
42.00	Transferred from other accounts.....	49,986	87,368		
43.00	Appropriation (adjusted).....	3,296,686	3,466,868	3,201,700	3,038,600
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	5,700	5,700	5,700	5,700
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	3,300,411	3,472,568	3,207,400	3,044,300
72.40	Obligated balance, start of year.....	218,632	192,995	217,163	218,563
74.40	Obligated balance, end of year.....	-192,995	-217,163	-218,563	-224,763
77.00	Adjustments in expired accounts.....	61,547			
87.00	Outlays (gross).....	3,387,596	3,448,400	3,206,000	3,038,100
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-5,700	-3,149	-3,149	-3,149
88.40	Non-Federal sources.....		-2,551	-2,551	-2,551
88.90	Total, offsetting collections.....	-5,700	-5,700	-5,700	-5,700
89.00	Budget authority (net).....	3,296,686	3,466,868	3,201,700	3,038,600
90.00	Outlays (net).....	3,381,896	3,442,700	3,200,300	3,032,400

## Object Classification (in thousands of dollars)

Identification code	21-2060-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
11.7	Personnel compensation: Military personnel.....	2,338,099	2,506,298	2,303,118	2,172,417
<b>Military personnel benefits:</b>					
12.2	Accrued retirement benefits.....	432,582	439,460	412,897	392,163
12.2	Other personnel benefits.....	237,778	281,384	258,039	251,918
21.0	Travel and transportation of persons.....	147,983	173,737	164,649	160,597
22.0	Transportation of things.....	3,640	2,255	1,935	1,889
26.0	Supplies and materials.....	134,609	63,534	60,962	59,516
42.0	Insurance claims and indemnities.....	20	100	100	100
99.0	Subtotal, direct obligations.....	3,294,711	3,466,868	3,201,700	3,038,600
99.0	Reimbursable obligations.....	5,700	5,700	5,700	5,700
99.9	Total obligations.....	3,300,411	3,472,568	3,207,400	3,044,300

## NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under section 265, 8021, or 8496 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; **[\$1,098,400,000] \$1,145,500,000.**

Further, for the foregoing purposes, **\$1,195,100,000**, to become available for obligation on October 1, 1992. (10 U.S.C. 261-812, 510, 591-95, 597-600, 651, 671-85, 2131-33, 2511, 3015, 8062, 8077-78, 8080, 8224-25, 8261, 8351-54, 8356, 8358-63, 8365-68, 8371-81, 8392-95, 8491, 8722, 9301, 9561-63, 9741; 32 U.S.C. 101-11, 301-05, 307-08, 312-33, 501-07, 701, 37 U.S.C. 201, 203-06, 301, 309, 402-11, 414-18, 501-02, 1002; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3850-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Unit and individual training.....	540,515	558,330	576,886	603,087
00.02	Other training and support.....	523,399	560,672	568,614	592,013
00.91	Total direct program.....	1,063,914	1,119,002	1,145,500	1,195,100
01.01	Reimbursable program.....	2,653	2,747	2,856	2,961
10.00	Total obligations.....	1,066,567	1,121,749	1,148,356	1,198,061
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	2,660			
39.00	Budget authority (gross).....	1,069,227	1,121,749	1,148,356	1,198,061
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	1,035,732	1,098,400	1,145,500	1,195,100
42.00	Transferred from other accounts.....	30,842	20,602		
43.00	Appropriation (adjusted).....	1,066,574	1,119,002	1,145,500	1,195,100
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	2,653	2,747	2,856	2,961
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	1,066,567	1,121,749	1,148,356	1,198,061
72.40	Obligated balance, start of year.....	59,097	66,742	78,244	88,644
74.40	Obligated balance, end of year.....	-66,742	-78,244	-88,644	-100,544
77.00	Adjustments in expired accounts.....	-6,626			
87.00	Outlays (gross).....	1,052,296	1,110,247	1,137,956	1,186,161
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-9	-677	-704	-730
88.30	Trust funds.....	-2,067			
88.40	Non-Federal sources.....	-577	-2,070	-2,152	-2,231
88.90	Total, offsetting collections.....	-2,653	-2,747	-2,856	-2,961
89.00	Budget authority (net).....	1,066,574	1,119,002	1,145,500	1,195,100
90.00	Outlays (net).....	1,049,643	1,107,500	1,135,100	1,183,200

## Object Classification (in thousands of dollars)

Identification code	57-3850-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
11.7	Personnel compensation: Military personnel.....	774,514	828,769	843,971	884,419
<b>Military personnel benefits:</b>					
12.2	Accrued retirement benefits.....	140,651	147,938	154,832	162,859
12.2	Other personnel benefits.....	75,124	76,643	79,365	81,591
21.0	Travel and transportation of persons.....	51,662	46,282	46,459	44,699
22.0	Transportation of things.....	2,755	2,840	3,021	3,061
26.0	Supplies and materials.....	18,923	16,245	17,567	18,186
42.0	Insurance claims and indemnities.....	285	285	285	285
99.0	Subtotal, direct obligations.....	1,063,914	1,119,002	1,145,500	1,195,100



## General and special funds—Continued

## NATIONAL GUARD PERSONNEL, AIR FORCE—Continued

## Object Classification (in thousands of dollars)—Continued

Identification code	57-3850-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
99.0	Reimbursable obligations	2,653	2,747	2,856	2,961
99.9	Total obligations	1,066,567	1,121,749	1,148,356	1,198,061

## OPERATION AND MAINTENANCE

These appropriations finance the costs of operating and maintaining the Armed Forces, including the Reserve components and related support activities of the Department of Defense, except military personnel pay, allowances and travel costs. Included are amounts for pay of civilians, contract services for maintenance of equipment and facilities, fuel, supplies, and repair parts for weapons and equipment. Financial requirements are influenced by many factors, including the number of aircraft squadrons, Army and Marine Corps divisions, installations, military strength and deployments, rates of operational activity, and the quantity and complexity of major equipment (aircraft, ships, missiles, tanks, et cetera) in operation.

## Federal Funds

## General and special funds:

## OPERATION AND MAINTENANCE, ARMY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law; and not to exceed \$14,437,000. \$14,437,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes; \$21,515,694,000: Provided, That \$273,000 shall be available for the 1991 Capitol Fourth Project] \$21,886,800,000.

Further, for the foregoing purposes, and not to exceed \$14,437,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes; \$19,936,500,000, to become available for obligation on October 1, 1992. (5 U.S.C. 5943-44; 10 U.S.C. 127, 520b, 951-56, 1037, 1044, 1049-50, 1071-85, 1093, 1481-88, 2006-08, 2483, 2602, 2637-39, 2675, 2805, 3013-14, 3062, 4302, 4331-55, 4505, 4536, 4741; 37 U.S.C. 404-22; 39 U.S.C. 4169; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2020-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.02	General purpose forces	9,230,925	7,888,589	8,155,843	7,202,116
00.03	Intelligence and communications	1,454,790	1,534,289	1,771,362	1,653,775
00.07	Central supply and maintenance	6,365,206	5,449,732	4,063,580	3,200,946
00.08	Training, medical, and other general personnel activities	6,033,782	6,326,022	6,785,701	6,811,093
00.09	Administration and associated activities	1,004,029	875,901	831,600	800,070
00.10	Support of other nations	245,448	258,887	278,714	268,500
00.11	Special operations forces	234,814			
00.91	Total direct program	24,568,994	22,333,420	21,886,800	19,936,500
01.01	Reimbursable program	3,683,893	3,591,646	3,902,000	3,848,000
10.00	Total obligations	28,252,887	25,925,066	25,788,800	23,784,500
<b>Financing:</b>					
22.40	Unobligated balance transferred, net	-527,961			

25.00	Unobligated balance lapsing	19,812			
39.00	<b>Budget authority (gross)</b>	<b>27,744,737</b>	<b>25,925,066</b>	<b>25,788,800</b>	<b>23,784,500</b>
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation	23,315,474	21,515,694	21,886,800	19,936,500
40.49	Portion applied to liquidate contract authority	-643,963			
40.75	Reduction pursuant to P.L. 101-511		-11,000		
41.00	Transferred to other accounts	-8,130	-88,900		
42.00	Transferred from other accounts	753,500	917,626		
43.00	<b>Appropriation (adjusted)</b>	<b>23,416,881</b>	<b>22,333,420</b>	<b>21,886,800</b>	<b>19,936,500</b>
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections	3,683,893	3,591,646	3,902,000	3,848,000
69.15	Contract authority (indefinite)	643,963			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	28,252,887	25,925,066	25,788,800	23,784,500
72.40	Obligated balance, start of year	7,274,081	7,518,971	7,143,291	7,012,991
74.40	Obligated balance, end of year	-7,518,971	-7,143,291	-7,012,991	-6,610,091
77.00	Adjustments in expired accounts	-248,635			
87.00	<b>Outlays (gross)</b>	<b>27,759,361</b>	<b>26,300,746</b>	<b>25,919,100</b>	<b>24,187,400</b>
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-3,337,310	-3,366,209	-3,675,825	-3,621,473
88.30	Trust funds	-180,589	-95,214	-95,806	-95,815
88.40	Non-Federal sources	-165,994	-130,223	-130,369	-130,712
88.90	<b>Total, offsetting collections</b>	<b>-3,683,893</b>	<b>-3,591,646</b>	<b>-3,902,000</b>	<b>-3,848,000</b>
89.00	<b>Budget authority (net)</b>	<b>24,060,844</b>	<b>22,333,420</b>	<b>21,886,800</b>	<b>19,936,500</b>
90.00	<b>Outlays (net)</b>	<b>24,075,468</b>	<b>22,709,100</b>	<b>22,017,100</b>	<b>20,339,400</b>

## Object Classification (in thousands of dollars)

Identification code	21-2020-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent	4,741,241	4,754,659	4,219,949	4,102,857
11.3	Other than full-time permanent	435,471	436,704	390,903	380,332
11.5	Other personnel compensation	245,579	246,274	219,318	213,277
11.9	<b>Total personnel compensation</b>	<b>5,422,291</b>	<b>5,437,637</b>	<b>4,830,170</b>	<b>4,696,466</b>
12.1	Civilian personnel benefits	1,144,480	1,147,719	1,021,595	993,402
13.0	Benefits for former personnel	43,471	43,594	39,022	37,967
21.0	Travel and transportation of persons	768,063	618,063	635,668	606,893
22.0	Transportation of things	833,292	714,605	702,129	673,624
23.1	Rental payments to GSA	190,605	163,457	160,603	154,083
23.2	Rental payments to others	183,820	157,638	154,886	148,598
23.3	Communications, utilities, and miscellaneous charges	775,496	665,041	653,430	626,902
24.0	Printing and reproduction	62,624	53,704	52,767	50,625
<b>Other services:</b>					
25.0	Payments to foreign national indirect hire personnel	1,185,849	1,206,666	1,385,727	1,163,215
25.0	Purchases from industrial funds	1,802,689	1,545,929	1,567,736	1,454,933
25.0	Contracts	8,432,074	7,385,576	7,071,801	6,215,290
25.0	Other	416,753	357,394	351,154	336,898
26.0	Supplies and materials	2,761,504	2,368,179	2,800,068	2,336,238
31.0	Equipment	414,170	355,179	348,978	334,810
32.0	Land and structures	25,269	21,670	21,292	20,427
41.0	Grants, subsidies, and contributions	8,533	7,318	7,190	6,898
42.0	Insurance claims and indemnities	98,011	84,051	82,584	79,231
99.0	<b>Subtotal, direct obligations</b>	<b>24,568,994</b>	<b>22,333,420</b>	<b>21,886,800</b>	<b>19,936,500</b>
99.0	<b>Reimbursable obligations</b>	<b>3,683,893</b>	<b>3,591,646</b>	<b>3,902,000</b>	<b>3,848,000</b>
99.9	<b>Total obligations</b>	<b>28,252,887</b>	<b>25,925,066</b>	<b>25,788,800</b>	<b>23,784,500</b>



## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	218,891	205,664	176,578	167,367
Full-time equivalent of overtime and holiday hours.....	4,078	4,054	3,379	3,345

## OPERATION AND MAINTENANCE, NAVY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law; and not to exceed **[\$4,257,000]** **\$4,609,000** can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes; **[\$23,161,647,000]** **\$23,679,200,000**. *Provided*, That from the amounts of this appropriation for the alteration, overhaul and repair of naval vessels and aircraft, funds shall be available to acquire the alteration, overhaul and repair by competition between public and private shipyards, Naval Aviation Depots and private companies. The Navy shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private shipyards, Naval Aviation Depots, and private companies. Competitions shall not be subject to section 2461 or 2464 of title 10, United States Code, or to Office of Management and Budget Circular A-76. Naval Aviation Depots may perform manufacturing in order to compete for production contracts **[**: *Provided further*, That funds appropriated or made available in this Act shall be obligated and expended to restore and maintain the facilities, activities and personnel levels, including specifically the medical facilities, activities and personnel levels, at the Memphis Naval Complex, Millington, Tennessee, to the fiscal year 1984 levels: *Provided further*, That the Navy may provide notice in this fiscal year to exercise options under the LEASAT program for the next fiscal year, in accordance with the terms of the Aide Memoire, dated January 5, 1981, as amended by the Aide Memoire dated April 30, 1986, and as implemented in the LEASAT contract: *Provided further*, That notwithstanding section 2805 of title 10, United States Code, of the funds appropriated herein, \$2,000,000 shall be available only for a grant to Cabot/Dedalo Museum Foundation. These funds shall be available solely for project costs and none of the funds are for remuneration of any entity or individual associated with fund raising for the project: *Provided further*, That not less than \$15,000,000 shall be made available only for the upgrade of port facilities in Israel in support of United States naval forces**]**.

*Further, for the foregoing purposes, and not to exceed \$5,005,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes; \$23,922,800,000, to become available for obligation on October 1, 1992. (5 U.S.C. 5943-44; 10 U.S.C. 127, 265, 276, 351, 951-56, 1037, 1044, 1049-50, 1071-85, 1125, 1481-88, 2006-08, 2110, 2127, 2483, 2602, 2632, 2637-39, 2675, 2805, 5013, 5151, 5062-63, 6022, 6029, 6153, 6201-03, 6951-52, 6968, 7041, 7043-44, 7085, 7205, 7207-09, 7212, 7214, 7229, 7293, 7297, 7303, 7361-62, 7395-96, 7421, 7432, 7571, 7580; 24 U.S.C. 14a, 16a, 21a, 21b, 37; 37 U.S.C. 404; 39 U.S.C. 406, 2601, 3208; 44 U.S.C. 1321; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)*

## Program and Financing (in thousands of dollars)

Identification code 17-1804-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Strategic forces.....	1,589,693	1,651,037	1,735,992	1,955,289
00.02 General purpose forces.....	10,306,907	10,310,437	10,272,345	10,215,355
00.03 Intelligence and communications.....	1,125,069	1,200,746	1,209,388	1,215,645
00.04 Airlift and sealift.....	496,737	447,743	459,862	466,105
00.07 Central supply and maintenance.....	6,219,766	5,269,574	4,877,271	4,830,034
00.08 Training, medical, and other general personnel activities.....	4,225,575	4,367,513	4,410,463	4,528,859
00.09 Administration and associated activities.....	829,767	653,708	706,334	703,906
00.10 Support of other nations.....	6,157	5,836	7,545	7,607
00.11 Special operations forces.....	94,360			
00.91 Total direct program.....	24,894,031	23,906,594	23,679,200	23,922,800

01.01 Reimbursable program.....	3,278,918	4,688,800	4,837,800	4,979,700
10.00 Total obligations.....	28,172,949	28,595,394	28,517,000	28,902,500
<b>Financing:</b>				
22.40 Unobligated balance transferred, net.....	-162,080			
25.00 Unobligated balance lapsing.....	213,843			
39.00 Budget authority (gross).....	28,224,712	28,595,394	28,517,000	28,902,500
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	24,096,700	23,161,647	23,679,200	23,922,800
40.00 Appropriation (section 8141, P.L. 101-511).....		85,000		
40.49 Portion applied to liquidate contract authority.....	-279,227			
40.50 Balance of appropriation to liquidate contract authority withdrawn.....	-173			
40.75 Reduction pursuant to P.L. 101-511.....		-40,200		
42.00 Transferred from other accounts.....	849,267	700,147		
43.00 Appropriation (adjusted).....	24,666,567	23,906,594	23,679,200	23,922,800
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	3,278,918	4,688,800	4,837,800	4,979,700
69.15 Contract authority (indefinite).....	279,227			
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	28,172,949	28,595,394	28,517,000	28,902,500
72.40 Obligated balance, start of year.....	8,450,879	8,022,914	7,634,608	7,486,808
74.40 Obligated balance, end of year.....	-8,022,914	-7,634,608	-7,486,808	-7,544,308
77.00 Adjustments in expired accounts.....	41,457			
87.00 Outlays (gross).....	28,642,371	28,983,700	28,664,800	28,845,000
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-3,092,624	-4,456,970	-4,596,295	-4,729,815
88.30 Trust funds.....	-79,220	-123,832	-129,114	-133,237
88.40 Non-Federal sources.....	-107,074	-107,998	-112,391	-116,648
88.90 Total, offsetting collections.....	-3,278,918	-4,688,800	-4,837,800	-4,979,700
89.00 Budget authority (net).....	24,945,794	23,906,594	23,679,200	23,922,800
90.00 Outlays (net).....	25,363,453	24,294,900	23,827,000	23,865,300

## Object Classification (in thousands of dollars)

Identification code 17-1804-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent.....	2,854,461	2,709,223	3,009,994	3,064,119
11.3 Other than full-time permanent.....	191,112	144,736	159,659	158,849
11.5 Other personnel compensation.....	144,153	147,608	170,882	172,944
11.8 Special personal services payments.....	790	984	987	992
11.9 Total personnel compensation.....	3,190,516	3,002,551	3,341,522	3,396,904
12.1 Civilian personnel benefits.....	624,107	614,540	702,776	737,472
13.0 Benefits for former personnel.....	13,806	13,693	13,797	14,055
21.0 Travel and transportation of persons.....	493,341	351,789	355,469	364,681
22.0 Transportation of things.....	428,856	307,210	310,754	306,151
23.1 Rental payments to GSA.....	94,477	101,435	108,591	112,565
23.2 Rental payments to others.....	82,147	90,529	95,838	95,151
23.3 Communications, utilities, and miscellaneous charges.....	657,361	684,912	668,973	683,017
24.0 Printing and reproduction.....	22,808	24,429	24,646	24,217
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel.....	109,870	111,107	148,503	153,520
25.0 Purchases from industrial funds.....	6,479,090	5,811,517	6,477,256	6,391,453
25.0 Contracts.....	5,700,372	5,233,079	3,204,468	3,341,508
25.0 Other.....	2,665,221	2,314,452	2,710,977	2,873,012
26.0 Supplies and materials.....	3,671,258	4,509,739	4,773,368	4,666,061
31.0 Equipment.....	660,801	735,612	742,262	763,033
99.0 Subtotal, direct obligations.....	24,894,031	23,906,594	23,679,200	23,922,800



## General and special funds—Continued

## OPERATION AND MAINTENANCE, NAVY—Continued

## Object Classification (in thousands of dollars)—Continued

Identification code 17-1804-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
99.0 Reimbursable obligations .....	3,278,918	4,688,800	4,837,800	4,979,700
99.9 Total obligations .....	28,172,949	28,595,394	28,517,000	28,902,500

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	132,585	125,476	102,277	99,593
Full-time equivalent of overtime and holiday hours .....	3,163	3,036	2,915	2,798

## OPERATION AND MAINTENANCE, MARINE CORPS

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law; [\$1,892,200,000: *Provided*, That of the funds appropriated in this paragraph, none may be used for the conversion of facilities maintenance, utilities, and motor transport functions at Cherry Point Marine Corps Air Station, North Carolina, to performance by private contractor under the procedures and requirements of OMB Circular A-76 until the General Accounting Office completes their audit and validates the decision] **\$1,894,600,000.**

Further, for the foregoing purposes, **\$1,739,800,000**, to become available for obligation on October 1, 1992. (5 U.S.C. 5943, 5944, 7903; 10 U.S.C. 265, 276, 520b, 951-56, 1037, 1044, 1049-50, 1071-85, 1125, 1481-88, 2006-08, 2110, 6911, 7214, 7571, 7580; 37 U.S.C. 404-11; 39 U.S.C. 406, 2601, 3208; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 17-1106-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.02 General purpose forces .....	1,035,419	992,858	923,655	857,877
00.07 Central supply and maintenance .....	419,359	502,509	569,234	487,761
00.08 Training, medical, and other general personnel activities .....	275,800	279,083	280,618	275,100
00.09 Administration and associated activities .....	119,929	115,800	121,093	119,062
00.91 Total direct program .....	1,850,507	1,890,250	1,894,600	1,739,800
01.01 Reimbursable program .....	353,764	379,105	401,900	412,100
10.00 Total obligations .....	2,204,271	2,269,355	2,296,500	2,151,900
<b>Financing:</b>				
25.00 Unobligated balance lapsing .....	4,042			
39.00 Budget authority (gross) .....	2,208,313	2,269,355	2,296,500	2,151,900
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	1,692,826	1,892,200	1,894,600	1,739,800
40.49 Portion applied to liquidate contract authority .....	—47,300			
40.75 Reduction pursuant to P.L. 101-511 .....		—5,300		
42.00 Transferred from other accounts .....	161,723	3,350		
43.00 Appropriation (adjusted) .....	1,807,249	1,890,250	1,894,600	1,739,800
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections .....	353,764	379,105	401,900	412,100
69.15 Contract authority (indefinite) .....	47,300			
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	2,204,271	2,269,355	2,296,500	2,151,900
72.40 Obligated balance, start of year .....	742,303	756,001	781,151	805,051
74.40 Obligated balance, end of year .....	—756,001	—781,151	—805,051	—786,951
77.00 Adjustments in expired accounts .....	—12,624			
87.00 Outlays (gross) .....	2,177,949	2,244,205	2,272,600	2,170,000
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds .....	—337,877	—347,855	—370,650	—380,850

88.30 Trust funds .....	—430	—2,650	—2,650	—2,650
88.40 Non-Federal sources .....	—15,457	—28,600	—28,600	—28,600
88.90 Total, offsetting collections .....	—353,764	—379,105	—401,900	—412,100
89.00 Budget authority (net) .....	1,854,549	1,890,250	1,894,600	1,739,800
90.00 Outlays (net) .....	1,824,185	1,865,100	1,870,700	1,757,900

## Object Classification (in thousands of dollars)

Identification code 17-1106-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent .....	361,657	343,155	310,044	319,610
11.3 Other than full-time permanent .....	16,098	16,233	22,971	21,636
11.5 Other personnel compensation .....	12,607	11,094	11,472	10,648
11.9 Total personnel compensation .....	390,362	370,482	344,487	351,894
12.1 Civilian personnel benefits .....	80,116	82,369	78,841	79,128
21.0 Travel and transportation of persons .....	83,464	76,503	76,850	75,158
22.0 Transportation of things .....	90,808	71,399	68,783	73,520
23.3 Communications, utilities, and miscellaneous charges .....	142,703	173,203	173,074	177,777
24.0 Printing and reproduction .....	5,529	7,350	6,526	6,896
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel .....	54,581	58,446	62,869	63,759
25.0 Purchases from industrial funds .....	102,652	97,367	94,021	111,745
25.0 Contracts .....	537,280	485,330	528,128	352,783
25.0 Other services .....	12,262	17,879	17,879	17,879
26.0 Supplies and materials .....	316,940	389,548	383,979	366,828
31.0 Equipment .....	33,810	60,374	59,163	62,433
99.0 Subtotal, direct obligations .....	1,850,507	1,890,250	1,894,600	1,739,800
99.0 Reimbursable obligations .....	353,764	379,105	401,900	412,100
99.9 Total obligations .....	2,204,271	2,269,355	2,296,500	2,151,900

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	16,518	15,530	14,122	13,707
Full-time equivalent of overtime and holiday hours .....	252	242	232	223

## OPERATION AND MAINTENANCE, AIR FORCE

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law; and not to exceed [\$8,433,000] **\$8,646,000** can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes; [\$20,060,735,000] **\$20,351,900,000.**

Further, for the foregoing purposes, and not to exceed **\$8,912,000** can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes; **\$20,760,400,000**, to become available for obligation on October 1, 1992. (5 U.S.C. 5943, 5944, 7903; 10 U.S.C. 122, 127, 503, 502b, 717, 951-56, 1037, 1040, 1044, 1049-50, 1071-89, 1121-26, 1481-88, 2002, 2006-08, 2101-11, 2112-17, 2120-27, 2389, 2421, 2481, 2483, 2602, 2632-34, 2637-39, 2663, 2675, 8013, 8541, 8542, 8547, 8721-23, 8741-52, 9022, 9025, 9301-04, 9305, 9315, 9331-37, 9341-55, 9411-14, 9441, 9501, 9502, 9505, 9531, 9536, 9561, 9562, 9563, 9651-56, 9712, 9741, 9742, 9743, 9746, 9780; 20 U.S.C. 901-07; 37 U.S.C. 201, 421, 404-11e; 38 U.S.C. 5011; 39 U.S.C. 406, 3401-02; 40 U.S.C. 35; 42 U.S.C. 1856-56d, 3374, 315q; 43 U.S.C. 1241-43; 44 U.S.C. 1108; 50 U.S.C. 451-55, 491-94; Public Law 94-524 (18 U.S.C. 3056 note); Public Law 97-252; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 57-3400-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Strategic forces .....	2,832,834	2,870,607	2,783,993	3,068,153
00.02 General purpose forces .....	4,540,183	4,425,706	4,177,337	4,126,075



00.03	Intelligence and communications	2,513,910	2,798,764	2,800,261	2,834,306
00.04	Airlift and sealfight	1,191,751	1,198,103	2,072,729	2,251,838
00.07	Central supply and maintenance	7,017,621	5,266,560	4,233,620	3,908,810
00.08	Training, medical, and other general personnel activities	3,550,091	3,753,228	3,720,254	4,010,644
00.09	Administration and associated activities	643,379	532,908	555,047	551,523
00.10	Support of other nations	7,090	10,214	8,659	9,051
00.11	Special operations forces	157,400			
00.91	Total direct program	22,454,259	20,856,090	20,351,900	20,760,400
01.01	Reimbursable program	2,015,672	3,043,700	3,290,000	3,417,400
10.00	Total obligations	24,469,931	23,899,790	23,641,900	24,177,800
<b>Financing:</b>					
22.40	Unobligated balance transferred, net	-343,299			
39.00	Budget authority (gross)	24,126,632	23,899,790	23,641,900	24,177,800
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation	21,687,713	20,060,735	20,351,900	20,760,400
40.49	Portion applied to liquidate contract authority	-297,916			
40.50	Balance of appropriation to liquidate contract authority withdrawn	-22,384			
40.75	Reduction pursuant to P.L. 101-511		-8,200		
41.00	Transferred to other accounts	-1,485			
42.00	Transferred from other accounts	447,116	803,555		
43.00	Appropriation (adjusted)	21,813,044	20,856,090	20,351,900	20,760,400
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections	2,015,672	3,043,700	3,290,000	3,417,400
69.15	Contract authority (indefinite)	297,916			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	24,469,931	23,899,790	23,641,900	24,177,800
72.40	Obligated balance, start of year	7,454,869	7,695,861	7,468,551	7,261,751
74.40	Obligated balance, end of year	-7,695,861	-7,468,551	-7,261,751	-7,473,451
77.00	Adjustments in expired accounts	-135,775			
87.00	Outlays (gross)	24,093,164	24,127,100	23,848,700	23,966,100
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-1,573,695	-3,043,700	-3,290,000	-3,417,400
88.30	Trust funds	-336,586			
88.40	Non-Federal sources	-105,391			
88.90	Total, offsetting collections	-2,015,672	-3,043,700	-3,290,000	-3,417,400
89.00	Budget authority (net)	22,110,960	20,856,090	20,351,900	20,760,400
90.00	Outlays	22,077,492	21,083,400	20,558,700	20,548,700

## Object Classification (in thousands of dollars)

Identification code	57-3400-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent	3,577,115	3,051,970	3,317,148	3,460,411
11.3	Other than full-time permanent	178,386	265,389	290,222	302,679
11.5	Other personnel compensation	129,098	122,045	130,677	134,299
11.9	Total personnel compensation	3,884,599	3,439,404	3,738,047	3,897,389
12.1	Civilian personnel benefits	757,553	740,209	826,703	895,811
13.0	Benefits for former personnel	17,537	17,534	20,198	39,278
21.0	Travel and transportation of persons	617,461	499,348	542,309	550,404
22.0	Transportation of things	685,486	679,387	595,849	507,529
23.1	Rental payments to GSA	24,771	25,626	26,408	27,358
23.2	Rental payments to others	77,737	106,126	100,056	101,603
23.3	Communications, utilities, and miscellaneous charges	1,066,019	1,173,562	1,193,635	1,169,837
24.0	Printing and reproduction	43,880	42,004	42,977	43,732

<b>Other services:</b>				
25.0	Payments to foreign national indirect hire personnel	232,539	297,467	383,334
25.0	Purchases from industrial funds	2,757,406	2,242,210	3,455,217
25.0	Contracts	8,277,523	7,325,656	4,951,692
26.0	Supplies and materials	3,540,385	3,866,204	4,049,244
31.0	Equipment	359,326	282,727	298,262
32.0	Land and structures	268	294	25
41.0	Grants, subsidies, and contributions	438	2,314	1,118
42.0	Insurance claims and indemnities	110,300	115,918	126,726
43.0	Interest and dividends	1,031		100
99.0	Subtotal, direct obligations	22,454,259	20,856,090	20,351,900
99.0	Reimbursable obligations	2,015,672	3,043,700	3,290,000
99.9	Total obligations	24,469,931	23,899,790	23,641,900

## Personnel Summary

<b>Total compensable workyears:</b>				
Full-time equivalent employment	153,267	141,855	111,533	108,416
Full-time equivalent of overtime and holiday hours	2,128	2,035	1,606	1,544

## OPERATION AND MAINTENANCE, DEFENSE AGENCIES

## [ (INCLUDING TRANSFER OF FUNDS) ]

For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law; [\$8,448,957,000] \$8,794,800,000, of which not to exceed [\$35,000,000] \$25,000,000 may be available for the CINC initiative fund account; and of which not to exceed [\$14,661,000] \$15,743,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes; [and of which \$561,300,000 shall be available for the Special Operations Command: *Provided*, That of the funds appropriated by this paragraph, \$200,000,000 shall be available until September 30, 1993, only to the Department of Defense Office of Economic Adjustment to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities: *Provided further*, That any unspecified reduction to be applied to appropriations available for civilian personnel costs required for fiscal year 1991 shall be applied on an equitable basis to all Defense agencies, the Office of the Secretary of Defense, and the Washington Headquarters Services: *Provided further*, That appropriations available for civilian personnel costs of the Special Operations Command shall not be included in determining the amount of reductions to be applied nor shall such reductions be applied to such personnel costs: *Provided further*, That \$10,000,000 shall only be available during the current fiscal year for carrying out the purpose of section 306 of Public Law 101-189, except that the Secretary of Defense, in consultation with the Secretary of Education, shall consider a local education agency as described in subsection (a) of section 306, as eligible for payment only if such agency is unable, without the addition of such assistance, to provide a level of education for such students equivalent to the comparable level of education provided within the State in which such students reside (as determined by comparable student data), and at least 35 percent of the local educational agency's average daily attendance are military dependent students eligible for funding under sections 3(a) and/or 3(b) of Public Law 81-874: *Provided further*, That of this \$10,000,000, \$886,000 shall be available only for the Killeen, Texas, Independent School District and \$167,000 shall be available only for the Copperas Cove, Texas, Independent School District: *Provided further*, That of the funds appropriated in this paragraph, \$912,000 shall be available only for transfer to the Library of Congress: *Provided further*, That of the funds appropriated for the Special Operations Command, not less than \$69,500,000 shall be transferred to the Operation and Maintenance appropriations of the Reserve Components for execution: *Provided further*, That \$4,000,000 shall be available only for the establishment of the Japanese American Museum as a component of the Japanese American Cultural Center in Ontario, Oregon].

*Further, for the foregoing purposes, and not to exceed \$16,560,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and*



## General and special funds—Continued

## OPERATION AND MAINTENANCE, DEFENSE AGENCIES—Continued

payments may be made on his certificate of necessity for confidential military purposes; \$7,583,200,000, to become available for obligation on October 1, 1992, of which \$831,794,000 shall be available for the Special Operations Command. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0100-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.02 General purpose forces: Joint Chiefs of Staff .....	217,798	263,404	291,420	268,316
Intelligence and communications:				
00.03 Defense Investigative Service .....	177,986	177,097	174,753	167,649
00.03 Defense Mapping Agency .....	533,454	578,213	614,672	663,961
00.03 Defense Nuclear Agency .....	74,183	79,793	86,457	85,669
Intelligence and communications activities .....	2,617,547	2,789,517	2,954,207	3,085,340
00.03 On-Site Inspection Agency .....	27,231	143,073	182,902	163,434
00.07 Central supply and maintenance: Defense Logistics Agency .....	2,124,104	1,553,066	1,196,454	
Training, medical, and other general personnel activities:				
00.08 Department of Defense Dependents Schools .....	1,058,576	1,138,524	1,188,129	1,168,568
00.08 American Forces Information Service .....	70,042	75,008	69,725	67,844
00.08 Office of Economic Adjustment .....		27,794	48,458	62,784
00.08 Defense Medical Systems Support Activities .....	105,942	105,943	160,237	166,369
00.08 Uniformed Services University of the Health Sciences .....	36,604	37,149	39,298	39,907
00.08 Civilian Health and Medical Program of the Uniformed Services .....	48,588	49,867	69,032	76,600
Administration and associated activities:				
00.09 Secretary of Defense .....	142,201	201,304	216,900	214,117
00.09 Office of Economic Adjustment .....	28,424	7,442	6,644	4,953
00.09 Washington Headquarters Services .....	120,257	127,649	148,183	137,707
00.09 Corporate Information Management .....		188,890	183,369	257,610
00.09 Joint Chiefs of Staff .....	60,978	63,451	63,242	66,373
00.09 Defense Contract Audit Agency .....	322,077	337,637	327,545	
00.09 Defense Legal Services Agency .....	5,429	6,619	7,053	7,530
00.09 Defense Technology Security Administration .....	7,009	6,455	7,154	7,495
00.09 DOD support activities .....		40,350	40,431	39,180
00.11 Special Operations Forces: Special Operations Command .....		490,634	718,535	831,794
00.91 Total direct program .....	7,778,430	8,488,879	8,794,800	7,583,200
01.01 Reimbursable program .....	4,023,286	5,583,330	5,746,403	4,683,265
10.00 Total obligations .....	11,801,716	14,072,209	14,541,203	12,266,465
<b>Financing:</b>				
22.40 Unobligated balance transferred, net .....	—20,211			
25.00 Unobligated balance lapsing .....	18,796			
39.00 <b>Budget authority (gross) .....</b>	<b>11,800,301</b>	<b>14,072,209</b>	<b>14,541,203</b>	<b>12,266,465</b>
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	7,750,317	8,448,957	8,794,800	7,583,200
40.49 Portion applied to liquidate contract authority .....	—11,639			

40.50 Balance of appropriation to liquidate contract authority withdrawn .....	—6,561			
40.75 Reduction pursuant to P.L. 101-511 .....	—6,750			
41.00 Transferred to other accounts .....	—94,265	—270,412		
42.00 Transferred from other accounts .....	127,524	317,084		
43.00 <b>Appropriation (adjusted) .....</b>	<b>7,765,376</b>	<b>8,488,879</b>	<b>8,794,800</b>	<b>7,583,200</b>
<b>Permanent:</b>				
68.00 <b>Spending authority from offsetting collections .....</b>	<b>4,023,286</b>	<b>5,583,330</b>	<b>5,746,403</b>	<b>4,683,265</b>
69.15 <b>Contract authority (Indefinite) .....</b>	<b>11,639</b>			
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	11,801,716	14,072,209	14,541,203	12,266,465
72.40 Obligated balance, start of year .....	1,616,391	1,221,054	1,486,333	1,644,233
74.40 Obligated balance, end of year .....	—1,221,054	—1,486,333	—1,644,233	—1,525,533
77.00 Adjustments in expired accounts .....	—85,090			
87.00 <b>Outlays (gross) .....</b>	<b>12,111,961</b>	<b>13,806,930</b>	<b>14,383,303</b>	<b>12,385,165</b>
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds .....	—3,943,499	—5,513,584	—5,694,416	—4,663,879
88.30 Trust funds .....	—52,195	—47,560	—31,434	—661
88.40 Non-Federal sources .....	—27,592	—22,186	—20,553	—18,725
88.90 <b>Total, offsetting collections .....</b>	<b>—4,023,286</b>	<b>—5,583,330</b>	<b>—5,746,403</b>	<b>—4,683,265</b>
89.00 <b>Budget authority (net) .....</b>	<b>7,777,015</b>	<b>8,488,879</b>	<b>8,794,800</b>	<b>7,583,200</b>
90.00 <b>Outlays .....</b>	<b>8,088,675</b>	<b>8,223,600</b>	<b>8,636,900</b>	<b>7,701,900</b>

## Object Classification (in thousands of dollars)

Identification code 97-0100-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent .....	2,524,629	2,352,260	2,233,761	1,515,709
11.3 Other than full-time permanent .....	140,346	128,822	141,279	58,384
11.5 Other personnel compensation .....	84,638	113,560	82,113	49,385
11.8 Special personal services payments .....	1,256	1,404	1,400	1,462
11.9 <b>Total personnel compensation .....</b>	<b>2,750,869</b>	<b>2,596,046</b>	<b>2,458,553</b>	<b>1,624,940</b>
12.1 Civilian personnel benefits .....	583,758	563,995	551,338	365,317
13.0 Benefits for former personnel .....	2,667	1,904	3,402	2,483
21.0 Travel and transportation of persons .....	218,538	343,039	333,264	292,551
22.0 Transportation of things .....	269,966	320,836	342,142	336,701
23.1 Rental payments to GSA .....	99,825	99,759	77,832	48,953
23.2 Rental payments to others .....	178,620	189,757	197,304	193,919
23.3 Communications, utilities, and miscellaneous charges .....	186,257	176,226	179,104	123,644
24.0 Printing and reproduction .....	26,233	26,987	27,093	23,002
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel .....	52,836	44,064	29,933	29,355
25.0 Purchases from industrial funds .....	32,915	46,688	109,845	96,545
25.0 Contracts .....	1,171,550	1,809,374	1,992,657	2,086,879
25.0 Other .....	1,769,852	1,702,599	1,843,259	1,752,646
26.0 Supplies and materials .....	302,468	345,108	453,889	474,812
31.0 Equipment .....	112,217	177,881	148,576	128,171
41.0 Grants, subsidies, and contributions .....	16,247	40,974	42,829	3,282
43.0 Interest and dividends .....	3,612	3,642	3,780	
99.0 <b>Subtotal, direct obligations .....</b>	<b>7,778,430</b>	<b>8,488,879</b>	<b>8,794,800</b>	<b>7,583,200</b>
99.0 <b>Reimbursable obligations .....</b>	<b>4,023,286</b>	<b>5,583,330</b>	<b>5,746,403</b>	<b>4,683,265</b>
99.9 <b>Total obligations .....</b>	<b>11,801,716</b>	<b>14,072,209</b>	<b>14,541,203</b>	<b>12,266,465</b>

## Personnel Summary

<b>Total compensable workyears:</b>				
Full-time equivalent employment .....	92,527	106,617	67,750	37,700
Full-time equivalent of overtime and holiday hours .....	1,224	2,274	812	353



## OPERATION DESERT SHIELD, DEFENSE

## [(TRANSFER OF FUNDS)]

For incremental costs of Operation Desert Shield \$1,000,000,000 is appropriated for transfer from the Defense Cooperation Account, established under section 2608 of title 10, United States Code, to operation and maintenance appropriations of the Department of Defense only to reimburse incremental expenditures made for fuel, transportation, equipment maintenance and purchases from stock funds in support of Operation Desert Shield, to be merged with and to be available for the same purposes and the same time period as the appropriation to which transferred: *Provided*, That the foregoing transfer authority shall be in addition to any other transfer authority contained in this Act. (Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 97-0109-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations .....		1,000,000		
<b>Financing:</b>				
40.20 Budget authority (appropriation) (special fund) .....		1,000,000		
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....		1,000,000		
72.40 Obligated balance, start of year .....			200,000	41,000
74.40 Obligated balance, end of year .....		-200,000	-41,000	-17,000
90.00 Outlays .....		800,000	159,000	24,000

## OFFICE OF THE INSPECTOR GENERAL

For expenses and activities of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, as follows: for Operation and maintenance, [\$98,519,000] \$115,900; for Procurement, [\$981,000] \$300,000; In all: [\$99,500,000] \$116,200,000: *Provided*, That the amount provided for Procurement shall remain available until September 30, [1993] 1994.

Further, for the foregoing purposes, \$116,700,000 to become available for obligation on October 1, 1992. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0107-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
00.01 Operation and Maintenance .....	95,717	98,499	115,900	116,700
00.02 Procurement .....	88	1,944	300	
10.00 Total obligations .....	95,805	100,443	116,200	116,700
<b>Financing:</b>				
21.40 Unobligated balance available, start of year: For completion of prior year budget plans .....		-963		
24.40 Unobligated balance available, end of year: For completion of prior year budget plans .....	963			
25.00 Unobligated balance lapsing .....	32			
39.00 Budget authority .....	96,800	99,480	116,200	116,700
<b>Budget authority:</b>				
40.00 Appropriation .....	96,800	99,500	116,200	116,700
40.75 Reduction pursuant to P.L. 101-511 .....		-20		
43.00 Appropriation (adjusted) .....	96,800	99,480	116,200	116,700
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	95,805	100,443	116,200	116,700
72.40 Obligated balance, start of year .....		18,901	25,244	29,744
74.40 Obligated balance, end of year .....	-18,901	-25,244	-29,744	-31,644
90.00 Outlays .....	76,904	94,100	111,700	114,800

## Budget Plan (in thousands of dollars)

## (Amount for Inspector General programs)

07.01 Operation and maintenance .....	95,717	98,499	115,900	116,700
07.02 Procurement .....	1,051	981	300	
08.93 Total budget plan .....	96,768	99,480	116,200	116,700

## Object Classification (in thousands of dollars)

Identification code 97-0107-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>				
11.1 Full-time permanent .....	59,430	63,222	70,826	72,819
11.3 Other than full-time permanent .....	337	250	250	250
11.5 Other personnel compensation .....	1,842	1,963	4,272	4,015
11.9 Total personnel compensation .....	61,609	65,435	75,348	77,084
12.1 Civilian personnel benefits .....	12,147	12,090	14,786	14,670
13.0 Benefits for former personnel .....	17	50	75	75
21.0 Travel and transportation of persons .....	6,948	6,200	7,600	7,640
22.0 Transportation of things .....	833	400	452	492
23.1 Rental payments to GSA .....	4,934	5,237	5,400	5,500
23.2 Rental payments to others .....	236	150	150	155
23.3 Communications, utilities, and miscellaneous charges .....	2,636	2,792	2,784	2,825
24.0 Printing and reproduction .....	76	110	114	119
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel .....	65	56	76	88
25.0 Other services .....	4,412	4,601	7,409	6,177
25.0 Other .....	115	116	151	155
26.0 Supplies and materials .....	1,117	1,050	920	920
31.0 Equipment .....	660	2,156	935	800
99.9 Total obligations .....	95,805	100,443	116,200	116,700

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	1,445	1,460	1,550	1,519
Full-time equivalent of overtime and holiday hours .....	5	4	4	4

## OPERATION AND MAINTENANCE, ARMY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; [\$909,100,000] \$937,200,000.

Further, for the foregoing purposes, \$973,100,000, to become available for obligation on October 1, 1992. (5 U.S.C. 7903; 10 U.S.C. 1481-88, 3013-14, 3062, 4302, 4411-14, 4741; 37 U.S.C. 404; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 21-2080-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Mission forces .....	748,007	817,406	811,489	847,075
00.02 Depot maintenance .....	8,719	11,160	14,671	12,419
00.03 Other support .....	111,253	107,272	111,040	113,606
00.91 Total direct program .....	867,979	935,838	937,200	973,100
01.01 Reimbursable program .....	34,334	24,828	31,737	32,104
10.00 Total obligations .....	902,313	960,666	968,937	1,005,204
<b>Financing:</b>				
22.40 Unobligated balance transferred, net .....	-391			
25.00 Unobligated balance lapsing .....	3,988			
39.00 Budget authority (gross) .....	905,910	960,666	968,937	1,005,204
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	848,473	909,100	937,200	973,100



## General and special funds—Continued

## OPERATION AND MAINTENANCE, ARMY RESERVE—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2080-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
42.00	Transferred from other accounts	23,103	26,738		
43.00	Appropriation (adjusted)	871,576	935,838	937,200	973,100
68.00	Permanent: Spending authority from offsetting collections	34,334	24,828	31,737	32,104
Relation of obligations to outlays:					
71.00	Total obligations	902,313	960,666	968,937	1,005,204
72.40	Obligated balance, start of year	241,014	248,818	294,856	318,256
74.40	Obligated balance, end of year	-248,818	-294,856	-318,256	-345,556
77.00	Adjustments in expired accounts	-20,770			
87.00	Outlays (gross)	873,738	914,628	945,537	977,804
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds	-34,259	-24,691	-31,595	-31,959
88.40	Non-Federal sources	-75	-137	-142	-145
88.90	Total, offsetting collections	-34,334	-24,828	-31,737	-32,104
89.00	Budget authority (net)	871,576	935,838	937,200	973,100
90.00	Outlays (net)	839,404	889,800	913,800	945,700

## Object Classification (in thousands of dollars)

Identification code	21-2080-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
Personnel compensation:					
11.1	Full-time permanent	290,595	304,396	293,825	235,429
11.3	Other than full-time permanent	15,142	15,484	15,318	13,313
11.5	Other personnel compensation	6,018	6,155	6,089	5,292
11.9	Total personnel compensation	311,755	326,035	315,232	254,034
12.1	Civilian personnel benefits	68,897	70,453	69,697	60,574
13.0	Benefits for former personnel	16	16	16	14
21.0	Travel and transportation of persons	72,901	101,106	87,768	88,968
22.0	Transportation of things	3,599	2,128	6,111	6,965
23.1	Rental payments to GSA	8,805	7,745	8,746	9,000
23.2	Rental payments to others	47,175	55,692	63,500	69,429
24.0	Printing and reproduction	4,886	6,884	7,101	7,336
Other services:					
25.0	Purchases from industrial funds	8,359	16,474	18,358	19,951
25.0	Contracts	210,854	207,734	211,335	280,689
25.0	Other	36	41	46	47
26.0	Supplies and materials	92,128	105,244	97,201	109,050
31.0	Equipment	38,568	36,286	52,089	67,043
99.0	Subtotal, direct obligations	867,979	935,838	937,200	973,100
99.0	Reimbursable obligations	34,334	24,828	31,737	32,104
99.9	Total obligations	902,313	960,666	968,937	1,005,204

## Personnel Summary

Total compensable workyears:					
Full-time equivalent employment	12,720	12,510	11,823	9,826	
Full-time equivalent of overtime and holiday hours	89	85	83	81	

## OPERATION AND MAINTENANCE, NAVY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; [\$998,000,000] \$816,100,000.

Further, for the foregoing purposes, \$797,000,000, to become available for obligation on October 1, 1992. (10 U.S.C. 262, 276, 503, 1481-88, 2110, 2202, 2231, 2233a, 2631-34, 5013, 5062, 5251, 6022; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1806-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
00.01	Mission forces	807,318	913,250	749,635	719,906
00.02	Depot maintenance	94,034	85,675	59,537	69,894
00.03	Other support	6,621	6,733	6,928	7,200
00.91	Total direct program	907,973	1,005,658	816,100	797,000
01.01	Reimbursable program	21,994	18,849	19,562	20,262
10.00	Total obligations	929,967	1,024,507	835,662	817,262
Financing:					
25.00	Unobligated balance lapsing	15,295			
39.00	Budget authority (gross)	945,261	1,024,507	835,662	817,262
Budget authority:					
Current:					
40.00	Appropriation	893,267	998,000	816,100	797,000
42.00	Transferred from other accounts	30,000	7,658		
43.00	Appropriation (adjusted)	923,267	1,005,658	816,100	797,000
68.00	Permanent: Spending authority from offsetting collections	21,994	18,849	19,562	20,262
Relation of obligations to outlays:					
71.00	Total obligations	929,967	1,024,507	835,662	817,262
72.40	Obligated balance, start of year	487,791	461,988	518,046	486,846
74.40	Obligated balance, end of year	-461,988	-518,046	-486,846	-498,746
77.00	Adjustments in expired accounts	-9,369			
87.00	Outlays (gross)	946,401	968,449	866,862	805,362
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds	-20,597	-17,455	-18,116	-18,764
88.30	Trust funds	-15			
88.40	Non-Federal sources	-1,382	-1,394	-1,446	-1,498
88.90	Total, offsetting collections	-21,994	-18,849	-19,562	-20,262
89.00	Budget authority (net)	923,267	1,005,658	816,100	797,000
90.00	Outlays	924,407	949,600	847,300	785,100

## Object Classification (in thousands of dollars)

Identification code	17-1806-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
Personnel compensation:					
11.1	Full-time permanent	62,672	63,324	65,350	67,145
11.3	Other than full-time permanent	1,660	1,527	1,553	1,557
11.5	Other personnel compensation	3,164	2,519	2,683	2,771
11.9	Total personnel compensation	67,496	67,370	69,586	71,473
12.1	Civilian personnel benefits	13,652	14,141	15,339	16,446
13.0	Benefits for former personnel	15			
21.0	Travel and transportation of persons	23,772	22,527	20,811	20,482
22.0	Transportation of things	1,426	754	502	522
23.2	Rental payments to others	5,485	5,808	5,799	5,950
23.3	Communications, utilities, and miscellaneous charges	36,571	36,735	37,169	37,562
24.0	Printing and reproduction	1,269	1,475	1,482	1,527
Other services:					
25.0	Purchases from industrial funds	119,160	118,943	83,051	92,349
25.0	Contracts	276,125	310,207	238,327	231,062
25.0	Other	19,941	17,561	16,966	17,074
26.0	Supplies and materials	317,661	384,079	303,868	279,065
31.0	Equipment	25,400	26,058	23,200	23,488
99.0	Subtotal, direct obligations	907,973	1,005,658	816,100	797,000
99.0	Reimbursable obligations	21,994	18,849	19,562	20,262
99.9	Total obligations	929,967	1,024,507	835,662	817,262

## Personnel Summary

Total compensable workyears:					
Full-time equivalent employment	2,752	2,933	2,873	2,765	
Full-time equivalent of overtime and holiday hours	27	26	25	24	



## OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; [\$84,800,000] \$75,900,000.

Further, for the foregoing purposes, \$75,400,000, to become available for obligation on October 1, 1992. (10 U.S.C. 262, 276, 503, 1481-88, 2110, 2202, 2231, 2233A, 2631-34, 5013, 5062, 5252, 6022; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1107-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Mission forces.....	63,279	68,279	58,615	57,621
00.02	Depot maintenance.....	1,915	2,021	4,838	4,911
00.03	Other support.....	13,188	14,533	12,447	12,868
00.91	Total direct program.....	78,382	84,833	75,900	75,400
01.01	Reimbursable program.....	2,137	1,000	1,250	1,500
10.00	Total obligations.....	80,519	85,833	77,150	76,900
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	50			
39.00	Budget authority (gross).....	80,569	85,833	77,150	76,900
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	77,363	84,800	75,900	75,400
42.00	Transferred from other accounts.....	1,069	33		
43.00	Appropriation (adjusted).....	78,432	84,833	75,900	75,400
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	2,137	1,000	1,250	1,500
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	80,519	85,833	77,150	76,900
72.40	Obligated balance, start of year.....	29,854	29,526	34,059	34,959
74.40	Obligated balance, end of year.....	-29,526	-34,059	-34,959	-37,659
77.00	Adjustments in expired accounts.....	-3,189			
87.00	Outlays (gross).....	77,658	81,300	76,250	74,200
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-2,137	-1,000	-1,250	-1,500
88.90	Total, offsetting collections.....	-2,137	-1,000	-1,250	-1,500
89.00	Budget authority (net).....	78,432	84,833	75,900	75,400
90.00	Outlays (net).....	75,521	80,300	75,000	72,700

## Object Classification (in thousands of dollars)

Identification code	17-1107-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent.....	8,217	9,250	9,612	9,908
11.3	Other than full-time permanent.....	154			
11.5	Other personnel compensation.....	54	150	164	170
11.9	Total personnel compensation.....	8,425	9,400	9,776	10,078
12.1	Civilian personnel benefits.....	1,662	1,820	1,885	1,950
21.0	Travel and transportation of persons.....	6,136	6,104	6,271	6,435
22.0	Transportation of things.....	4,418	3,810	3,955	4,097
23.3	Communications, utilities, and miscellaneous charges.....	9,644	10,096	10,414	10,727
24.0	Printing and reproduction.....	509	529	549	568
<b>Other services:</b>					
25.0	Purchases from industrial funds.....	1,917	2,021	2,098	2,174
25.0	Contracts.....	17,263	17,408	17,959	18,581
26.0	Supplies and materials.....	25,917	30,778	20,416	18,120
31.0	Equipment.....	2,491	2,867	2,577	2,670
99.0	Subtotal, direct obligations.....	78,382	84,833	75,900	75,400
99.0	Reimbursable obligations.....	2,137	1,000	1,250	1,500
99.9	Total obligations.....	80,519	85,833	77,150	76,900

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	358	305	279	268
Full-time equivalent of overtime and holiday hours.....	2	2	2	2

## OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; [\$1,065,900,000] \$1,075,400,000.

Further, for the foregoing purposes, \$1,232,500,000, to become available for obligation on October 1, 1992. (5 U.S.C. 7903; 10 U.S.C. 264, 276, 510-11, 1124, 1481-88, 2231-37, 8013, 8541-42, 8721-23, 9301-04, 9315, 9411-14, 9531, 9536, 9561-63, 9593, 9741, 9743; 37 U.S.C. 404-11; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3740-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Mission forces.....	809,201	862,264	908,566	1,055,610
00.02	Depot maintenance.....	164,577	178,670	122,104	134,839
00.03	Other support.....	44,325	45,102	44,730	42,051
00.91	Total direct program.....	1,018,103	1,086,036	1,075,400	1,232,500
01.01	Reimbursable program.....	38,502	73,100	34,752	39,503
10.00	Total obligations.....	1,056,605	1,159,136	1,110,152	1,272,003
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	1,507			
39.00	Budget authority (gross).....	1,058,112	1,159,136	1,110,152	1,272,003
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	989,610	1,065,900	1,075,400	1,232,500
40.49	Portion applied to liquidate contract authority.....	-10,793			
42.00	Transferred from other accounts.....	30,000	20,136		
43.00	Appropriation (adjusted).....	1,008,817	1,086,036	1,075,400	1,232,500
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	38,502	73,100	34,752	39,503
69.15	Contract authority (indefinite).....	10,793			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	1,056,605	1,159,136	1,110,152	1,272,003
72.40	Obligated balance, start of year.....	266,010	218,366	249,902	267,902
74.40	Obligated balance, end of year.....	-218,366	-249,902	-267,902	-310,802
77.00	Adjustments in expired accounts.....	-5,308			
87.00	Outlays (gross).....	1,098,941	1,127,600	1,092,152	1,229,103
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-38,172	-72,657	-34,300	-39,032
88.40	Non-Federal sources.....	-330	-443	-452	-471
88.90	Total, offsetting collections.....	-38,502	-73,100	-34,752	-39,503
89.00	Budget authority (net).....	1,019,610	1,086,036	1,075,400	1,232,500
90.00	Outlays (net).....	1,060,439	1,054,500	1,057,400	1,189,600

## Object Classification (in thousands of dollars)

Identification code	57-3740-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent.....	401,030	423,483	436,669	439,788
11.5	Other personnel compensation.....	14,516	15,191	15,762	17,013
11.9	Total personnel compensation.....	415,546	438,674	452,431	456,801
12.1	Civilian personnel benefits.....	88,336	96,180	100,435	110,337



## General and special funds—Continued

## OPERATION AND MAINTENANCE, AIR FORCE RESERVE—Continued

## Object Classification (in thousands of dollars)—Continued

Identification code	57-3740-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
13.0	Benefits for former personnel .....	196	104	112	121
21.0	Travel and transportation of persons .....	11,941	13,400	13,615	15,108
22.0	Transportation of things .....	2,561	2,715	3,040	3,338
23.2	Rental payments to others .....	1,253	1,338	1,388	1,556
23.3	Communications, utilities, and miscellaneous charges .....	13,438	13,891	14,087	14,738
24.0	Printing and reproduction .....	1,068	1,015	1,009	1,053
	Other services:				
25.0	Purchases from industrial funds .....	210,085	237,754	186,905	195,579
25.0	Contracts .....	47,737	47,592	49,542	59,354
25.0	Other .....	4,657	4,881	4,719	5,083
26.0	Supplies and materials .....	197,458	208,375	231,372	349,088
31.0	Equipment .....	19,989	16,107	12,464	15,473
42.0	Insurance claims and indemnities .....	3,838	4,010	4,281	4,871
99.0	Subtotal, direct obligations .....	1,018,103	1,086,036	1,075,400	1,232,500
99.0	Reimbursable obligations .....	38,502	73,100	34,752	39,503
99.9	Total obligations .....	1,056,605	1,159,136	1,110,152	1,272,003

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	14,287	14,449	14,657	15,149
Full-time equivalent of overtime and holiday hours .....	261	261	261	261

## OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft); **[\$1,980,400,000] \$2,080,700,000.**

Further, for the foregoing purposes, **\$2,083,700,000**, to become available for obligation on October 1, 1992. (5 U.S.C. 7903; 10 U.S.C. 261-80, 2231-38, 2511, 4651; 32 U.S.C. 701-02, 709; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2065-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Training operations .....	1,678,864	1,802,884	1,861,245	1,860,195
00.02	Logistical support .....	54,616	50,086	59,837	48,514
00.03	Headquarters and command support .....	130,557	171,897	159,618	174,991
00.91	Total direct program .....	1,864,037	2,024,867	2,080,700	2,083,700
01.01	Reimbursable program .....	34,954	30,200	45,000	45,000
10.00	Total obligations .....	1,898,991	2,055,067	2,125,700	2,128,700
<b>Financing:</b>					
22.40	Unobligated balance transferred, net .....	— 655	—	—	—
25.00	Unobligated balance lapsing .....	4,502	—	—	—
39.00	Budget authority (gross) .....	1,902,838	2,055,067	2,125,700	2,128,700
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation .....	1,836,938	1,980,400	2,080,700	2,083,700
42.00	Transferred from other accounts .....	30,946	44,467	—	—
43.00	Appropriation (adjusted) .....	1,867,884	2,024,867	2,080,700	2,083,700

## Permanent:

68.00	Spending authority from offsetting collections .....	34,954	30,200	45,000	45,000
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	1,898,991	2,055,067	2,125,700	2,128,700
72.40	Obligated balance, start of year .....	526,283	485,369	576,536	653,436
74.40	Obligated balance, end of year .....	— 485,369	— 576,536	— 653,436	— 717,236
77.00	Adjustments in expired accounts .....	— 58,846	—	—	—
87.00	Outlays (gross) .....	1,881,059	1,963,900	2,048,800	2,064,900
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds .....	— 32,953	— 28,086	— 41,850	— 41,850
88.40	Non-Federal sources .....	— 2,001	— 2,114	— 3,150	— 3,150
88.90	Total, offsetting collections .....	— 34,954	— 30,200	— 45,000	— 45,000
89.00	Budget authority (net) .....	1,867,884	2,024,867	2,080,700	2,083,700
90.00	Outlays (net) .....	1,846,105	1,933,700	2,003,800	2,019,900

## Object Classification (in thousands of dollars)

Identification code	21-2065-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent .....	709,441	764,425	662,971	615,283
11.3	Other than full-time permanent .....	24,795	25,913	26,486	25,634
11.5	Other personnel compensation .....	4,727	4,941	5,051	4,888
11.9	Total personnel compensation .....	738,963	795,279	694,508	645,805
12.1	Civilian personnel benefits .....	169,612	177,267	181,184	175,359
13.0	Benefits for former personnel .....	655	685	700	677
21.0	Travel and transportation of persons .....	47,154	47,414	43,294	38,060
22.0	Transportation of things .....	16,427	21,025	21,312	22,079
23.2	Rental payments to others .....	48,867	65,137	71,173	72,378
24.0	Printing and reproduction .....	4,252	13,732	12,460	12,088
<b>Other services:</b>					
25.0	Purchases from industrial funds .....	54,624	51,128	53,465	55,316
25.0	Contracts .....	279,822	302,365	288,541	313,235
26.0	Supplies and materials .....	468,971	468,479	645,729	679,479
31.0	Equipment .....	22,272	68,888	61,466	62,121
32.0	Land and structures .....	12,418	13,468	6,868	7,103
99.0	Subtotal, direct obligations .....	1,864,037	2,024,867	2,080,700	2,083,700
99.0	Reimbursable obligations .....	34,954	30,200	45,000	45,000
99.9	Total obligations .....	1,898,991	2,055,067	2,125,700	2,128,700

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	28,600	28,747	28,070	25,979
Full-time equivalent of overtime and holiday hours .....	6	5	5	5

## OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For operation and maintenance of the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, repair, and other necessary expenses of facilities for the training and administration of the Air National Guard, including repair of facilities, maintenance, operation, and modification of aircraft; transportation of things; hire of passenger motor vehicles; supplies, materials, and equipment, as authorized by law for the Air National Guard; and expenses incident to the maintenance and use of supplies, materials, and equipment, including such as may be furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; **[\$2,247,200,000] \$2,287,800,000.**

Further, for the foregoing purposes, **\$2,700,900,000**, to become available for obligation on October 1, 1992. (5 U.S.C. 7903; 10 U.S.C. 261-80, 2231-38, 2511, 8012, 8721-22, 9741, 9743; 32 U.S.C. 106, 107, 320, 701-03, 709; 37 U.S.C. 404-11; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)



## Program and Financing (in thousands of dollars)

Identification code	57-3840-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Mission forces.....	1,689,467	1,881,069	1,999,121	2,376,929
00.02	Depot maintenance.....	325,373	385,876	282,929	317,953
00.03	Other support.....	5,553	5,091	5,750	6,018
00.91	Total direct program.....	2,020,393	2,272,036	2,287,800	2,700,900
01.01	Reimbursable program.....	59,142	199,900	107,082	110,947
10.00	Total obligations.....	2,079,535	2,471,936	2,394,882	2,811,847
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	9,160			
39.00	Budget authority (gross).....	2,088,695	2,471,936	2,394,882	2,811,847
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	1,985,901	2,247,200	2,287,800	2,700,900
40.49	Portion applied to liquidate contract authority.....	-6,200			
41.00	Transferred to other accounts.....	-1,633			
42.00	Transferred from other accounts.....	45,285	24,836		
43.00	Appropriation (adjusted).....	2,023,353	2,272,036	2,287,800	2,700,900
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	59,142	199,900	107,082	110,947
69.15	Contract authority (indefinite).....	6,200			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	2,079,535	2,471,936	2,394,882	2,811,847
72.40	Obligated balance, start of year.....	453,878	419,533	521,469	583,069
74.40	Obligated balance, end of year.....	-419,533	-521,469	-583,069	-697,369
77.00	Adjustments in expired accounts.....	2,710			
87.00	Outlays (gross).....	2,116,591	2,370,000	2,333,282	2,697,547
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-43,417	-182,243	-88,754	-91,958
88.30	Trust funds.....	-12,865	-14,179	-14,718	-15,248
88.40	Non-Federal sources.....	-2,860	-3,478	-3,610	-3,741
88.90	Total, offsetting collections.....	-59,142	-199,900	-107,082	-110,947
89.00	Budget authority (net).....	2,029,553	2,272,036	2,287,800	2,700,900
90.00	Outlays (net).....	2,057,449	2,170,100	2,226,200	2,586,600

## Object Classification (in thousands of dollars)

Identification code	57-3840-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
<b>Personnel compensation:</b>					
11.1	Full-time permanent.....	745,624	810,721	828,378	852,722
11.5	Other personnel compensation.....	6,972	7,463	7,747	8,135
11.9	Total personnel compensation.....	752,596	818,184	836,125	860,857
12.1	Civilian personnel benefits.....	157,747	168,846	175,279	184,060
13.0	Benefits for former personnel.....	368	394	409	429
21.0	Travel and transportation of persons.....	32,793	29,577	30,156	31,242
22.0	Transportation of things.....	13,500	14,570	15,124	15,667
23.2	Rental payments to others.....	2,228	2,192	2,275	2,357
23.3	Communications, utilities, and miscellaneous charges.....	41,937	42,558	43,683	44,923
24.0	Printing and reproduction.....	2,134	1,776	1,821	1,864
<b>Other services:</b>					
25.0	Purchases from industrial funds.....	309,489	368,245	282,929	317,953
25.0	Contracts.....	225,635	231,228	240,810	257,208
26.0	Supplies and materials.....	434,971	566,285	633,070	957,281
31.0	Equipment.....	39,022	20,106	16,811	17,416
42.0	Insurance claims and indemnities.....	7,973	8,075	9,308	9,643
99.0	Subtotal, direct obligations.....	2,020,393	2,272,036	2,287,800	2,700,900
99.0	Reimbursable obligations.....	59,142	199,900	107,082	110,947
99.9	Total obligations.....	2,079,535	2,471,936	2,394,882	2,811,847

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	25,735	26,175	26,311	26,676
Full-time equivalent of overtime and holiday hours.....	68	69	70	70

## NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

For the necessary expenses and personnel services (other than pay and non-travel-related allowances of members of the Armed Forces of the United States, except for members of the Reserve components thereof called or ordered to active duty to provide support for the national matches) in accordance with law, for construction, equipment, and maintenance of rifle ranges; the instruction of citizens in marksmanship; the promotion of rifle practice; the conduct of the national matches; the issuance of ammunition under the authority of title 10, United States Code, sections 4308 and 4311; the travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions; and the payment to competitors at national matches under section 4312 of title 10, United States Code, of subsistence and travel allowances under section 4313 of title 10, United States Code; [not to exceed] \$5,000,000 of which not to exceed \$7,500 shall be available for incidental expenses of the National Board.

Further, for the foregoing purpose, \$5,000,000, to become available for obligation on October 1, 1992, of which not to exceed \$7,500 shall be available for incidental expenses of the National Board. (10 U.S.C. 4307-13; 32 U.S.C. 316; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-1705-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations.....	4,585	5,000	5,000	5,000
<b>Financing:</b>					
25.00	Unobligated balance lapsing.....	48			
40.00	Budget authority (appropriation).....	4,633	5,000	5,000	5,000
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	4,585	5,000	5,000	5,000
72.40	Obligated balance, start of year.....	2,424	2,344	2,544	2,744
74.40	Obligated balance, end of year.....	-2,344	-2,544	-2,744	-2,944
77.00	Adjustments in expired accounts.....	-261			
90.00	Outlays.....	4,403	4,800	4,800	4,800

## Object Classification (in thousands of dollars)

Identification code	21-1705-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent.....	807	254	891	922
11.3	Other than full-time permanent.....	90	91	94	97
11.5	Other personnel compensation.....	43	48	50	52
11.9	Total personnel compensation.....	940	393	1,035	1,071
12.1	Civilian personnel benefits.....	184	194	202	210
21.0	Travel and transportation of persons.....	370	391	400	409
22.0	Transportation of things.....	33	39	40	41
23.3	Communications, utilities, and miscellaneous charges.....	179	189	194	199
24.0	Printing and reproduction.....	32	36	37	38
<b>Other services:</b>					
25.0	Contracts.....	176	161	168	175
25.0	Other.....	667	913	880	813
26.0	Supplies and materials.....	1,866	2,608	2,038	2,038
31.0	Equipment.....	138	76	6	6
99.9	Total obligations.....	4,585	5,000	5,000	5,000

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	34	37	37	37

## CLAIMS, DEFENSE

## Program and Financing (in thousands of dollars)

Identification code	97-0102-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....				
72.40	Obligated balance, start of year.....	1,599	1,029	1,029	1,029



## General and special funds—Continued

## CLAIMS, DEFENSE—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	97-0102-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
74.40	Obligated balance, end of year .....	-1,029	-1,029	-1,029	-1,029
77.00	Adjustments in expired accounts .....	13			
90.00	Outlays .....	583			

## COURT OF MILITARY APPEALS, DEFENSE

For salaries and expenses necessary for the United States Court of Military Appeals, [\$5,400,000] \$5,500,000, and not to exceed \$2,500 can be used for official representation purposes.

Further, for the foregoing purposes, \$5,900,000, to become available for obligation on October 1, 1992, and not to exceed \$2,500 can be used for official representation purposes. (10 U.S.C. 867; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	97-0104-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations .....	3,857	5,400	5,500	5,900
<b>Financing:</b>					
25.00	Unobligated balance lapsing .....	88			
40.00	Budget authority (appropriation) .....	3,945	5,400	5,500	5,900
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	3,857	5,400	5,500	5,900
72.40	Obligated balance, start of year .....	869	1,585	2,085	2,685
74.40	Obligated balance, end of year .....	-1,585	-2,085	-2,685	-3,285
77.00	Adjustments in expired accounts .....	4			
90.00	Outlays .....	3,145	4,900	4,900	5,300

## Object Classification (in thousands of dollars)

Identification code	97-0104-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent .....	1,882	2,793	3,208	3,514
11.3	Other than full-time permanent .....	29	97	104	110
11.5	Other personnel compensation .....	10	33	35	37
11.9	Total personnel compensation .....	1,921	2,923	3,347	3,661
12.1	Civilian personnel benefits .....	244	402	430	458
21.0	Travel and transportation of persons .....	47	75	76	77
22.0	Transportation of things .....		3		
23.1	Rental payments to GSA .....	619	801	912	945
23.3	Communications, utilities, and miscellaneous charges .....	61	60	61	62
24.0	Printing and reproduction .....	10	10	6	6
<b>Other services:</b>					
25.0	Contracts .....	756	533	345	356
25.0	Other .....	83	135	140	145
26.0	Supplies and materials .....	115	223	183	190
31.0	Equipment .....	1	235		
99.9	Total obligations .....	3,857	5,400	5,500	5,900

## Personnel Summary

Total compensable workyears: Full-time equivalent employment .....	38	55	55	56
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## DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

## (INCLUDING TRANSFER OF FUNDS)

For drug interdiction and counter-drug activities of the Department of Defense, [\$1,084,100,000] \$1,158,600,000; for transfer to appropriations available to the Department of Defense [as follows:] for Military Personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code, [\$105,500,000]; for

Operation and Maintenance, [\$585,600,000, of which \$50,000,000 shall be available only for non-reimbursable support of Federal, State and local government agencies having counter-drug programs, and \$1,000,000 shall be available only for the Civil Air Patrol]; for Procurement, [\$345,300,000, of which not less than \$52,000,000 shall be available only for drug interdiction equipment for the reserve components]; for Research, Development, Test and Evaluation, [\$47,700,000]: *Provided*, That the funds appropriated by this paragraph shall be available for obligation for the same period and for the same purpose as the appropriation to which transferred [and]: *Provided further*, That upon a determination that funds transferred are not necessary for the purposes for which transferred, such funds may be transferred back to this appropriation: *Provided further*, That the transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act: *Provided further*, That of the funds appropriated by this paragraph, not less than \$28,000,000 shall be available only for operation and maintenance expenses for the southwest border land-based aerostat drug surveillance program of which \$14,000,000 shall be obligated not later than November 30, 1990: *Provided further*, That of the funds appropriated by this paragraph, \$123,000,000 shall be available only for the National Foreign Intelligence Program].

Further, for the foregoing purposes, \$1,249,400,000, to become available for obligation on October 1, 1992, for transfer to appropriations available to the Department of Defense for Military Personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code; for Operations and Maintenance; for Procurement; for Research, Development, Test and Evaluation: *Provided*, That the funds appropriated by this paragraph shall be available for obligation for the same period and for the same purpose as the appropriation to which transferred: *Provided further*, That upon a determination that funds transferred are not necessary for the purposes for which transferred, such funds may be transferred back to this appropriation: *Provided further*, That the transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	97-0105-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 25.0) .....			1,158,600	1,249,400
<b>Financing:</b>					
39.00	Budget authority .....			1,158,600	1,249,400
<b>Budget authority:</b>					
40.00	Appropriation .....	446,737	1,084,100	1,158,600	1,249,400
41.00	Transferred to other accounts .....	-446,737	-1,084,100		
43.00	Appropriation (adjusted) .....			1,158,600	1,249,400
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....			1,158,600	1,249,400
72.40	Obligated balance, start of year .....				760,000
74.40	Obligated balance, end of year .....			-760,000	-1,077,900
90.00	Outlays .....			398,600	931,500

## Personnel Summary

Total compensable workyears: Full-time equivalent employment .....			2,646	2,708
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## GOODWILL GAMES

## Program and Financing (in thousands of dollars)

Identification code	97-0106-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 25.0) .....	7,949	6,573		



<b>Financing:</b>				
21.40	Unobligated balance available, start of year .....	—6,573		
24.40	Unobligated balance available, end of year .....	6,573		
40.00	<b>Budget authority (appropriation) .....</b>	<b>14,522</b>		
<b>Relation of obligations to outlays:</b>				
71.00	Total obligations .....	7,949	6,573	
72.40	Obligated balance, start of year .....	934	2,168	7,141
74.40	Obligated balance, end of year .....	—2,168	—7,141	—6,841
77.00	Adjustments in expired accounts .....	—105		
90.00	<b>Outlays .....</b>	<b>6,610</b>	<b>1,600</b>	<b>300</b>
				<b>100</b>

## FOREIGN CURRENCY FLUCTUATIONS, DEFENSE

## Program and Financing (in thousands of dollars)

Identification code	97-0801-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>					
21.40	Unobligated balance available, start of year .....	—305,398	—392,150	—392,150	—392,150
22.40	Unobligated balance transferred, net .....	526,999			
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	6,212			
24.40	Unobligated balance available, end of year .....	392,150	392,150	392,150	392,150
39.00	<b>Budget authority .....</b>	<b>619,963</b>			
<b>Budget authority:</b>					
50.00	Reappropriation .....	724,513			
50.00	Portion applied to meet foreign currency fluctuations in expired accounts .....	—104,550			
53.00	<b>Reappropriation (adjusted) .....</b>	<b>619,963</b>			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				
90.00	<b>Outlays .....</b>				

The purpose of this account is to allow transfers to operation and maintenance appropriations available for Defense activities in foreign countries to finance upward adjustment of recorded obligations due to foreign currency fluctuations above the budget rate. Transfers are made, as needed, to meet disbursement requirements in excess of funds otherwise available for obligation adjustment. Net gains resulting from favorable exchange rates are returned to this appropriation and are available for subsequent transfer when needed. General provision language is proposed to permit transfer to military personnel accounts.

## SUMMER OLYMPICS

## Program and Financing (in thousands of dollars)

Identification code	21-2087-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				
72.40	Obligated balance, start of year .....	2	6	6	6
74.40	Obligated balance, end of year .....	—6	—6	—6	—6
77.00	Adjustments in expired accounts .....	10			
90.00	<b>Outlays .....</b>	<b>6</b>			

## TENTH INTERNATIONAL PAN AMERICAN GAMES

## Program and Financing (in thousands of dollars)

Identification code	97-0812-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				

72.40	Obligated balance, start of year .....	3,041	280	280	280
74.40	Obligated balance, end of year .....	—280	—280	—280	—280
77.00	Adjustments in expired accounts .....	—2,745			
90.00	<b>Outlays .....</b>	<b>16</b>			

## ENVIRONMENTAL RESTORATION, DEFENSE

## (INCLUDING TRANSFER OF FUNDS)

For the Department of Defense; [\$1,062,527,000] \$1,252,900,000, to remain available until transferred and, further, \$1,450,200,000, to become available for transfer on October 1, 1992 and to remain available until transferred: *Provided*, That the Secretary of Defense shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, research and development associated with hazardous wastes and removal of unsafe buildings and debris of the Department of Defense, or for similar purposes (including programs and operations at sites formerly used by the Department of Defense), transfer the funds made available by this appropriation to other appropriations made available to the Department of Defense as the Secretary may designate, to be merged with and to be available for the same purposes and for the same time period as the appropriations of funds to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation. (*Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.*)

## Program and Financing (in thousands of dollars)

Identification code	97-0810-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 25.0) .....			1,252,900	1,450,200
<b>Financing:</b>					
21.40	Unobligated balance available, start of year .....	—211			
22.40	Unobligated balance transferred, net .....	211			
39.00	<b>Budget authority .....</b>			<b>1,252,900</b>	<b>1,450,200</b>
<b>Budget authority:</b>					
40.00	Appropriation .....	601,100	1,062,527	1,252,900	1,450,200
41.00	Transferred to other accounts .....	—607,280	—1,062,527		
42.00	Transferred from other accounts .....	6,180			
43.00	<b>Appropriation (adjusted) .....</b>			<b>1,252,900</b>	<b>1,450,200</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....			1,252,900	1,450,200
72.40	Obligated balance, start of year .....	21,064	14,815	14,815	290,415
74.40	Obligated balance, end of year .....	—14,815	—14,815	—290,415	—396,515
77.00	Adjustments in expired accounts .....	—929			
90.00	<b>Outlays .....</b>	<b>5,320</b>		<b>977,300</b>	<b>1,344,100</b>

## HUMANITARIAN ASSISTANCE

For transportation for humanitarian relief for refugees of Afghanistan, acquisition and shipment of transportation assets to assist in the distribution of such relief, and for transportation and distribution of humanitarian and excess nonlethal supplies for worldwide humanitarian relief, as authorized by law; [\$15,000,000] \$13,000,000, to remain available for obligation until September 30, [1992] 1993 and, further, \$13,000,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994: *Provided*, That the Department of Defense shall notify the Committees on Appropriations and Armed Services of the Senate and House of Representatives 21 days prior to the shipment of humanitarian relief which is intended to be transported and distributed to countries not previously authorized by Congress. (*Department of Defense Appropriations Act, 1991.*)



## General and special funds—Continued

## HUMANITARIAN ASSISTANCE—Continued

## Program and Financing (in thousands of dollars)

Identification code 97-0819-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 25.0) .....	10,002	15,001	13,000	13,000
<b>Financing:</b>				
17.00 Recovery of prior year obligations .....	-3			
21.40 Unobligated balance available, start of year .....		-1		
24.40 Unobligated balance available, end of year .....	1			
39.00 Budget authority .....	10,000	15,000	13,000	13,000
<b>Budget authority:</b>				
40.00 Appropriation .....	12,845	15,000	13,000	13,000
41.00 Transferred to other accounts .....	-2,845			
43.00 Appropriation (adjusted) .....	10,000	15,000	13,000	13,000
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	10,002	15,001	13,000	13,000
72.40 Obligated balance, start of year .....	3,872	7,263	8,064	8,364
74.40 Obligated balance, end of year .....	-7,263	-8,064	-8,364	-8,064
77.00 Adjustments in expired accounts .....	-1			
78.00 Adjustments in unexpired accounts .....	-3			
90.00 Outlays .....	6,607	14,200	12,700	13,300

## CORPORATE INFORMATION MANAGEMENT INITIATIVE

## [ (TRANSFER OF FUNDS) ]

[SEC. 8108. In addition to the amounts appropriated or otherwise made available in this Act, \$1,000,000,000 is appropriated for the modernization and expansion of automated data processing systems: *Provided*, That the Secretary of Defense shall, upon determining that such funds are necessary and further the objectives of the Corporate Information Management Initiative, transfer such amounts as necessary to the appropriate operation and maintenance appropriations provided in title II of this Act to be merged with and to be available for the same purposes and for the same time period as the appropriations to which transferred: *Provided further*, That obligation and expenditure of these funds are subject to the review and approval of the Corporate Information Management Executive Level Group: *Provided further*, That this transfer authority shall be in addition to any other transfer authority contained in this Act.] (*Department of Defense Appropriations Act, 1991.*)

## Program and Financing (in thousands of dollars)

Identification code 97-0115-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>				
40.00 Appropriation .....		1,000,000		
41.00 Transferred to other accounts .....		-1,000,000		
43.00 Appropriation (adjusted) .....				
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....				
90.00 Outlays .....				

## RESTORATION OF THE ROCKY MOUNTAIN ARSENAL

## Program and Financing (in thousands of dollars)

Identification code 21-5098-0-2-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
02.31 Operation and maintenance .....	6,198	19,500	18,800	20,000
02.32 Procurement .....	139	300	100	
02.34 Construction .....	2,650	9,800	1,100	
10.00 Total obligations (object class 25.0) .....	8,987	29,600	20,000	20,000

## Financing:

21.40 Unobligated balance available, start of year .....	-29,880	-40,638	-21,138	-21,138
24.40 Unobligated balance available, end of year .....	40,638	21,138	21,138	21,138
60.25 Budget authority (appropriation) (special fund, indefinite) .....	19,745	10,100	20,000	20,000
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	8,987	29,600	20,000	20,000
72.40 Obligated balance, start of year .....	9,270	14,034	25,634	25,634
74.40 Obligated balance, end of year .....	-14,034	-25,634	-25,634	-25,634
90.00 Outlays .....	4,223	18,000	20,000	20,000

The Restoration of the Rocky Mountain Arsenal account was established by Section 1367 of Public Law 99-661. In accordance with this statute, any monies awarded to the United States, as a result of a judgment or settlement in litigation concerning the effects of the contamination at the Rocky Mountain Arsenal, are deposited in this account. They are then made available to the Secretary of the Army for the exclusive purpose of correcting the effects of the contamination.

## ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations from other accounts are shown in the schedules of parent appropriations, as follows:  
Funds appropriated to the President:  
"Military assistance, Executive."  
"International military education and training."  
"Foreign military credit sales."  
"Advances, foreign military sales, Executive."  
Executive Office of the President: Official residence of the Vice President, "Operating expenses."  
Department of Energy: "Operation and research."  
Department of Transportation, Federal Aviation Administration: "Operations, Federal Aviation Administration."  
National Aeronautics and Space Administration: "Research and Development."

## PROCUREMENT

The procurement appropriations of the Department of Defense finance the acquisition of weapons, equipment, munitions, spares, and modification of existing equipment.

Procurement continues in 1992 for the Army's ATACMS tactical missile system, TOW and Hellfire antitank missiles, Multiple Launch Rocket System launchers, UH-60 Blackhawk helicopters and improved conventional munitions.

Modernization of our naval forces in 1992 and 1993 includes continued procurement of the F-18 air combat fighter and E-2C early warning aircraft. Procurement of the Trident strategic missile, Tomahawk missile and standard missile continues. General purpose ships to be acquired include the SSN-21 nuclear attack submarine, DDG-51 guided missile destroyers, coastal minehunters and the AOE replenishment ship. Advance procurement is included in 1993 for a new nuclear powered aircraft carrier.

Significant Air Force programs include procurement of AMRAAM air-to-air missiles, Advanced Cruise Missiles, B-2A bombers, F-16 air combat fighters, C-17 and C-130H airlift aircraft, satellites and space launch vehicles.

In 1992 and 1993, procurement of tactical missile defense systems has been consolidated and placed under the central management of the Strategic Defense Initiative Organization in recognition of the increased worldwide tactical missile threat.

The budget plan for each appropriation is shown as a separate table immediately following the program and financing schedules for those appropriations that are available for obligation for more than one year. In 1992 and 1993, it presents, by budget activity, the value of the program requested for the life of the multiple-year appropriation, with comparable amounts in 1990 and 1991.



## Federal Funds

## General and special funds:

## AIRCRAFT PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; **[\$1,096,182,000] \$1,667,700,000**, to remain available for obligation until September 30, **[1993] 1994**, of which **\$479,000,000** shall be available for the Army National Guard and Army Reserve.

Further, for the foregoing purposes, **\$1,247,400,000**, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which **\$412,440,000** shall be available for the Army National Guard and Army Reserve. (U.S.C. 2352, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2031-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Aircraft.....	1,782,173	327,115	962,979	674,584
00.02	Modification of aircraft.....	975,013	764,725	674,091	360,692
00.03	Spare parts and repair parts.....	569,306	15,524	12,095	37,898
00.04	Support equipment and facilities.....	205,151	244,509	172,961	194,814
00.91	Total direct program.....	3,531,643	1,351,873	1,822,126	1,267,988
01.01	Reimbursable program.....	57,989	40,274	10,400	53,600
10.00	Total obligations.....	3,589,632	1,392,147	1,832,526	1,321,588
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-101,943			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans.....	-600,666	-847,727	-603,024	-448,598
21.40	Available to finance new budget plans.....	-8,333	-15,300		
22.40	Unobligated balance transferred, net.....	-2,231	-17,657		
	Unobligated balance available, end of year:				
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	8,333			
24.40	For completion of prior year budget plans.....	847,727	603,024	448,598	428,010
24.40	Available to finance subsequent year budget plans.....	15,300			
25.00	Unobligated balance lapsing.....	8,251			
39.00	Budget authority (gross).....	3,756,070	1,114,487	1,678,100	1,301,000
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	3,728,080	1,096,182	1,667,700	1,247,400
40.36	Appropriation rescinded (unobligated balances).....		-15,300		
40.75	Reduction pursuant to P.L. 101-511.....		-395		
41.00	Transferred to other accounts.....	-25,600			
42.00	Transferred from other accounts.....	926			
43.00	Appropriation (adjusted).....	3,703,406	1,080,487	1,667,700	1,247,400
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections.....	52,664	34,000	10,400	53,600

## Relation of obligations to outlays:

71.00	Total obligations.....	3,589,632	1,392,147	1,832,526	1,321,588
72.40	Obligated balance, start of year.....	4,158,855	4,790,403	3,193,303	2,911,118
74.40	Obligated balance, end of year.....	-4,790,403	-3,193,303	-2,911,118	-2,422,638
77.00	Adjustments in expired accounts.....	4,899			
78.00	Adjustments in unexpired accounts.....	-101,943			
87.00	Outlays (gross).....	2,861,040	2,989,247	2,114,711	1,810,068

## Adjustments to budget authority and outlays:

<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-22,473	-20,196	3,404	-39,796
88.30	Trust funds.....	-30,205	-13,311	-13,311	-13,311
88.40	Non-Federal sources.....	14	-493	-493	-493
88.90	Total, offsetting collections.....	-52,664	-34,000	-10,400	-53,600
89.00	Budget authority (net).....	3,703,406	1,080,487	1,667,700	1,247,400
90.00	Outlays (net).....	2,808,376	2,955,247	2,104,311	1,756,468

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>					
07.01	Aircraft.....	1,893,848	355,647	847,091	686,915
07.02	Modification of aircraft.....	1,098,272	477,428	658,253	320,875
07.03	Spare parts and repair parts.....	533,644			44,682
07.04	Support equipment and facilities.....	187,230	262,712	162,356	194,928
07.91	Total direct.....	3,712,994	1,095,787	1,667,700	1,247,400
08.01	Reimbursable.....	57,507	34,000	10,400	53,600
08.93	Total budget plan.....	3,770,501	1,129,787	1,678,100	1,301,000

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

<b>Enacted/requested:</b>					
	1990 actual	1991 est.	1992 est.	1993 est.	
Budget authority.....	3,703,406	1,080,487	1,667,700	1,247,400	
Outlays.....	2,808,376	2,955,247	2,104,311	1,756,468	
<b>Rescission proposal:</b>					
Budget authority.....		-47,700			
Outlays.....		-5,247	-20,511	-12,068	
<b>Total:</b>					
Budget authority.....	3,703,406	1,032,787	1,667,700	1,247,400	
Outlays.....	2,808,376	2,950,000	2,083,800	1,744,400	

## Object Classification (in thousands of dollars)

Identification code	21-2031-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
25.0	Other services: Other.....	1,188,914	322,492	237,014	165,579
26.0	Supplies and materials.....	493,035	335,776	246,777	172,400
31.0	Equipment.....	1,849,694	693,605	1,338,335	930,009
99.0	Subtotal, direct obligations.....	3,531,643	1,351,873	1,822,126	1,267,988
99.0	Reimbursable obligations.....	57,989	40,274	10,400	53,600
99.9	Total obligations.....	3,589,632	1,392,147	1,832,526	1,321,588

## MISSILE PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; **[\$2,218,422,000] \$1,106,700,000** to remain available for obligation until September 30, **[1993] 1994**.

Further, for the foregoing purposes, **\$1,341,900,000**, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995. (10 U.S.C. 2353, 2361, 3013, 4531-



## General and special funds—Continued

## MISSILE PROCUREMENT, ARMY—Continued

32: Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 21-2032-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Other missiles.....	1,980,449	1,935,239	1,160,617	1,270,145
00.02 Modification of missiles.....	168,260	144,874	111,430	49,345
00.03 Spares and repair parts.....	121,055	27,290	11,136	34,157
00.04 Support equipment and facilities.....	43,386	21,033	23,381	24,305
00.91 Total direct program.....	2,313,150	2,128,436	1,306,564	1,377,952
01.01 Reimbursable program.....	168,280	117,915	266,300	266,300
10.00 Total obligations.....	2,481,430	2,246,351	1,572,864	1,644,252
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-60,823			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-717,742	-700,092	-775,266	-575,402
21.40 Available to finance new budget plans.....	-3,500	-200,519		
22.40 Unobligated balance transferred, net.....		28,673		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans.....	700,092	775,266	575,402	539,350
24.40 Available to finance subsequent year budget plans.....	200,519			
25.00 Unobligated balance lapsing.....	21,755			
39.00 Budget authority (gross).....	2,621,731	2,149,679	1,373,000	1,608,200
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	2,656,170	2,218,422	1,106,700	1,341,900
40.36 Appropriation rescinded (unobligated balances).....		-171,846		
40.75 Reduction pursuant to P.L. 101-511.....		-2,097		
41.00 Transferred to other accounts.....	-193,414			
43.00 Appropriation (adjusted).....	2,462,756	2,044,479	1,106,700	1,341,900
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	158,975	105,200	266,300	266,300
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	2,481,430	2,246,351	1,572,864	1,644,252
72.40 Obligated balance, start of year.....	3,963,393	3,747,189	3,389,940	2,533,504
74.00 Obligated balance, end of year.....	-3,747,189	-3,389,940	-2,533,504	-2,170,356
77.00 Adjustments in expired accounts.....	-24,411			
78.00 Adjustments in unexpired accounts.....	-60,823			
87.00 Outlays (gross).....	2,612,401	2,603,600	2,429,300	2,007,400
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-101,311	-67,300	-228,400	-228,400
88.30 Trust funds.....	-53,279	-37,900	-37,900	-37,900
88.40 Non-Federal sources.....	-4,385			
88.90 Total, offsetting collections.....	-158,975	-105,200	-266,300	-266,300
89.00 Budget authority (net).....	2,462,756	2,044,479	1,106,700	1,341,900
90.00 Outlays (net).....	2,453,426	2,498,400	2,163,000	1,741,100

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>				
07.01 Other missiles.....	1,982,271	2,056,531	973,884	1,242,986
07.02 Modification of missiles.....	139,342	135,374	109,698	32,240
07.03 Spares and repair parts.....	115,132			42,070
07.04 Support equipment and facilities.....	28,992	24,420	23,118	24,604
07.91 Total direct.....	2,265,737	2,216,325	1,106,700	1,341,900
08.01 Reimbursable.....	159,313	105,200	266,300	266,300
08.93 Total budget plan.....	2,435,050	2,321,525	1,373,000	1,608,200

## Object Classification (in thousands of dollars)

Identification code 21-2032-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
25.0 Other services: Other.....	588,535	486,825	281,485	302,031
26.0 Supplies and materials.....	685,271	543,572	390,185	394,686
31.0 Equipment.....	1,039,344	1,098,039	634,894	681,235
99.0 Subtotal, direct obligations.....	2,313,150	2,128,436	1,306,564	1,377,952
99.0 Reimbursable obligations.....	168,280	117,915	266,300	266,300
99.9 Total obligations.....	2,481,430	2,246,351	1,572,864	1,644,252

## PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$2,172,021,000] \$839,100,000, to remain available for obligation until September 30, [1993] 1994, of which \$14,900,000 shall be available for the Army National Guard and Army Reserve.

Further, for the foregoing purposes, \$574,300,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$47,500,000 shall be available for the Army National Guard and Army Reserve. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 21-2033-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Tracked combat vehicles.....	1,955,002	1,626,447	1,267,928	855,185
00.02 Weapons and other combat vehicles.....	178,552	169,270	140,885	113,543
00.91 Total direct program.....	2,133,554	1,795,717	1,408,813	968,728
01.01 Reimbursable program.....	528,306	700,292	519,100	412,300
10.00 Total obligations.....	2,661,860	2,496,009	1,927,913	1,381,028
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-137,411			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-1,142,900	-1,539,293	-1,630,421	-1,060,708
21.40 Available to finance new budget plans.....	-39,600	-86,608		
22.40 Unobligated balance transferred, net.....	39,600	60,800		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans.....	1,539,293	1,630,421	1,060,708	666,280
24.40 Available to finance subsequent year budget plans.....	86,608			



25.00	Unobligated balance lapsing.....	21,608			
39.00	<b>Budget authority</b>				
	(gross).....	3,029,058	2,561,329	1,358,200	986,600
	<b>Budget authority:</b>				
	<b>Current:</b>				
40.00	Appropriation.....	2,701,296	2,172,021	839,100	574,300
40.36	Appropriation rescinded (un-				
	obligated balances).....		-25,808		
40.75	Reduction pursuant to P.L.				
	101-511.....		-784		
41.00	Transferred to other accounts	-206,100	-178,000		
43.00	<b>Appropriation (adjust-</b>				
	<b>ed).....</b>	2,495,196	1,967,429	839,100	574,300
	<b>Permanent:</b>				
68.00	Spending authority from				
	offsetting collections.....	533,862	593,900	519,100	412,300
	<b>Relation of obligations to outlays:</b>				
71.00	Total obligations.....	2,661,860	2,496,009	1,927,913	1,381,028
72.40	Obligated balance, start of year..	4,524,084	3,711,197	2,878,726	1,982,079
74.40	Obligated balance, end of year....	-3,711,197	-2,878,726	-1,982,079	-1,382,127
77.00	Adjustments in expired accounts.	-41,989			
78.00	Adjustments in unexpired ac-				
	counts.....	-137,411			
87.00	Outlays (gross).....	3,295,347	3,328,480	2,824,560	1,980,980
	<b>Adjustments to budget authority</b>				
	<b>and outlays:</b>				
	<b>Deductions for offsetting collec-</b>				
	<b>tions:</b>				
88.10	Federal funds.....	-421,617	-501,800	-427,000	-320,200
88.30	Trust funds.....	-86,657	-92,100	-92,100	-92,100
88.40	Non-Federal sources.....	-25,588			
88.90	Total, offsetting collections.....	-533,862	-593,900	-519,100	-412,300
89.00	Budget authority (net).....	2,495,196	1,967,429	839,100	574,300
90.00	Outlays (net).....	2,761,485	2,734,580	2,305,460	1,568,680

**Budget Plan** (in thousands of dollars)

(amount for procurement actions programmed)

	<b>Direct:</b>				
07.01	Tracked combat vehicles.....	2,170,787	1,875,154	690,486	454,376
07.02	Weapons and other combat vehicles.....	263,609	118,083	148,614	119,924
07.91	Total direct.....	2,434,396	1,993,237	839,100	574,300
08.01	Reimbursable.....	543,762	593,900	519,100	412,300
08.93	Total budget plan.....	2,978,158	2,587,137	1,358,200	986,600

**SUMMARY OF BUDGET AUTHORITY AND OUTLAYS**

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	2,495,196	1,967,429	839,100	574,300
Outlays.....	2,761,485	2,734,580	2,305,460	1,568,680
Rescission proposal:				
Budget authority.....		-64,000		
Outlays.....		-1,280	-26,560	-23,680
Total:				
Budget authority.....	2,495,196	1,903,429	839,100	574,300
Outlays.....	2,761,485	2,733,300	2,278,900	1,545,000

**Object Classification** (in thousands of dollars)

Identification code 21-2033-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
25.0 Other services: Other.....	851,352	454,290	232,688	164,259
26.0 Supplies and materials.....	286,385	312,930	168,783	113,147
31.0 Equipment.....	995,817	1,028,497	1,007,342	691,322
99.0 Subtotal, direct obligations.....	2,133,554	1,795,717	1,408,813	968,728
99.0 Reimbursable obligations.....	528,306	700,292	519,100	412,300
99.9 Total obligations.....	2,661,860	2,496,009	1,927,913	1,381,028

**PROCUREMENT OF AMMUNITION, ARMY**

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities [authorized in military construction authorization Acts or] authorized by section 2854, title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$1,367,549,000] \$1,249,800,000, to remain available for obligation until September 30, [1993] 1994, of which \$115,940,000 shall be available for the Army National Guard and Army Reserve.

Further, for the foregoing purposes, \$1,195,400,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$46,330,000 shall be available for the Army National Guard and Army Reserve. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

**Program and Financing** (in thousands of dollars)

Identification code 21-2034-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Ammunition.....	1,777,495	1,079,229	1,049,439	1,007,402
00.02 Ammunition production base support.....	211,250	254,866	254,294	197,434
00.91 Total direct program.....	1,988,745	1,334,095	1,303,733	1,204,836
01.01 Reimbursable program.....	14,850	45,226	40,000	40,000
10.00 Total obligations.....	2,003,595	1,379,321	1,343,733	1,244,836
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-389,136			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-221,934	-214,525	-226,691	-172,758
21.40 Available to finance new budget plans.....		-102,000		
22.40 Unobligated balance transferred, net.....	162,963	12,000		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans.....	214,525	226,691	172,758	163,322
24.40 Available to finance subsequent year budget plans.....	102,000			
25.00 Unobligated balance lapsing.....	453			
39.00 <b>Budget authority</b>				
(gross).....	1,872,466	1,301,487	1,289,800	1,235,400
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	1,966,043	1,367,549	1,249,800	1,195,400
40.36 Appropriation rescinded (un-				
obligated balances).....		-90,000		
40.75 Reduction pursuant to P.L.				
101-511.....		-368		
41.00 Transferred to other accounts	-105,037	-15,694		
43.00 <b>Appropriation (adjusted)</b>	1,861,006	1,261,487	1,249,800	1,195,400
<b>Permanent:</b>				
68.00 <b>Spending authority from</b>				
<b>offsetting collections.....</b>	11,460	40,000	40,000	40,000
<b>Relation of obligations to outlays:</b>				
71.00 Obligations incurred, net.....	2,003,595	1,379,321	1,343,733	1,244,836
72.40 Obligated balance, start of year..	3,418,948	3,012,557	2,598,387	2,284,479
74.40 Obligated balance, end of year....	-3,012,557	-2,598,387	-2,284,479	-2,156,467
77.00 Adjustments in expired accounts.	-6,614			
78.00 Adjustments in unexpired ac-				
counts.....	-389,136			
87.00 Outlays (gross).....	2,014,236	1,793,491	1,657,641	1,372,848



## General and special funds—Continued

## PROCUREMENT OF AMMUNITION, ARMY—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2034-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds.....	-15,447	-28,748	-28,748	-28,748
88.30	Trust funds.....	4,249	-9,700	-9,700	-9,700
88.40	Non-Federal sources.....	-262	-1,552	-1,552	-1,552
88.90	Total, offsetting collections.....	-11,460	-40,000	-40,000	-40,000
89.00	Budget authority (net).....	1,861,006	1,261,487	1,249,800	1,195,400
90.00	Outlays (net).....	2,002,776	1,753,491	1,617,641	1,332,848

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

Direct:					
07.01	Ammunition.....	1,623,180	1,115,753	1,048,477	999,200
07.02	Ammunition production base support.....	282,863	235,734	201,323	196,200
07.91	Total direct.....	1,906,043	1,351,487	1,249,800	1,195,400
08.01	Reimbursable.....	18,101	40,000	40,000	40,000
08.93	Total budget plan.....	1,924,144	1,391,487	1,289,800	1,235,400

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:					
		1990 actual	1991 est.	1992 est.	1993 est.
	Budget authority.....	1,861,006	1,261,487	1,249,800	1,195,400
	Outlays.....	2,002,776	1,753,491	1,617,641	1,332,848
Rescission proposal:					
	Budget authority.....		-13,000		
	Outlays.....		-5,291	-741	-5,148
Total:					
	Budget authority.....	1,861,006	1,248,487	1,249,800	1,195,400
	Outlays.....	2,002,776	1,748,200	1,616,900	1,327,700

## Object Classification (in thousands of dollars)

Identification code	21-2034-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
25.0	Other services: Other.....	409,212	269,967	282,956	244,149
26.0	Supplies and materials.....	1,562,245	1,054,960	1,011,168	952,396
31.0	Equipment.....	17,288	9,168	9,609	8,291
99.0	Subtotal, direct obligations.....	1,988,745	1,334,095	1,303,733	1,204,836
99.0	Reimbursable obligations.....	14,850	45,226	40,000	40,000
99.9	Total obligations.....	2,003,595	1,379,321	1,343,733	1,244,836

## OTHER PROCUREMENT, ARMY

For construction, procurement, production, and modification of vehicles, including tactical, support, and nontracked combat vehicles; the purchase of not to exceed 6 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$165,000 per vehicle; and the purchase of not to exceed 453 passenger motor vehicles for replacement only; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$2,453,057,000] \$3,163,800,000, to remain available for obligation until September 30, [1993] 1994, of which \$233,960,000 shall be available for the Army National Guard and Army Reserve.

Further, for the foregoing purposes, including the purchase of not to exceed 38 passenger motor vehicles for replacement only,

\$3,254,400,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$288,455,000 shall be available for the Army National Guard and Army Reserve. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2035-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
00.01	Tactical and support vehicles.....	523,115	570,566	781,544	883,870
00.02	Communications and electronics equipment.....	2,422,040	1,265,925	1,500,212	1,664,550
00.03	Other support equipment.....	1,071,752	788,004	834,753	652,789
00.91	Total direct program.....	4,016,907	2,624,495	3,116,509	3,201,209
01.01	Reimbursable program.....	170,973	284,824	224,200	224,200
10.00	Total obligations.....	4,187,880	2,909,319	3,340,709	3,425,409

## Financing:

17.00	Recovery of prior year obligations.....	-144,601			
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans.....	-1,201,597	-796,049	-694,160	-741,451
21.40	Available to finance new budget plans.....	-53,761	-78,791		
22.40	Unobligated balance transferred, net.....		-5,552		
Unobligated balance available, end of year:					
24.40	For completion of prior year budget plans.....	796,049	694,160	741,451	794,642
24.40	Available to finance subsequent year budget plans.....	78,791			
25.00	Unobligated balance lapsing.....	31,106			
39.00	Budget authority (gross).....	3,693,868	2,723,087	3,388,000	3,478,600

## Budget authority:

## Current:

40.00	Appropriation.....	3,572,488	2,453,057	3,163,800	3,254,400
40.36	Appropriation rescinded (unobligated balances).....		-35,100		
40.75	Reduction pursuant to P.L. 101-511.....		-2,360		
41.00	Transferred to other accounts.....	-68,961	-1,500		
42.00	Transferred from other accounts.....	28,121	42,690		
43.00	Appropriation (adjusted).....	3,531,648	2,456,787	3,163,800	3,254,400
68.00	Permanent:				
	Spending authority from offsetting collections.....	162,220	266,300	224,200	224,200

## Relation of obligations to outlays:

71.00	Obligations incurred, net.....	4,187,880	2,909,319	3,340,709	3,425,409
72.40	Obligated balance, start of year.....	8,598,354	8,024,726	6,426,345	6,071,754
74.40	Obligated balance, end of year.....	-8,024,726	-6,426,345	-6,071,754	-6,121,463
77.00	Adjustments in expired accounts.....	-18,724			
78.00	Adjustments in unexpired accounts.....	-144,601			
87.00	Outlays (gross).....	4,598,184	4,507,700	3,695,300	3,375,700

## Adjustments to budget authority and outlays:

## Deductions for offsetting collections:

88.10	Federal funds.....	-139,104	-241,261	-199,161	-199,161
88.30	Trust funds.....	-23,197	-21,462	-21,462	-21,462
88.40	Non-Federal sources.....	81	-3,577	-3,577	-3,577
88.90	Total, offsetting collections.....	-162,220	-266,300	-224,200	-224,200
89.00	Budget authority (net).....	3,531,648	2,456,787	3,163,800	3,254,400
90.00	Outlays (net).....	4,435,964	4,241,400	3,471,100	3,151,500



**Budget Plan (in thousands of dollars)**  
(amount for procurement actions programmed)

<b>Direct:</b>				
07.01	Tactical and support vehicles.....	430,233	665,522	767,282
07.02	Communications and electronics equip- ment.....	2,094,673	1,109,315	1,594,587
07.03	Other support equipment.....	1,055,055	717,050	801,931
07.91	Total direct.....	3,579,961	2,491,887	3,163,800
08.01	Reimbursable.....	172,250	266,300	224,200
08.93	Total budget plan.....	3,752,211	2,758,187	3,388,000

**Object Classification (in thousands of dollars)**

Identification code	21-2035-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
25.0	Other services: Other.....	950,958	648,406	791,184	824,994
26.0	Supplies and materials.....	103,893	96,878	126,710	123,262
31.0	Equipment.....	2,962,056	1,879,211	2,198,615	2,252,953
99.0	Subtotal, direct obligations.....	4,016,907	2,624,495	3,116,509	3,201,209
99.0	Reimbursable obligations.....	170,973	284,824	224,200	224,200
99.9	Total obligations.....	4,187,880	2,909,319	3,340,709	3,425,409

**AIRCRAFT PROCUREMENT, NAVY**

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; **[\$7,810,452,000]** **\$7,231,800,000**, to remain available for obligation until September 30, **[1993]** **1994**, of which **\$13,852,000** shall be available for the Navy Reserve and Marine Corps Reserve.

Further, for the foregoing purposes, **\$6,953,200,000**, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which **\$18,769,000** shall be available for the Navy Reserve and Marine Corps Reserve. (10 U.S.C. 5013, 5063, 7201, 7341; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

**Program and Financing (in thousands of dollars)**

Identification code	17-1506-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Combat aircraft.....	6,457,024	4,935,790	3,693,241	3,551,215
00.03	Trainer aircraft.....	163,314	245,699	312,867	318,311
00.04	Other aircraft.....	11,039	12,482	141,339	155,722
00.05	Modification of aircraft.....	1,255,832	1,145,567	1,557,850	1,389,971
00.06	Aircraft spares and repair parts.....	1,151,842	1,096,486	925,599	1,005,527
00.07	Aircraft support equipment and facilities.....	535,998	495,640	554,934	594,211
00.91	Total direct program.....	9,575,049	7,931,664	7,185,830	7,014,957
01.01	Reimbursable program.....	1,822	10,226	6,800	7,100
10.00	Total obligations.....	9,576,871	7,941,890	7,192,630	7,022,057
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-273,446			
<b>Unobligated balance available, start of year:</b>					
21.40	For completion of prior year budget plans.....	-1,669,963	-1,474,295	-1,282,556	-1,328,526
21.40	Available to finance new budget plans.....	-60,600	-10,600	-15,100	
22.40	Unobligated balance transferred, net.....	47,008			

<b>Unobligated balance available, end of year:</b>				
24.40	For completion of prior year budget plans.....	1,474,295	1,282,556	1,328,526
24.40	Available to finance subsequent year budget plans.....	10,600	15,100	
25.00	Unobligated balance lapsing.....	60,714		
39.00	<b>Budget authority.....</b>	<b>9,165,479</b>	<b>7,754,651</b>	<b>7,223,500</b>

<b>Budget authority:</b>				
<b>Current:</b>				
40.00	Appropriation.....	9,346,399	7,810,452	7,231,800
40.75	Reduction pursuant to P.L. 101-511.....		-8,401	
41.00	Transferred to other accounts.....	-188,000	-54,000	-15,100
43.00	<b>Appropriation (adjusted).....</b>	<b>9,158,399</b>	<b>7,748,051</b>	<b>7,216,700</b>
<b>Permanent:</b>				
68.00	<b>Spending authority from offsetting collections.....</b>	<b>7,080</b>	<b>6,600</b>	<b>6,800</b>

<b>Relation of obligations to outlays:</b>				
71.00	Total obligations.....	9,576,871	7,941,890	7,192,630
72.40	Obligated balance, start of year.....	15,359,982	15,547,160	14,519,387
74.40	Obligated balance, end of year.....	-15,547,160	-14,519,387	-13,420,919
77.00	Adjustments in expired accounts.....	-78,659		
78.00	Adjustments in unexpired accounts.....	-273,446		
87.00	<b>Outlays (gross).....</b>	<b>9,037,588</b>	<b>8,969,663</b>	<b>8,291,098</b>

<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10	Federal funds.....	-5,382	-6,600	-6,800
88.30	Trust funds.....	-1,684		
88.40	Non-Federal sources.....	-14		
88.90	<b>Total, offsetting collections.....</b>	<b>-7,080</b>	<b>-6,600</b>	<b>-6,800</b>
89.00	<b>Budget authority (net).....</b>	<b>9,158,399</b>	<b>7,748,051</b>	<b>7,216,700</b>
90.00	<b>Outlays (net).....</b>	<b>9,030,508</b>	<b>8,963,063</b>	<b>8,284,298</b>

**Budget Plan (in thousands of dollars)**

(amount for procurement actions programmed)

<b>Direct:</b>				
07.01	Combat aircraft.....	5,883,683	4,891,951	3,684,408
07.03	Trainer aircraft.....	99,262	159,154	343,493
07.04	Other aircraft.....		6,000	165,559
07.05	Modification of aircraft.....	1,522,487	1,025,341	1,548,382
07.06	Aircraft spares and repair parts.....	1,167,214	1,128,104	921,014
07.07	Aircraft support equipment and facilities.....	505,153	533,001	568,944
07.91	Total direct.....	9,177,799	7,743,551	7,231,800
08.01	Reimbursable.....	3,626	6,600	6,800
08.93	Total budget plan.....	9,181,425	7,750,151	7,238,600

**SUMMARY OF BUDGET AUTHORITY AND OUTLAYS**

<b>[in thousands of dollars]</b>				
<b>Enacted/requested:</b>				
Budget authority.....	9,158,399	7,748,051	7,216,700	6,953,200
Outlays.....	9,030,508	8,963,063	8,284,298	7,741,608
<b>Rescission proposal:</b>				
Budget authority.....		-1,597,500		
Outlays.....		-215,663	-512,798	-506,408
<b>Total:</b>				
Budget authority.....	9,158,399	6,150,551	7,216,700	6,953,200
Outlays.....	9,030,508	8,747,400	7,771,500	7,235,200

**Object Classification (in thousands of dollars)**

Identification code	17-1506-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
25.0	Other services: Purchases from industrial funds.....	42,796	49,200	46,259	56,011
26.0	Supplies and materials.....	1,407,608	1,505,311	1,445,648	1,753,798



## General and special funds—Continued

## AIRCRAFT PROCUREMENT, NAVY—Continued

## Object Classification (in thousands of dollars)—Continued

Identification code	17-1506-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
31.0	Equipment.....	8,124,645	6,377,153	5,693,923	5,205,148
99.0	Subtotal, direct obligations.....	9,575,049	7,931,664	7,185,830	7,014,957
99.0	Reimbursable obligations.....	1,822	10,226	6,800	7,100
99.9	Total obligations.....	9,576,871	7,941,890	7,192,630	7,022,057

## WEAPONS PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, other ordnance and ammunition, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interest therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway [ , as follows:

Ballistic Missile Programs, \$1,540,001,000;  
Other Missile Programs, \$2,935,256,000;  
Mark-48 ADCAP Torpedo, \$350,291,000;  
Mark-50 Torpedo, \$328,266,000;  
ASW Targets, \$26,409,000;  
ASROC, \$20,156,000;  
Modification of Torpedoes, \$11,740,000;  
Quickstrike mine, \$16,096,000;  
Support Equipment and Logistics Support, \$88,360,000;  
Other Weapons, \$202,146,000;  
Other Ordnance, \$306,450,000;

In all: \$5,825,171,000]; \$4,581,300,000, to remain available for obligation until September 30, [1993] 1994, of which \$114,600,000 shall be available for the Navy Reserve and Marine Corps Reserve.

Further, for the foregoing purposes, \$4,754,600,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$106,300,000 shall be available for the Navy Reserve and Marine Corps Reserve. (10 U.S.C. 5013, 5063, 7201; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1507-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Ballistic missiles.....	1,523,518	1,369,955	1,252,073	1,267,735
00.02	Other missiles.....	2,354,670	3,338,748	2,360,038	2,323,662
00.03	Torpedoes and related equipment.....	846,813	734,659	719,452	667,109
00.04	Other weapons.....	154,340	160,659	137,496	134,239
00.05	Other ordnance.....	21,832	182,279	210,127	279,904
00.06	Spares and repair parts.....	55,894	108,465	108,472	104,001
00.91	Total direct program.....	4,957,067	5,894,765	4,787,658	4,776,650
01.01	Reimbursable program.....	31,893	114,746	70,000	74,800
10.00	Total obligations.....	4,988,960	6,009,511	4,857,658	4,851,450
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-21,700			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans.....	-1,384,139	-1,631,660	-1,426,853	-1,220,495
21.40	Available to finance new budget plans.....	-42,339	-82,642	-50,600	
22.40	Unobligated balance transferred, net.....	53,120	-18,363		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans.....	1,631,660	1,426,853	1,220,495	1,198,445

24.40	Available to finance subsequent year budget plans.....	82,642	50,600		
25.00	Unobligated balance lapsing.....	9,421			
39.00	<b>Budget authority (gross).....</b>	<b>5,317,625</b>	<b>5,754,299</b>	<b>4,600,700</b>	<b>4,829,400</b>
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	5,328,579	5,825,171	4,581,300	4,754,600
40.36	Appropriation rescinded (unobligated balances).....		-88,205		
40.75	Reduction pursuant to P.L. 101-511.....		-4,767		
41.00	Transferred to other accounts.....	-50,259	-47,900	-50,600	
43.00	<b>Appropriation (adjusted).....</b>	<b>5,278,320</b>	<b>5,684,299</b>	<b>4,530,700</b>	<b>4,754,600</b>
<b>Permanent:</b>					
68.00	<b>Spending authority from offsetting collections.....</b>	<b>39,305</b>	<b>70,000</b>	<b>70,000</b>	<b>74,800</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	4,988,960	6,009,511	4,857,658	4,851,450
72.40	Obligated balance, start of year.....	9,510,387	8,870,564	9,289,903	8,739,928
74.40	Obligated balance, end of year.....	-8,870,564	-9,289,903	-8,739,928	-8,404,665
77.00	Adjustments in expired accounts.....	-980			
78.00	Adjustments in unexpired accounts.....	-21,700			
87.00	<b>Outlays (gross).....</b>	<b>5,597,102</b>	<b>5,590,172</b>	<b>5,407,633</b>	<b>5,186,713</b>
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-40,437	-30,766	-30,000	-30,800
88.30	Trust funds.....	17,065	-39,234	-40,000	-44,000
88.40	Non-Federal sources.....	-15,933			
88.90	<b>Total, offsetting collections.....</b>	<b>-39,305</b>	<b>-70,000</b>	<b>-70,000</b>	<b>-74,800</b>
89.00	<b>Budget authority (net).....</b>	<b>5,278,320</b>	<b>5,684,299</b>	<b>4,530,700</b>	<b>4,754,600</b>
90.00	<b>Outlays (net).....</b>	<b>5,557,797</b>	<b>5,520,172</b>	<b>5,337,633</b>	<b>5,111,913</b>

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>					
07.01	Ballistic missiles.....	1,402,660	1,487,197	1,198,575	1,267,020
07.02	Other missiles.....	2,775,615	2,933,173	2,222,341	2,318,601
07.03	Torpedoes and related equipment.....	805,420	837,275	689,456	652,290
07.04	Other weapons.....	155,820	170,706	130,123	119,854
07.05	Other ordnance.....	227,844	219,935	294,404	294,404
07.06	Spares and repair parts.....	98,502	78,509	120,870	102,431
07.91	Total direct.....	5,238,017	5,734,704	4,581,300	4,754,600
08.01	Reimbursable.....	75,770	70,000	70,000	74,800
08.93	<b>Total budget plan.....</b>	<b>5,313,787</b>	<b>5,804,704</b>	<b>4,651,300</b>	<b>4,829,400</b>

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)					
<b>Enacted/requested:</b>					
	<b>1990 actual</b>	<b>1991 est.</b>	<b>1992 est.</b>	<b>1993 est.</b>	
Budget authority.....	5,278,320	5,684,299	4,530,700	4,754,600	
Outlays.....	5,557,797	5,520,172	5,337,633	5,111,913	
<b>Rescission proposal:</b>					
Budget authority.....		-62,600			
Outlays.....		-6,072	-20,533	-23,913	
<b>Total:</b>					
Budget authority.....	5,278,320	5,621,699	4,530,700	4,754,600	
Outlays.....	5,557,797	5,514,100	5,317,100	5,088,000	

## Object Classification (in thousands of dollars)

Identification code	17-1507-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>					
25.0	Other services contracts.....	177,006	182,120	174,736	169,107
26.0	Supplies and materials.....	71,193	308,297	310,728	356,312
31.0	Equipment.....	4,708,868	5,404,348	4,302,194	4,251,231
99.0	Subtotal, direct obligations.....	4,957,067	5,894,765	4,787,658	4,776,650



99.0	Reimbursable obligations .....	31,893	114,746	70,000	74,800
99.9	Total obligations .....	4,988,960	6,009,511	4,857,658	4,851,450

## SHIPBUILDING AND CONVERSION, NAVY

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title[, as follows:

TRIDENT ballistic missile submarine program, \$1,331,201,000;

SSN-21 attack submarine program, \$1,783,000,000: *Provided*, That the Secretary of Defense shall ensure the Secretary of the Navy considers all available options under applicable statutes and regulations in the development and promulgation of the acquisition strategy for the SSN-21: *Provided further*, That the Secretary of the Navy shall compete the award for the next SSN-21 submarine: *Provided further*, That the Secretary of the Navy shall consider all applicable factors in making an award including the desirability of a competitive acquisition strategy for the entire SSN-21 program;

Aircraft carrier service life extension program, \$405,000,000: *Provided*, That these funds are available only for advance procurement of material and other efforts associated with the industrial availability of the U.S.S. KENNEDY at the Philadelphia Naval Shipyard leading to the extension of the service life of the carrier;

DDG-51 destroyer program, \$3,113,003,000;

LHD-1 amphibious assault ship program, \$959,800,000;

LSD-41 dock landing ship cargo variant program, \$240,000,000;

MHC coastal mine hunter program, \$204,000,000;

AOE combat support ship program, \$398,200,000;

LCAC landing craft air cushion program, \$267,900,000;

Oceanographic ship program, \$43,100,000;

Sealift ship program, \$900,000,000: *Provided*, That \$30,000,000 shall be available only for the purchase of one existing petroleum product tanker;

For craft, outfitting, and post delivery, \$409,800,000;

For first destination transportation, \$5,800,000;

In all: \$10,160,804,000, which includes \$100,000,000 for the DDG-51 destroyer program in addition to funds provided heretofore in this paragraph]; \$8,647,200,000, to remain available for obligation until September 30, [1995] 1998: *Provided*, That additional obligations may be incurred after September 30, [1995] 1998, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction[: *Provided further*, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided further*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards: *Provided further*, That of the funds appropriated in this paragraph, not less than \$23,000,000 shall be available only to procure thirty Advanced Video Processor units and associated display heads].

Further, for the foregoing purposes, \$8,297,900,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1999: *Provided*, That additional obligations may be incurred after September 30, 1999, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stages of ship construction.

None of the funds herein appropriated for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards. (10 U.S.C. 5013, 5063, 7296, 7298; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 17-1611-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
00.01 Fleet ballistic missile ships.....	988,541	1,309,226	632,025	235,500
00.02 Other warships.....	7,680,588	5,615,992	6,462,360	6,293,614
00.03 Amphibious ships.....	385,346	959,329	487,078	392,315
00.04 Mine warfare and patrol ships....	523,603	303,979	301,270	204,733
00.05 Auxiliaries, craft, and prior-year program costs .....	1,720,710	1,735,857	1,742,204	1,584,729
10.00 Total obligations.....	11,298,788	9,924,383	9,624,937	8,710,891
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-74,641			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-7,698,342	-7,332,578	-7,226,582	-6,895,645
21.40 Available to finance new budget plans.....	-419,808	-159,716	-535,100	
22.40 Unobligated balance transferred, net .....	-60,000			
Unobligated balance available, end of year:				
23.80 Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	145,222			
24.40 For completion of prior year budget plans.....	7,332,578	7,226,582	6,895,645	6,482,654
24.40 Available to finance subsequent year budget plans....	159,716	535,100		
25.00 Unobligated balance lapsing.....	526,006			
39.00 Budget authority (gross).....	11,209,520	10,193,771	8,758,900	8,297,900
<b>Budget authority:</b>				
40.00 Appropriation.....	11,398,250	10,160,804	8,647,200	8,297,900
40.75 Reduction pursuant to P.L. 101-511 .....		-11,933		
41.00 Transferred to other accounts.....	-449,200	-159,716	-535,100	
42.00 Transferred from other accounts.....	162,000	204,616	646,800	
43.00 Appropriation (adjusted).....	11,111,050	10,193,771	8,758,900	8,297,900
50.00 Reappropriation.....	98,470			
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	11,298,788	9,924,383	9,624,937	8,710,891
72.40 Obligated balance, start of year..	30,211,391	31,120,259	30,135,292	28,380,679
74.40 Obligated balance, end of year.....	-31,120,259	-30,135,292	-28,380,679	-26,251,320
77.00 Adjustments in expired accounts.....	700,807			
78.00 Adjustments in unexpired accounts .....	-74,641			
90.00 Outlays (net).....	11,016,086	10,909,350	11,379,550	10,840,250

Budget Plan (in thousands of dollars)  
(amount for procurement actions programmed)

<b>Direct:</b>				
07.01 Fleet ballistic missile ships.....	1,138,075	1,297,968		
07.02 Other warships.....	6,953,148	5,331,753	6,238,530	6,492,560
07.03 Amphibious ships.....	260,923	1,198,100	245,134	250,830
07.04 Mine warfare and patrol ships.....	599,281	203,750	231,096	222,170
07.05 Auxiliaries, craft, and prior-year program costs .....	2,562,281	1,582,200	1,932,440	1,332,340
08.93 Total budget plan.....	11,513,708	9,613,771	8,647,200	8,297,900

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[in thousands of dollars]				
Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	11,209,520	10,193,771	8,758,900	8,297,900
Outlays .....	11,016,086	10,909,350	11,379,550	10,840,250
<b>Rescission proposal:</b>				
Budget authority.....		-405,000		
Outlays .....		-20,250	-60,750	-76,950
<b>Total:</b>				
Budget authority.....	11,209,520	9,788,771	8,758,900	8,297,900
Outlays .....	11,016,086	10,889,100	11,318,800	10,763,300



## General and special funds—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

## Object Classification (in thousands of dollars)

Identification code	17-1611-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Other services:					
25.0	Contracts .....	236,829	230,532	228,870	191,951
25.0	Other .....	226,728	220,508	217,971	182,810
31.0	Equipment .....	10,835,231	9,473,343	9,178,096	8,336,130
99.9	Total obligations .....	11,298,788	9,924,383	9,624,937	8,710,891

## OTHER PROCUREMENT, NAVY

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of not to exceed 2 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$165,000 per vehicle; and the purchase of not to exceed 651 passenger motor vehicles of which 621 shall be for replacement only; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; [\$5,627,160,000] \$6,471,200,000, to remain available for obligation until September 30, [1993] 1994, of which [not less than \$160,000,000] \$50,800,000 shall be [for the procurement of sonobuoys: Provided, That of the funds appropriated in this paragraph, not less than \$42,000,000 shall be available only to procure fifty-three Advanced Video Processor units and associated display heads] available for the Navy Reserve.

Further, for the foregoing purposes, including the purchase of not to exceed 591 passenger motor vehicles of which 571 shall be for replacement only, \$6,520,900,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$16,500,000 shall be available for the Navy Reserve. (10 U.S.C. 5013, 5063; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1810-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
Direct program:					
00.01	Ships support equipment .....	1,836,815	967,772	2,686,702	1,472,159
00.02	Communications and electronics equipment .....	1,841,697	1,232,267	1,703,352	2,185,528
00.03	Aviation support equipment .....	546,932	299,748	391,259	450,047
00.04	Ordnance support equipment .....	986,868	494,249	502,331	669,120
00.05	Civil engineering support equipment .....	125,051	90,448	142,498	105,778
00.06	Supply support equipment .....	140,476	218,006	151,466	175,609
00.07	Personnel and command support equipment .....	589,697	513,115	493,931	619,889
00.08	Spares and repair parts .....	438,459	489,612	508,513	558,289
00.91	Total direct program .....	6,505,995	4,305,217	6,580,052	6,236,419
01.01	Reimbursable program .....	109,297	121,685	99,400	102,500
10.00	Total obligations .....	6,615,292	4,426,902	6,679,452	6,338,919
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	—12,191	.....	.....	.....
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans .....	—1,911,909	—2,884,752	—4,114,269	—4,005,417
21.40	Available to finance new budget plans .....	—100,969	—69,563	—12,400	.....
22.40	Unobligated balance transferred, net .....	96,800	17,123	.....	.....

Unobligated balance available, end of year:					
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	27,069	.....	.....	.....
24.40	For completion of prior year budget plans .....	2,884,752	4,114,269	4,005,417	4,289,898
24.40	Available to finance subsequent year budget plans .....	69,563	12,400	.....	.....
25.00	Unobligated balance lapsing .....	25,897	.....	.....	.....
39.00	<b>Budget authority (gross) .....</b>	<b>7,694,305</b>	<b>5,616,379</b>	<b>6,558,200</b>	<b>6,623,400</b>
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation .....	7,872,761	5,627,160	6,471,200	6,520,900
40.36	Appropriation rescinded (unobligated balances) .....	.....	—16,900	.....	.....
40.75	Reduction pursuant to P.L. 101-511 .....	.....	—6,614	.....	.....
41.00	Transferred to other accounts .....	—284,872	—95,800	—12,400	.....
42.00	Transferred from other accounts .....	11,536	12,533	.....	.....
43.00	<b>Appropriation (adjusted) .....</b>	<b>7,599,425</b>	<b>5,520,379</b>	<b>6,458,800</b>	<b>6,520,900</b>
<b>Permanent:</b>					
68.00	<b>Spending authority from offsetting collections .....</b>	<b>94,880</b>	<b>96,000</b>	<b>99,400</b>	<b>102,500</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	6,615,292	4,426,902	6,679,452	6,338,919
72.40	Obligated balance, start of year .....	8,413,403	9,260,907	8,225,119	9,476,971
74.40	Obligated balance, end of year .....	—9,260,907	—8,225,119	—9,476,971	—10,024,950
77.00	Adjustments in expired accounts .....	—21,188	.....	.....	.....
78.00	Adjustments in unexpired accounts .....	—12,191	.....	.....	.....
87.00	<b>Outlays (gross) .....</b>	<b>5,734,410</b>	<b>5,462,690</b>	<b>5,427,600</b>	<b>5,790,940</b>
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds .....	—8,095	—17,500	—18,120	—18,620
88.30	Trust funds .....	—7,772	—76,000	—78,700	—81,220
88.40	Non-Federal sources .....	—79,013	—2,500	—2,580	—2,660
88.90	<b>Total, offsetting collections .....</b>	<b>—94,880</b>	<b>—96,000</b>	<b>—99,400</b>	<b>—102,500</b>
89.00	<b>Budget authority (net) .....</b>	<b>7,599,425</b>	<b>5,520,379</b>	<b>6,458,800</b>	<b>6,520,900</b>
90.00	<b>Outlays (net) .....</b>	<b>5,639,530</b>	<b>5,366,690</b>	<b>5,328,200</b>	<b>5,688,440</b>

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>					
07.01	Ship support equipment .....	3,507,075	1,388,235	1,743,673	1,548,872
07.02	Communications and electronics equipment .....	1,466,996	1,778,037	2,417,305	2,255,631
07.03	Aviation support equipment .....	590,979	375,050	376,729	494,279
07.04	Ordnance support equipment .....	695,824	481,776	581,040	763,647
07.05	Civil engineering support equipment .....	108,586	88,341	187,701	103,484
07.06	Supply support equipment .....	147,195	207,682	169,935	197,582
07.07	Personnel and command support equipment .....	645,266	722,030	475,871	589,355
07.08	Spares and repair parts .....	408,484	518,028	518,946	568,050
07.91	Total direct .....	7,570,405	5,559,179	6,471,200	6,520,900
08.01	Reimbursable .....	127,006	96,000	99,400	102,500
08.93	Total budget plan .....	7,697,411	5,655,179	6,570,600	6,623,400

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

<b>Enacted/requested:</b>				
Budget authority .....	1990 actual	1991 est.	1992 est.	1993 est.
.....	7,599,425	5,520,379	6,458,800	6,520,900
Outlays .....	5,639,530	5,366,690	5,328,200	5,688,440
<b>Rescission proposal:</b>				
Budget authority .....	.....	—10,000	.....	.....



Outlays .....		-1,090	-2,200	-3,640
Total:				
Budget authority .....	7,599,425	5,510,379	6,458,800	6,520,900
Outlays .....	5,639,530	5,365,600	5,326,000	5,684,800

## Object Classification (in thousands of dollars)

Identification code 17-1810-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:				
Other services:				
25.0 Purchases from industrial funds .....	25,979	28,488	35,634	35,293
25.0 Contracts .....	58,452	61,387	85,519	84,699
25.0 Other .....	90,925	92,068	121,152	119,990
26.0 Supplies and materials .....	1,253,470	1,262,787	1,689,008	1,672,812
31.0 Equipment .....	5,077,169	2,860,487	4,648,739	4,323,625
99.0 Subtotal, direct obligations .....	6,505,995	4,305,217	6,580,052	6,236,419
99.0 Reimbursable obligations .....	109,297	121,685	99,400	102,500
99.9 Total obligations .....	6,615,292	4,426,902	6,679,452	6,338,919

## COASTAL DEFENSE AUGMENTATION

## Program and Financing (in thousands of dollars)

Identification code 17-0380-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
10.00 Total obligations (object class 31.0) .....	5,052	4,706	2,011	1,609
Financing:				
21.40 Unobligated balance available, start of year: For completion of prior year budget plans .....	-13,808	-8,756	-4,050	-2,039
24.40 Unobligated balance available, end of year: For completion of prior year budget plans .....	8,756	4,050	2,039	430
39.00 Budget authority .....				
Relation of obligations to outlays:				
71.00 Total obligations .....	5,052	4,706	2,011	1,609
72.40 Obligated balance, start of year .....	258,444	202,361	200,067	197,878
74.40 Obligated balance, end of year .....	-202,361	-200,067	-197,878	-199,487
90.00 Outlays .....	61,135	7,000	4,200	

## PROCUREMENT, MARINE CORPS

For expenses necessary for the procurement, manufacture, and modification of missiles, armament, ammunition, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including the purchase of not to exceed 45 passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired and construction prosecuted thereon prior to approval of title; [\$719,141,000] \$1,039,400,000, to remain available for obligation until September 30, [1993] 1994, of which \$33,800,000 shall be available for the Marine Corps Reserve.

Further, for the foregoing purposes, including the purchase of not to exceed 46 passenger motor vehicles for replacement only, \$650,900,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$19,900,000 shall be available for the Marine Corps Reserve. (10 U.S.C. 5013, 7201; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 17-1109-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
Direct program:				
00.01 Ammunition .....	225,670	240,392	471,591	187,370
00.02 Weapons and combat vehicles .....	431,795	40,256	36,669	38,802

00.03 Guided missiles and equipment .....	26,900	22,367	16,700	50,572
00.04 Communications and electronics equipment .....	302,218	207,947	244,071	214,469
00.05 Support vehicles .....	49,206	27,228	70,022	67,676
00.06 Engineer and other equipment .....	83,685	135,200	108,506	61,844
00.07 Spares and repair parts .....	72,725	48,744	67,240	68,762

00.91 Total direct program .....	1,192,199	722,134	1,014,799	689,495
01.01 Reimbursable program .....	6,366	50,840	5,200	5,300
10.00 Total obligations .....	1,198,565	772,974	1,019,999	694,795

## Financing:

17.00 Recovery of prior year obligations .....	-67,517			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans .....	-253,421	-231,226	-175,100	-199,701
21.40 Available to finance new budget plans .....		-69,300	-29,300	
22.40 Unobligated balance transferred, net .....	3,400			
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans .....	231,226	175,100	199,701	161,106
24.40 Available to finance subsequent year budget plans .....	69,300	29,300		
25.00 Unobligated balance lapsing .....	2,499			
39.00 Budget authority (gross) .....	1,184,053	676,848	1,015,300	656,200

## Budget authority:

## Current:

40.00 Appropriation .....	1,198,134	719,141	1,039,400	650,900
40.36 Appropriation rescinded (unobligated balances) .....		-69,300		
40.75 Reduction pursuant to P.L. 101-511 .....		-293		
41.00 Transferred to other accounts .....	-36,100		-29,300	
43.00 Appropriation (adjusted) .....	1,162,034	649,548	1,010,100	650,900
68.00 Permanent: Spending authority from offsetting collections .....	22,019	27,300	5,200	5,300

## Relation of obligations to outlays:

71.00 Total obligations .....	1,198,565	772,974	1,019,999	694,795
72.40 Obligated balance, start of year .....	2,633,072	2,443,088	2,027,962	1,995,861
74.40 Obligated balance, end of year .....	-2,443,088	-2,027,962	-1,995,861	-1,758,856
77.00 Adjustments in expired accounts .....	10,880			
78.00 Adjustments in unexpired accounts .....	-67,517			
87.00 Outlays (gross) .....	1,331,913	1,188,100	1,052,100	931,800
Adjustments to budget authority and outlays:				
Deductions for offsetting collections:				
88.10 Federal funds .....	-21,506	-27,300	-5,200	-5,300
88.30 Trust funds .....	-126			
88.40 Non-Federal sources .....	-387			
88.90 Total, offsetting collections .....	-22,019	-27,300	-5,200	-5,300
89.00 Budget authority (net) .....	1,162,034	649,548	1,010,100	650,900
90.00 Outlays (net) .....	1,309,894	1,160,800	1,046,900	926,500

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

Direct:				
07.01 Ammunition .....	226,056	253,350	526,211	149,971
07.02 Weapons and combat vehicles .....	398,221	44,426	31,077	33,603
07.03 Guided missiles and equipment .....	11,055	16,255	17,872	55,978
07.04 Communications and electronics equipment .....	253,836	193,774	239,688	217,180
07.05 Support vehicles .....	20,496	28,382	77,078	69,183
07.06 Engineer and other equipment .....	126,075	103,361	75,283	55,411
07.07 Spares and repair parts .....	63,995	50,000	72,191	69,574



## General and special funds—Continued

## PROCUREMENT, MARINE CORPS—Continued

## Budget Plan (in thousands of dollars)—Continued

07.91	Total direct.....	1,099,734	689,548	1,039,400	650,900
08.01	Reimbursable.....	25,627	27,300	5,200	5,300
08.93	Total budget plan.....	1,125,361	716,848	1,044,600	656,200

## Object Classification (in thousands of dollars)

Identification code	17-1109-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
26.0	Supplies and materials.....	337,537	394,989	200,000	250,000
31.0	Equipment.....	854,662	327,145	814,799	439,495
99.0	Subtotal, direct obligations.....	1,192,199	722,134	1,014,799	689,495
99.0	Reimbursable obligations.....	6,366	50,840	5,200	5,300
99.9	Total obligations.....	1,198,565	772,974	1,019,999	694,795

## AIRCRAFT PROCUREMENT, AIR FORCE

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; **[\$9,541,455,000]** **\$10,915,500,000**, to remain available for obligation until September 30, **[1993]** **1994**, of which **\$293,700,000** shall be available for the Air National Guard and Air Force Reserve.

Further, for the foregoing purposes, **\$13,456,800,000**, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which **\$296,600,000** shall be available for the Air National Guard and Air Force Reserve. (10 U.S.C. 2271-79, 2353, 2386, 2663, 2672, 2672a, 8013, 8062, 9501-02, 9532, 9741-42; 50 U.S.C. 451, 453, 455; Department of Defense Appropriations Act 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3010-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
00.01	Combat aircraft.....	6,760,431	6,068,462	5,464,262	4,527,905
00.02	Airlift aircraft.....	712,152	910,290	1,846,931	3,258,689
00.03	Trainer aircraft.....	149,452	108,339	152,708	177,366
00.04	Other aircraft.....	19,070	230,066	71,843	354,782
00.05	Modification of inservice aircraft.....	2,245,736	2,136,466	1,788,348	2,003,585
00.06	Aircraft spares and repair parts.....	2,787,688	750,589	1,125,792	913,207
00.07	Aircraft support equipment and facilities.....	1,907,134	954,892	1,091,800	1,083,178
00.91	Total direct program.....	14,581,663	11,159,104	11,541,684	12,318,712
01.01	Reimbursable program.....	253,480	1,250,494	318,100	327,900
10.00	Total obligations.....	14,835,143	12,409,598	11,859,784	12,646,612
Financing:					
17.00	Recovery of prior year obligations.....	-277,323			
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans.....	-7,759,638	-8,857,502	-6,886,177	-6,259,993
21.40	Available to finance new budget plans.....		-75,800		
22.40	Unobligated balance transferred, net.....	-68,018	23,500		

Unobligated balance available, end of year:

24.40	For completion of prior year budget plans.....	8,857,502	6,886,177	6,259,993	7,398,081
24.40	Available to finance subsequent year budget plans.....	75,800			
25.00	Unobligated balance lapsing.....	76,899			
39.00	Budget authority (gross).....	15,740,364	10,385,973	11,233,600	13,784,700

## Budget authority:

## Current:

40.00	Appropriation.....	15,608,295	9,541,455	10,915,500	13,456,800
40.36	Appropriation rescinded (unobligated balances).....		-52,300		
40.75	Reduction pursuant to P.L. 101-511.....		-2,966		
41.00	Transferred to other accounts.....	-193,660	-78,052		

## Appropriation (adjusted).....

43.00	Appropriation (adjusted).....	15,414,635	9,408,137	10,915,500	13,456,800
68.00	Spending authority from offsetting collections.....	325,729	977,836	318,100	327,900

## Relation of obligations to outlays:

71.00	Total obligations.....	14,835,143	12,409,598	11,859,784	12,646,612
72.40	Obligated balance, start of year.....	26,132,620	26,045,042	22,900,934	21,144,192
74.40	Obligated balance, end of year.....	-26,045,042	-22,900,934	-21,144,192	-21,922,298
77.00	Adjustments in expired accounts.....	-16,826			
78.00	Adjustments in unexpired accounts.....	-277,323			
87.00	Outlays (gross).....	14,628,572	15,553,706	13,616,526	11,868,506

## Adjustments to budget authority and outlays:

## Deductions for offsetting collections:

88.10	Federal funds.....	-117,941	-92,790	-96,600	-101,400
88.30	Trust funds.....	-206,727	-885,046	-221,500	-226,500
88.40	Non-Federal sources.....	-1,061			
88.90	Total, offsetting collections.....	-325,729	-977,836	-318,100	-327,900
89.00	Budget authority (net).....	15,414,635	9,408,137	10,915,500	13,456,800
90.00	Outlays (net).....	14,302,843	14,575,870	13,298,426	11,540,606

## Budget Plan (in thousands of dollars)

## (amount for procurement actions programmed)

Direct:					
07.01	Combat aircraft.....	6,987,575	5,961,706	4,340,135	4,537,965
07.02	Airlift aircraft.....	1,283,254	539,529	2,363,527	4,076,280
07.03	Trainer aircraft.....	145,050	155,805	175,898	182,057
07.04	Other aircraft.....	203,155	38,796	95,221	495,985
07.05	Modification of inservice aircraft.....	2,555,535	1,315,056	1,812,141	2,165,148
07.06	Aircraft spares and repair parts.....	3,016,688	572,257	984,465	914,835
07.07	Aircraft support equipment and facilities.....	1,155,978	877,288	1,144,113	1,084,530
07.91	Total direct.....	15,347,235	9,460,437	10,915,500	13,456,800
08.01	Reimbursable.....	369,477	977,836	318,100	327,900
08.93	Total budget plan.....	15,716,712	10,438,273	11,233,600	13,784,700

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[in thousands of dollars]

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	15,414,635	9,408,137	10,915,500	13,456,800
Outlays.....	14,302,843	14,575,870	13,298,426	11,540,606
Rescission proposal:				
Budget authority.....		-86,000		
Outlays.....		-3,870	-20,726	-31,906
Total:				
Budget authority.....	15,414,635	9,322,137	10,915,500	13,456,800
Outlays.....	14,302,843	14,572,000	13,277,700	11,508,700



## Object Classification (in thousands of dollars)

Identification code	57-3010-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
31.0	Direct obligations: Equipment	14,581,663	11,159,104	11,541,684	12,318,712
99.0	Reimbursable obligations	253,480	1,250,494	318,100	327,900
99.9	Total obligations	14,835,143	12,409,598	11,859,784	12,646,612

## MISSILE PROCUREMENT, AIR FORCE

For construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; **[\$5,813,532,000]** **\$5,841,800,000**, to remain available for obligation until September 30, **[1993]** 1994.

Further, for the foregoing purposes, **\$6,776,800,000**, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995. (10 U.S.C. 1905, 2271-73, 2363, 2386, 2653, 2672, 2672a, 8013, 8062, 9501-02, 9531-32, 9741-42; 50 U.S.C. 451, 453, 455; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3020-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Ballistic missiles	802,290	718,032	349,011	145,983
00.02	Other missiles	1,465,914	1,689,610	1,540,183	2,120,716
00.03	Modification of inservice missiles	76,311	137,424	162,427	129,754
00.04	Spares and repair parts	168,540	70,032	108,616	94,446
00.05	Other support	4,259,869	3,541,975	3,693,294	4,053,302
00.91	Total direct program	6,772,924	6,157,073	5,853,531	6,544,201
01.01	Reimbursable program	233,472	324,962	425,300	428,300
10.00	Total obligations	7,006,396	6,482,035	6,278,831	6,972,501
<b>Financing:</b>					
17.00	Recovery of prior year obligations	-47,551			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	-2,421,402	-1,808,441	-1,434,406	-1,422,675
21.40	Available to finance new budget plans	-104,077	-216,581		
22.40	Unobligated balance transferred, net	90,027	-24,200		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,808,441	1,434,406	1,422,675	1,655,274
24.40	Available to finance subsequent year budget plans	216,581			
25.00	Unobligated balance lapsing	46,269			
39.00	<b>Budget authority (gross)</b>	<b>6,594,683</b>	<b>5,867,219</b>	<b>6,267,100</b>	<b>7,205,100</b>
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation	6,633,713	5,813,532	5,841,800	6,776,800
40.36	Appropriation rescinded (unobligated balances)		-216,581		
40.75	Reduction pursuant to P.L. 101-511		-2,364		
41.00	Transferred to other accounts	-262,442	-65,733		
42.00	Transferred from other accounts		19,640		
43.00	<b>Appropriation (adjusted)</b>	<b>6,371,271</b>	<b>5,548,494</b>	<b>5,841,800</b>	<b>6,776,800</b>

68.00	<b>Permanent:</b> <b>Spending authority from offsetting collections</b>	<b>223,412</b>	<b>318,725</b>	<b>425,300</b>	<b>428,300</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	7,006,396	6,482,035	6,278,831	6,972,501
72.40	Obligated balance, start of year	11,292,592	10,079,377	8,962,481	8,628,990
74.40	Obligated balance, end of year	-10,079,377	-8,962,481	-8,628,990	-9,290,158
77.00	Adjustments in expired accounts	2,329			
78.00	Adjustments in unexpired accounts	-47,551			
87.00	<b>Outlays (gross)</b>	<b>8,174,388</b>	<b>7,598,931</b>	<b>6,612,322</b>	<b>6,311,333</b>
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-220,570	-316,125	-422,600	-425,500
88.30	Trust funds	-2,717	-2,600	-2,700	-2,800
88.40	Non-Federal sources	-125			
88.90	<b>Total, offsetting collections</b>	<b>-223,412</b>	<b>-318,725</b>	<b>-425,300</b>	<b>-428,300</b>
89.00	<b>Budget authority (net)</b>	<b>6,371,271</b>	<b>5,548,494</b>	<b>5,841,800</b>	<b>6,776,800</b>
90.00	<b>Outlays (net)</b>	<b>7,950,976</b>	<b>7,280,206</b>	<b>6,187,022</b>	<b>5,883,033</b>

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>					
07.01	Ballistic missiles	798,345	546,863	240,823	44,913
07.02	Other missiles	1,233,407	1,198,892	1,595,081	2,285,674
07.03	Modification of inservice missiles	86,428	109,313	196,526	128,657
07.04	Spares and repair parts	174,426	66,620	104,279	98,718
07.05	Other support	4,000,152	3,843,387	3,705,091	4,219,338
07.91	Total direct	6,292,758	5,765,075	5,841,800	6,776,800
08.01	Reimbursable	225,781	318,725	425,300	428,300
08.93	<b>Total budget plan</b>	<b>6,518,539</b>	<b>6,083,800</b>	<b>6,267,100</b>	<b>7,205,100</b>

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

<b>Enacted/requested:</b>				
Budget authority	6,371,271	5,548,494	5,841,800	6,776,800
Outlays	7,950,976	7,280,206	6,187,022	5,883,033
<b>Rescission proposal:</b>				
Budget authority		-50,100		
Outlays		-3,006	-11,022	-16,533
<b>Total:</b>				
Budget authority	6,371,271	5,498,394	5,841,800	6,776,800
Outlays	7,950,976	7,277,200	6,176,000	5,866,500

## Object Classification (in thousands of dollars)

Identification code	57-3020-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
31.0	Direct obligations: Equipment	6,772,924	6,157,073	5,853,531	6,544,201
99.0	Reimbursable obligations	233,472	324,962	425,300	428,300
99.9	Total obligations	7,006,396	6,482,035	6,278,831	6,972,501

## OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed **[4]** 2 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$165,000 per vehicle; and the purchase of not to exceed **408** passenger motor vehicles of which **285** shall be for replacement only; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; **[\$7,503,356,000]**



## General and special funds—Continued

## OTHER PROCUREMENT, AIR FORCE—Continued

\$8,058,100,000, to remain available for obligation until September 30, [1993] 1994, of which \$98,300,000 shall be available for the Air National Guard and Air Force Reserve.

Further, for the foregoing purposes, including the purchase of not to exceed 4 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$170,000 per vehicle, and the purchase of not to exceed 473 passenger motor vehicles of which 437 shall be for replacement only, \$8,868,700,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995, of which \$133,000,000 shall be available for the Air National Guard and Air Force Reserve. (10 U.S.C. 2110, 2353, 2386, 8013, 9505, 9531-32; 50 U.S.C. 491-94; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 57-3080-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Munitions and associated equipment.....	427,913	325,097	347,257	471,329
00.02 Vehicular equipment.....	227,682	130,647	190,594	210,159
00.03 Electronics and telecommunications equipment.....	2,393,638	1,909,516	1,798,671	1,883,532
00.04 Other base maintenance and support equipment.....	5,723,791	5,841,979	5,853,111	6,079,568
00.91 Total direct program.....	8,773,024	8,207,239	8,189,633	8,644,588
01.01 Reimbursable program.....	461,163	465,706	404,900	427,100
10.00 Total obligations.....	9,234,187	8,672,945	8,594,533	9,071,688
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-165,046			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-2,004,273	-1,844,317	-1,232,822	-1,101,289
21.40 Available to finance new budget plans.....	-61,939	-21,021		
22.40 Unobligated balance transferred, net.....	6,893	-12,079		
Unobligated balance available, end of year:				
23.80 Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	32,096			
24.40 For completion of prior year budget plans.....	1,844,317	1,232,822	1,101,289	1,325,401
24.40 Available to finance subsequent year budget plans.....	21,021			
25.00 Unobligated balance lapsing.....	15,478			
39.00 Budget authority (gross).....	8,922,734	8,028,350	8,463,000	9,295,800
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	8,331,028	7,503,356	8,058,100	8,868,700
40.36 Appropriation rescinded (unobligated balances).....		-16,800		
40.75 Reduction pursuant to P.L. 101-511.....		-3,918		
41.00 Transferred to other accounts.....	-79,410	-25,635		
42.00 Transferred from other accounts.....	238,915	143,457		
43.00 Appropriation (adjusted).....	8,490,533	7,600,460	8,058,100	8,868,700
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	432,201	427,890	404,900	427,100
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	9,234,187	8,672,945	8,594,533	9,071,688
72.40 Obligated balance, start of year.....	6,784,952	6,647,093	6,608,003	6,208,544
74.40 Obligated balance, end of year.....	-6,647,093	-6,608,003	-6,208,544	-6,382,081
77.00 Adjustments in expired accounts.....	-102,590			

78.00 Adjustments in unexpired accounts.....	-165,046			
87.00 Outlays (gross).....	9,104,411	8,712,035	8,993,992	8,898,151
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-345,674	-380,860	-390,900	-412,700
88.30 Trust funds.....	-12,303	-47,030	-14,000	-14,400
88.40 Non-Federal sources.....	-74,224			
88.90 Total, offsetting collections.....	-432,201	-427,890	-404,900	-427,100
89.00 Budget authority (net).....	8,490,533	7,600,460	8,058,100	8,868,700
90.00 Outlays (net).....	8,672,210	8,284,145	8,589,092	8,471,051

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

<b>Direct:</b>				
07.01 Munitions and associated equipment.....	464,405	395,830	313,854	542,514
07.02 Vehicular equipment.....	221,125	165,445	175,937	189,822
07.03 Electronics and telecommunications equipment.....	2,182,012	1,191,165	1,629,681	2,032,912
07.04 Other base maintenance and support equipment.....	5,637,970	5,864,820	5,938,628	6,103,452
07.91 Total direct.....	8,505,512	7,617,260	8,058,100	8,868,700
08.01 Reimbursable.....	456,048	427,890	404,900	427,100
08.93 Total budget plan.....	8,961,560	8,045,150	8,463,000	9,295,800

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	8,490,533	7,600,460	8,058,100	8,868,700
Outlays.....	8,672,210	8,284,145	8,589,092	8,471,051
Rescission proposal:				
Budget authority.....		-18,500		
Outlays.....		-3,145	-4,292	-5,051
Total:				
Budget authority.....	8,490,533	7,581,960	8,058,100	8,868,700
Outlays.....	8,672,210	8,281,000	8,584,800	8,466,000

## Object Classification (in thousands of dollars)

Identification code 57-3080-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
31.0 Direct obligations: Equipment.....	8,773,024	8,207,239	8,189,633	8,644,588
99.0 Reimbursable obligations.....	461,163	465,706	404,900	427,100
99.9 Total obligations.....	9,234,187	8,672,945	8,594,533	9,071,688

## PROCUREMENT, DEFENSE AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; [the purchase of not to exceed 4 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$165,000 per vehicle; and] the purchase of not to exceed [653] 337 passenger motor vehicles [of which 650 shall be] for replacement only; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; [\$2,354,646,000] \$2,111,600,000, to remain available for obligation until September 30, [1993] 1994, of which \$618,636,000 shall be available for the Special Operations Command].

Further, for the foregoing purposes, including the purchase of not to exceed 2 vehicles required for physical security of personnel, notwithstanding price limitations applicable to passenger vehicles but not to exceed \$170,000 per vehicle, and the purchase of not to exceed 555



passenger motor vehicles, for replacement only, \$2,201,000,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0300-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
00.01 Major equipment.....	1,422,711	1,819,918	1,317,317	1,564,672
00.02 Special operations forces.....		455,050	855,230	639,164
00.91 Total direct program.....	1,422,711	2,274,968	2,172,547	2,203,836
01.01 Reimbursable program.....	241,026	423,244	166,200	177,100
10.00 Total obligations.....	1,663,737	2,698,212	2,338,747	2,380,936
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-55,129			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-350,477	-296,183	-512,613	-451,666
21.40 Available to finance new budget plans.....	-5,247			
22.40 Unobligated balance transferred, net.....		-7,400		
Unobligated balance available, end of year:				
23.80 Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	5,247			
24.40 For completion of prior year budget plans.....	296,183	512,613	451,666	448,830
25.00 Unobligated balance lapsing.....	5,835			
39.00 Budget authority (gross).....	1,560,148	2,907,242	2,277,800	2,378,100
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	1,281,914	2,354,646	2,111,600	2,201,000
40.75 Reduction pursuant to P.L. 101-511.....		-632		
41.00 Transferred to other accounts.....	-3,213			
42.00 Transferred from other accounts.....	72,478	139,116		
43.00 Appropriation (adjusted).....	1,351,179	2,493,130	2,111,600	2,201,000
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	208,969	414,112	166,200	177,100
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	1,663,737	2,698,212	2,338,747	2,380,936
72.40 Obligated balance, start of year.....	935,376	855,872	1,421,972	1,472,919
74.40 Obligated balance, end of year.....	-855,872	-1,421,972	-1,472,919	-1,502,855
77.00 Adjustments in expired accounts.....	-17,000			
78.00 Adjustments in unexpired accounts.....	-55,129			
87.00 Outlays (gross).....	1,671,112	2,132,112	2,287,800	2,351,000
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-154,556	-414,112	-166,200	-177,100
88.30 Trust funds.....	-1,710			
88.40 Non-Federal sources.....	-52,703			
88.90 Total, offsetting collections.....	-208,969	-414,112	-166,200	-177,100
89.00 Budget authority (net).....	1,351,179	2,493,130	2,111,600	2,201,000
90.00 Outlays (net).....	1,462,143	1,718,000	2,121,600	2,173,900

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

Direct:				
07.01 Major equipment.....	1,358,579	1,874,660	1,191,369	1,640,470

07.02 Special operations forces.....	618,470	920,231	560,530	
07.91 Total direct.....	1,358,579	2,493,130	2,111,600	2,201,000
08.01 Reimbursable.....	220,586	414,112	166,200	177,100
08.93 Total budget plan.....	1,579,165	2,907,242	2,277,800	2,378,100

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	1,351,179	2,493,130	2,111,600	2,201,000
Outlays.....	1,462,143	1,718,000	2,121,600	2,173,900
Rescission proposal:				
Budget authority.....		-60,000		
Outlays.....		-21,600	-27,000	-9,900
Total:				
Budget authority.....	1,351,179	2,433,130	2,111,600	2,201,000
Outlays.....	1,462,143	1,696,400	2,094,600	2,164,000

## Object Classification (in thousands of dollars)

Identification code 97-0300-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
31.0 Direct obligations: Equipment.....	1,422,711	2,274,968	2,172,547	2,203,836
99.0 Reimbursable obligations.....	241,026	423,244	166,200	177,100
99.9 Total obligations.....	1,663,737	2,698,212	2,338,747	2,380,936

## [NATIONAL GUARD AND RESERVE EQUIPMENT]

[For procurement of aircraft, missiles, tracked combat vehicles, ammunition, other weapons, and other procurement for the reserve components of the Armed Forces; \$2,463,700,000, to remain available for obligation until September 30, 1993.] (Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 97-0350-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
00.01 Reserve equipment.....	364,357	732,625	329,861	396,885
00.02 National Guard equipment.....	468,936	1,281,739	305,034	131,412
10.00 Total obligations (object class 31.0).....	833,293	2,014,364	634,895	528,297
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-13,255			
21.40 Unobligated balance available, start of year: For completion of prior year budget plans.....	-531,312	-659,856	-1,163,192	-528,297
22.40 Unobligated balance transferred, net.....	10,800	-2,000		
24.40 Unobligated balance available, end of year: For completion of prior year budget plans.....	659,856	1,163,192	528,297	
25.00 Unobligated balance lapsing.....	29,337			
39.00 Budget authority.....	988,720	2,515,700		
<b>Budget authority:</b>				
40.00 Appropriation.....	973,720	2,463,700		
41.00 Transferred to other accounts.....	-25,000			
42.00 Transferred from other accounts.....	40,000	52,000		
43.00 Appropriation (adjusted).....	988,720	2,515,700		
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	833,293	2,014,364	634,895	528,297
72.40 Obligated balance, start of year.....	2,112,583	1,630,098	2,522,562	1,781,177
74.40 Obligated balance, end of year.....	-1,630,098	-2,522,562	-1,781,177	-1,206,394
77.00 Adjustments in expired accounts.....	-9,788			
78.00 Adjustments in unexpired accounts.....	-13,255			
90.00 Outlays.....	1,292,735	1,121,900	1,376,280	1,103,080



## General and special funds—Continued

## [NATIONAL GUARD AND RESERVE EQUIPMENT]—Continued

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

Direct:				
07.01	Reserve equipment .....	420,270	1,058,500	
07.02	National Guard equipment .....	570,450	1,457,200	
08.93	Total budget plan .....	990,720	2,515,700	
Distribution of outlays by account:				
	National Guard and Reserve equipment, Defense.	1,292,398	1,121,900	1,376,300
	Army National Guard equipment .....	337		1,103,100

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority .....	988,720	2,515,700		
Outlays .....	1,292,735	1,121,900	1,376,280	1,103,080
Rescission proposal:				
Budget authority .....		-8,000		
Outlays .....		-400	-2,480	-2,480
Total:				
Budget authority .....	988,720	2,507,700		
Outlays .....	1,292,735	1,121,500	1,373,800	1,100,600

## [DEFENSE PRODUCTION ACT PURCHASES]

[For purchases or commitments to purchase metals, minerals, or other materials by the Department of Defense pursuant to section 303 of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093); \$50,000,000, to remain available until expended: *Provided*, That none of these funds shall be obligated for any metal, mineral, or material, unless a Presidential determination has been made in accordance with the Defense Production Act: *Provided further*, That the Department of Defense shall notify the Committees on Appropriations of the House of Representatives and the Senate thirty days prior to the release of funds for any metal, mineral, or material not previously approved by Congress.] (Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code	97-0360-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 26.0) .....	13,813	51,436	39,843	10,000
<b>Financing:</b>					
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans .....	-9,613	-45,279	-49,843	-10,000
21.40	Available to finance new budget plans .....	-6,688			
	Unobligated balance available, end of year:				
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	688			
24.40	For completion of prior year budget plans .....	45,279	49,843	10,000	
39.00	Budget authority .....	43,479	56,000		
<b>Budget authority:</b>					
40.00	Appropriation .....	49,479	50,000		
41.00	Transferred to other accounts .....	-6,000			
42.00	Transferred from other accounts .....		6,000		
43.00	Appropriation (adjusted) .....	43,479	56,000		
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	13,813	51,436	39,843	10,000
72.40	Obligated balance, start of year .....	77,283	72,075	87,211	95,354
74.40	Obligated balance, end of year .....	-72,075	-87,211	-95,354	-66,754
77.00	Adjustments in expired accounts .....	-2,513			
90.00	Outlays .....	16,507	36,300	31,700	38,600

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Total budget plan .....	49,479	50,000	
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## CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

For expenses, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions in accordance with the provisions of section 1412 of the Department of Defense Authorization Act, 1986, as follows: for Operation and maintenance, [\$159,100,000] \$213,098,000; for Procurement, [\$115,100,000] \$261,702,000 to remain available until September 30, [1993] 1994; for Research, development, test and evaluation, \$5,300,000 to remain available until September 30, 1992, only for cryofracture; for retrograde, \$13,200,000 to remain available until September 30, 1992; In all: [\$292,700,000] \$474,800,000: *Provided*, That, in addition to other transfer authority provided in this Act, not to exceed \$3,000,000 may be transferred between the subdivisions of this appropriation and amounts so transferred shall be merged with and shall be available for the same purposes and the same time period as the subdivision to which transferred.

Further, for the foregoing purposes, as follows: for Operation and Maintenance, \$292,500,000, to become available for obligation on October 1, 1992; for Procurement, \$334,100,000 to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; In all: \$626,600,000: *Provided*, That, in addition to other transfer authority provided in this Act, not to exceed \$3,000,000 may be transferred between the subdivisions of this appropriation and amounts so transferred shall be merged with and shall be available for the same purposes and the same time period as the subdivision to which transferred. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	97-0390-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
00.01	Research, development, test, and evaluation .....	18,795	11,429		
00.02	Procurement .....	88,333	101,461	234,004	310,154
00.03	Operation and maintenance .....	146,785	159,100	213,098	291,855
00.04	European retrograde .....	26,533	13,977		
10.00	Total obligations .....	280,446	285,967	447,102	602,009
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-1			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans .....	-66,158	-39,716	-46,449	-74,147
21.40	Available to finance new budget plans .....	-476			
	Unobligated balance available, end of year:				
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	476			
24.40	For completion of prior year budget plans .....	39,716	46,449	74,147	98,738
25.00	Unobligated balance lapsing .....	219			
40.00	Budget authority (appropriation) .....	254,221	292,700	474,800	626,600
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	280,446	285,967	447,102	602,009
72.40	Obligated balance, start of year .....	124,648	208,072	236,039	320,241
74.40	Obligated balance, end of year .....	-208,072	-236,039	-320,241	-425,150
77.00	Adjustments in expired accounts .....	-752			
78.00	Adjustments in unexpired accounts .....	-1			
90.00	Outlays .....	196,269	258,000	362,900	497,100

## Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Research, development, test, and evaluation .....	7,913	5,300	
07.02	Procurement .....	72,208	115,100	261,702
07.03	Operation and maintenance .....	146,785	159,100	213,098



07.04	European retrograde .....	27,310	13,200	.....	.....
08.93	Total budget plan .....	254,216	292,700	474,800	626,600

## Object Classification (in thousands of dollars)

Identification code	97-0390-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Personnel compensation:					
11.1	Full-time permanent .....	5,010	13,580	15,683	16,483
11.3	Other than full-time permanent .....	90	108	118	123
11.9	Total personnel compensation .....	5,100	13,688	15,801	16,606
12.1	Civilian personnel benefits .....	1,049	3,219	3,674	3,859
21.0	Travel and transportation of persons .....	731	991	1,125	744
22.0	Transportation of things .....	44	280	293	304
23.2	Rental payments to others .....	3	25	26	28
23.3	Communications, utilities, and miscellaneous charges .....	.....	500	550	574
Other services:					
25.0	Contracts .....	272,651	258,774	416,577	570,000
25.0	Other services .....	762	5,640	6,160	6,993
26.0	Supplies and materials .....	53	2,765	2,807	2,816
31.0	Equipment .....	53	85	89	85
99.9	Total obligations .....	280,446	285,967	447,102	602,009

## PROCUREMENT OF AIRCRAFT AND MISSILES, NAVY

## Program and Financing (in thousands of dollars)

Identification code	17-1505-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Relation of obligations to outlays:					
71.00	Total obligations .....	.....	.....	.....	.....
72.40	Obligated balance, start of year .....	28,613	26,839	26,839	26,839
74.40	Obligated balance, end of year .....	-26,839	-26,839	-26,839	-26,839
77.00	Adjustments in expired accounts .....	-57	.....	.....	.....
90.00	Outlays .....	1,716	.....	.....	.....

## PROCUREMENT OF EQUIPMENT AND MISSILES, ARMY

## Program and Financing (in thousands of dollars)

Identification code	21-2030-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Relation of obligations to outlays:					
71.00	Total obligations .....	.....	.....	.....	.....
72.10	Receivables in excess of obligations, start of year .....	-7	.....	.....	.....
77.00	Adjustments in expired accounts .....	28	.....	.....	.....
90.00	Outlays .....	22	.....	.....	.....

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Programs in this title support modernization through military research, exploratory development, fabrication of technology-demonstration devices, and development and testing of prototypes and full-scale preproduction hardware. This work is performed by industrial contractors, Government laboratories and facilities, universities and nonprofit organizations. Research and development programs are funded to cover annual needs.

The budget plan for each appropriation is shown as a separate table immediately following the program and financing schedules for that appropriation. Funds for each fiscal year are available for obligation for a two-year period beginning on the first day of that fiscal year.

The 1992 program provides for major technology and development efforts. These include the National Aerospace Plane, Balanced Technology Initiative, the Advanced Launch System, Small ICBM, the Short Range Attack Missile, the B-2 Advanced Technology Bomber, the Strategic Defense Initia-

tive, Armored System Modernization Program, advanced anti-tank weapons, Light Helicopter, the Advanced Tactical Fighter, the Advanced Air-to-Air Missile, C-17 transport aircraft, the SSN-21 nuclear attack submarine, the Fixed Distributed System, the High Performance Computing program, AWACS upgrades and modifications of F-16's for close air support. Funds are also requested for product improvement to systems which have already been fielded or are in production, such as the F/A-18 fighter, and the M1A1 tank.

## Federal Funds

## General and special funds:

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; [\$5,607,379,000] \$6,236,400,000, to remain available for obligation until September 30, [1992, of which not less than \$5,480,000 is available only for the Vectored Thrust Combat Agility Demonstrator flight test program utilizing the Vectored Thrust Ducted Propeller] 1993.

Further, for the foregoing purposes, \$5,867,300,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (10 U.S.C. 2353, 4503; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2040-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
00.01	Technology base .....	759,433	760,586	825,587	823,785
00.02	Advanced technology development .....	524,660	502,586	308,293	352,697
00.03	Strategic programs .....	70,901	198,307	88,642	88,825
00.04	Tactical programs .....	2,738,374	2,559,864	3,478,755	3,130,823
00.05	Intelligence and communications .....	78,915	112,489	143,447	171,325
00.06	Defensewide mission support .....	1,274,203	1,269,445	1,367,041	1,314,293
00.91	Total direct program .....	5,446,486	5,403,277	6,211,765	5,881,748
01.01	Reimbursable program .....	1,269,244	1,400,000	1,215,100	1,223,000
10.00	Total obligations .....	6,715,730	6,803,277	7,426,865	7,104,748
Financing:					
17.00	Recovery of prior year obligations .....	-153,696	.....	.....	.....
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans .....	-233,346	-206,821	-273,425	-298,060
21.40	Available to finance new budget plans .....	-23,929	-10,600	.....	.....
22.40	Unobligated balance transferred, net .....	-39,600	-23,645	.....	.....
Unobligated balance available, end of year:					
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	5,929	.....	.....	.....
24.40	For completion of prior year budget plans .....	206,821	273,425	298,060	283,612
24.40	Available to finance subsequent year budget plans .....	10,600	.....	.....	.....
25.00	Unobligated balance lapsing .....	6,532	.....	.....	.....
39.00	Budget authority (gross) .....	6,495,092	6,835,636	7,451,500	7,090,300
Budget authority:					
Current:					
40.00	Appropriation .....	5,268,574	5,607,379	6,236,400	5,867,300
40.75	Reduction pursuant to P.L. 101-511 .....	.....	-4,708	.....	.....
41.00	Transferred to other accounts .....	-18,800	-180,306	.....	.....



## General and special funds—Continued

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2040-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
42.00	Transferred from other accounts.....	8,567	13,271		
43.00	Appropriation (adjusted).....	5,258,341	5,435,636	6,236,400	5,867,300
68.00	Permanent: Spending authority from offsetting collections.....	1,236,751	1,400,000	1,215,100	1,223,000
Relation of obligations to outlays:					
71.00	Total obligations.....	6,715,730	6,803,277	7,426,865	7,104,748
72.40	Obligated balance, start of year.....	3,308,289	3,101,706	3,256,298	3,672,545
74.40	Obligated balance, end of year.....	-3,101,706	-3,256,298	-3,672,545	-3,637,786
77.00	Adjustments in expired accounts.....	-19,334			
78.00	Adjustments in unexpired accounts.....	-153,696			
87.00	Outlays (gross).....	6,749,283	6,648,685	7,010,618	7,139,507
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds.....	-1,225,596	-1,394,700	-1,209,800	-1,217,700
88.30	Trust funds.....	-1,223	-2,300	-2,300	-2,300
88.40	Non-Federal sources.....	-9,932	-3,000	-3,000	-3,000
88.90	Total, offsetting collections.....	-1,236,751	-1,400,000	-1,215,100	-1,223,000
89.00	Budget authority (net).....	5,258,341	5,435,636	6,236,400	5,867,300
90.00	Outlays (net).....	5,512,532	5,248,685	5,795,518	5,916,507

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

Direct:					
07.01	Technology base.....	729,331	811,714	819,709	828,980
07.02	Advanced technology development.....	515,054	498,877	302,531	351,873
07.03	Strategic programs.....	148,257	130,624	87,186	90,109
07.04	Tactical programs.....	2,554,682	2,581,285	3,514,464	3,111,928
07.05	Intelligence and communications.....	101,098	93,863	146,314	171,610
07.06	Defensewide mission support.....	1,251,564	1,319,273	1,366,196	1,312,800
07.91	Total direct.....	5,299,986	5,435,636	6,236,400	5,867,300
08.01	Reimbursable.....	1,249,497	1,400,000	1,215,100	1,223,000
08.93	Total budget plan.....	6,549,483	6,835,636	7,451,500	7,090,300

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	5,258,341	5,435,636	6,236,400	5,867,300
Outlays.....	5,512,532	5,248,685	5,795,518	5,916,507
Rescission proposal:				
Budget authority.....		-72,700		
Outlays.....		-39,985	-24,718	-5,307
Total:				
Budget authority.....	5,258,341	5,362,936	6,236,400	5,867,300
Outlays.....	5,512,532	5,208,700	5,770,800	5,911,200

## Object Classification (in thousands of dollars)

Identification code	21-2040-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
Personnel compensation:					
11.1	Full-time permanent.....	671,849	697,460	697,064	696,445
11.3	Other than full-time permanent.....	20,555	37,537	37,337	37,203
11.5	Other personnel compensation.....	32,295	28,029	28,192	28,268
11.9	Total personnel compensation.....	724,699	763,026	762,593	761,916
12.1	Civilian personnel benefits.....	131,935	130,325	130,078	129,809
13.0	Benefits for former personnel.....	1	644	652	636
21.0	Travel and transportation of persons.....	49,235	46,701	55,337	50,258
22.0	Transportation of things.....	6,196	4,826	5,718	5,193
23.1	Rental payments to GSA.....	1,152	1,427	1,691	1,536

23.3	Communications, utilities, and miscellaneous charges.....	27,651	33,784	40,031	36,357
24.0	Printing and reproduction.....	765	1,021	1,210	1,099
Other services:					
25.0	Purchases from industrial funds.....	169,307	162,208	192,206	174,562
25.0	Contracts.....	4,057,992	3,909,816	4,608,116	4,344,266
26.0	Supplies and materials.....	132,136	154,818	183,449	166,609
31.0	Equipment.....	118,900	169,314	200,626	182,209
32.0	Land and structures.....	4,221	1,062	1,258	1,142
41.0	Grants, subsidies, and contributions.....	22,296	24,305	28,800	26,156
99.0	Subtotal, direct obligations.....	5,446,486	5,403,277	6,211,765	5,881,748
99.0	Reimbursable obligations.....	1,269,244	1,400,000	1,215,100	1,223,000
99.9	Total obligations.....	6,715,730	6,803,277	7,426,865	7,104,748

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	31,446	28,787	27,809	26,824
Full-time equivalent of overtime and holiday hours.....	1,094	1,072	1,069	1,054

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; [\$9,037,684,000] \$8,198,600,000, to remain available for obligation until September 30, [1992: *Provided*, That for continued research and development programs at the National Center for Physical Acoustics, centering on ocean acoustics as it applies to advanced anti-submarine warfare acoustics issues with focus on ocean bottom acoustics—seismic coupling, sea-surface and bottom scattering, oceanic ambient noise, underwater sound propagation, bubble related ambient noise, acoustically active surfaces, machinery noise, propagation physics, solid state acoustics, electrorheological fluids, transducer development, ultrasonic sensors, and other such projects as may be agreed upon, \$1,000,000 shall be made available, as a grant, to the Mississippi Resource Development Corporation, of which not to exceed \$250,000 of such sum may be used to provide such special equipment as may be required for particular projects: *Provided further*, That not less than \$24,000,000 of the funds appropriated in this paragraph shall be made available to Competitive Technologies Incorporated for efforts associated with advanced shipbuilding design, materials, and manufacturing technologies: *Provided further*, That of the funds appropriated to the Navy in fiscal year 1990 for Research, Development, Test and Evaluation, not less than \$10,000,000 is available only for the Skipper Missile Enhancement Program: *Provided further*, That not less than \$71,000,000 of the funds appropriated in this paragraph is available only to continue development and testing of the Sea Lance weapon system, to produce a technical data package, and to pursue technology and production engineering improvements: *Provided further*, That \$15,000,000 shall be obligated for a Fast Sealift Technologies Development Program within 90 days after enactment of this Act: *Provided further*, That during fiscal year 1991, in modification and supersession of the provisions of section 2361 of title 10, United States Code, the Secretary of the Navy shall award contracts or grants to the following universities in the amounts specified, to be provided from funds available under this heading for the Navy Defense Research Sciences and Industrial Preparedness programs: University of Hawaii at Manoa, \$6,000,000; University of Utah, \$8,900,000: *Provided further*, That the contracts or grants awarded pursuant to the previous proviso are to be awarded in contravention of section 2361(a) of title 10, United States Code: *Provided further*, That, in awarding such contracts or grants, the provisions of sections 2304 and 2361(b)(2) of title 10, United States Code, shall not apply to the contracts or grants covered by the preceding two provisos] 1993.

*Further, for the foregoing purposes, \$9,488,000,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (10 U.S.C. 174, 2352-54, 7201, 7203, 7522; Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)*



## Program and Financing (in thousands of dollars)

Identification code 17-1319-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Technology base.....	807,594	878,933	939,430	983,217
00.02 Advanced technology develop- ment.....	213,375	229,538	206,462	221,125
00.03 Strategic programs.....	390,592	246,129	271,880	309,022
00.04 Tactical programs.....	6,337,702	5,939,477	5,170,978	6,210,087
00.05 Intelligence and communica- tions.....	866,265	878,412	840,966	831,612
00.06 Defensewide mission support..	778,072	806,858	801,241	874,914
00.91 Total direct program.....	9,393,600	8,979,347	8,230,957	9,429,977
01.01 Reimbursable program.....	238,927	239,165	250,000	250,000
10.00 Total obligations.....	9,632,527	9,218,512	8,480,957	9,679,977
<b>Financing:</b>				
17.00 Recovery of prior year obliga- tions.....	-9,016			
<b>Unobligated balance available, start of year:</b>				
21.40 For completion of prior year budget plans.....	-344,370	-463,403	-412,544	-380,187
21.40 Available to finance new budget plans.....	-29,900	-1,300	-4,300	
22.40 Unobligated balance transferred, net.....	6,500	1,300		
<b>Unobligated balance available, start of year:</b>				
24.40 For completion of prior year budget plans.....	463,403	412,544	380,187	438,210
24.40 Available to finance subse- quent year budget plans....	1,300	4,300		
25.00 Unobligated balance lapsing.....	6,419			
39.00 <b>Budget authority (gross).....</b>	<b>9,726,863</b>	<b>9,171,953</b>	<b>8,444,300</b>	<b>9,738,000</b>
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	9,704,353	9,037,684	8,198,600	9,488,000
40.75 Reduction pursuant to P.L. 101-511.....		-26,331		
41.00 Transferred to other accounts.....	-220,066	-73,900	-4,300	
42.00 Transferred from other ac- counts.....	2,410			
43.00 <b>Appropriation (adjust- ed).....</b>	<b>9,486,697</b>	<b>8,937,453</b>	<b>8,194,300</b>	<b>9,488,000</b>
<b>Permanent:</b>				
68.00 <b>Spending authority from offsetting collections.....</b>	<b>240,166</b>	<b>234,500</b>	<b>250,000</b>	<b>250,000</b>
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	9,632,527	9,218,512	8,480,957	9,679,977
72.40 Obligated balance, start of year..	5,847,745	6,055,012	5,852,104	5,491,230
74.40 Obligated balance, end of year....	-6,055,012	-5,852,104	-5,491,230	-5,982,541
77.00 Adjustments in expired accounts.....	-15,686			
78.00 Adjustments in unexpired ac- counts.....	-9,016			
87.00 <b>Outlays (gross).....</b>	<b>9,400,559</b>	<b>9,421,420</b>	<b>8,841,831</b>	<b>9,188,666</b>
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collec- tions:</b>				
88.10 Federal funds.....	-216,001	-161,500	-177,000	-177,000
88.30 Trust funds.....	-13	-4,400	-4,400	-4,400
88.40 Non-Federal sources.....	-24,152	-68,600	-68,600	-68,600
88.90 <b>Total, offsetting collections</b>	<b>-240,166</b>	<b>-234,500</b>	<b>-250,000</b>	<b>-250,000</b>
89.00 <b>Budget authority (net).....</b>	<b>9,486,697</b>	<b>8,937,453</b>	<b>8,194,300</b>	<b>9,488,000</b>
90.00 <b>Outlays.....</b>	<b>9,160,393</b>	<b>9,186,920</b>	<b>8,591,831</b>	<b>8,938,666</b>

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

<b>Direct:</b>				
07.01 Technology base.....	806,555	881,143	942,173	982,009
07.02 Advanced technology development.....	228,973	218,351	205,901	221,839

07.03 Strategic programs.....	358,994	250,899	272,867	310,727
07.04 Tactical programs.....	6,487,231	5,959,539	5,134,562	6,263,909
07.05 Intelligence and communications.....	864,128	858,953	840,115	831,214
07.06 Defensewide mission support.....	774,416	764,268	802,982	878,302
07.91 <b>Total direct.....</b>	<b>9,520,297</b>	<b>8,933,153</b>	<b>8,198,600</b>	<b>9,488,000</b>
08.01 <b>Reimbursable.....</b>	<b>231,524</b>	<b>234,500</b>	<b>250,000</b>	<b>250,000</b>
08.93 <b>Total budget plan.....</b>	<b>9,751,821</b>	<b>9,167,653</b>	<b>8,448,600</b>	<b>9,738,000</b>

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)				
Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	9,486,697	8,937,453	8,194,300	9,488,000
Outlays.....	9,160,393	9,186,920	8,591,831	8,938,666
Rescission proposal:				
Budget authority.....		-597,000		
Outlays.....		-334,320	-192,831	-46,566
Total:				
Budget authority.....	9,486,697	8,340,453	8,194,300	9,488,000
Outlays.....	9,160,393	8,852,600	8,399,000	8,892,100

## Object Classification (in thousands of dollars)

Identification code 17-1319-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent.....	53,951	57,797	60,340	62,341
11.3 Other than full-time permanent.....	2,799	2,715	2,826	2,928
11.5 Other personnel compensation.....	1,953	1,833	1,910	1,945
11.9 <b>Total personnel compensation.....</b>	<b>58,703</b>	<b>62,345</b>	<b>65,076</b>	<b>67,214</b>
12.1 Civilian personnel benefits.....	10,636	11,361	11,850	12,231
13.0 Benefits for former personnel.....	2			
21.0 Travel and transportation of persons.....	20,209	20,937	21,519	22,197
22.0 Transportation of things.....	2,312	2,488	2,660	2,826
23.3 Communications, utilities, and miscella- neous charges.....	9,039	9,693	10,335	10,949
24.0 Printing and reproduction.....	1,602	1,667	1,731	1,793
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel.....	96	100	104	107
25.0 Purchases from industrial funds.....	1,969,549	2,037,830	2,091,340	2,100,763
25.0 Contracts.....	6,690,711	6,199,944	5,380,338	6,555,514
25.0 Other.....	499,909	489,240	493,469	497,302
26.0 Supplies and materials.....	12,679	13,360	14,027	14,665
31.0 Equipment.....	26,105	27,578	29,022	31,405
32.0 Land and structures.....	6,170	6,422	6,669	6,905
41.0 Grants, subsidies, and contributions.....	85,878	96,382	102,817	106,106
99.0 Subtotal, direct obligations.....	9,393,600	8,979,347	8,230,957	9,429,977
99.0 Reimbursable obligations.....	238,927	239,165	250,000	250,000
99.9 <b>Total obligations.....</b>	<b>9,632,527</b>	<b>9,218,512</b>	<b>8,480,957</b>	<b>9,679,977</b>

## Personnel Summary

<b>Total compensable workyears:</b>				
Full-time equivalent employment.....	2,721	2,685	2,638	2,582
Full-time equivalent of overtime and holiday hours.....	25	24	23	22

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; [\$11,961,310,000] \$15,154,600,000, to remain available for obligation until September 30, [1992, of which not less than \$30,000,000 is available only for the National Center for Manufacturing Sciences: *Provided*, That not less than \$3,000,000 of the funds appropriated in this paragraph is available only for continuing the research program on development of coal based high thermal stability and endothermic jet fuels, including exploratory studies on direct conversion of coal to thermally stable jet fuels] 1993.

Further, for the foregoing purposes, \$15,184,600,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (10 U.S.C. 174, 1581, 1584, 2271-79, 2352-54, 2386, 2663, 2672, 2672a, 8012, 9503-04, 9532; 42 U.S.C.



## General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE—  
Continued1891-92; 50 U.S.C. App. 2093(g); Department of Defense Appropriations  
Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 57-3600-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Technology base.....	776,344	712,515	850,994	897,578
00.02 Advanced technology develop- ment.....	680,048	623,973	826,031	823,810
00.03 Strategic programs.....	4,942,016	3,708,621	4,415,396	4,111,581
00.04 Tactical programs.....	4,196,776	3,433,835	4,859,491	5,031,704
00.05 Intelligence and communica- tions.....	2,147,379	1,930,588	2,398,761	2,560,675
00.06 Defensewide mission support..	1,884,332	1,360,676	1,600,626	1,755,958
00.91 Total direct program.....	14,626,895	11,770,208	14,951,299	15,181,306
01.01 Reimbursable program.....	2,162,752	2,511,286	2,539,000	2,563,900
10.00 Total obligations.....	16,789,647	14,281,494	17,490,299	17,745,206
<b>Financing:</b>				
17.00 Recovery of prior year obliga- tions.....	-217,996			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-1,743,818	-834,252	-858,315	-1,061,616
21.40 Available to finance new budget plans.....	-106,168	-700		
22.40 Unobligated balance transferred, net.....	30,848	400		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans.....	834,252	858,315	1,061,616	1,064,910
24.40 Available to finance subse- quent year budget plans....	700			
25.00 Unobligated balance lapsing.....	37,095			
39.00 <b>Budget authority</b> <b>(gross).....</b>	<b>15,624,560</b>	<b>14,305,257</b>	<b>17,693,600</b>	<b>17,748,500</b>
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	13,450,306	11,961,310	15,154,600	15,184,600
40.75 Reduction pursuant to P.L. 101-511.....		-18,917		
41.00 Transferred to other accounts.....	-41,000	-153,044		
42.00 Transferred from other ac- counts.....	97,983	4,622		
43.00 <b>Appropriation (adjust- ed).....</b>	<b>13,507,289</b>	<b>11,793,971</b>	<b>15,154,600</b>	<b>15,184,600</b>
<b>Permanent:</b>				
68.00 <b>Spending authority from offsetting collections.....</b>	<b>2,117,271</b>	<b>2,511,286</b>	<b>2,539,000</b>	<b>2,563,900</b>
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	16,789,647	14,281,494	17,490,299	17,745,206
72.40 Obligated balance, start of year..	8,669,080	8,650,485	7,489,501	8,295,654
74.40 Obligated balance, end of year....	-8,650,485	-7,489,501	-8,295,654	-8,708,094
77.00 Adjustments in expired accounts.....	-30,011			
78.00 Adjustments in unexpired ac- counts.....	-217,996			
87.00 <b>Outlays (gross).....</b>	<b>16,560,235</b>	<b>15,442,478</b>	<b>16,684,146</b>	<b>17,332,766</b>
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collec- tions:</b>				
88.10 Federal funds.....	-2,094,697	-2,495,753	-2,522,207	-2,545,929
88.30 Trust funds.....	-10,310	-6,572	-7,534	-8,302
88.40 Non-Federal sources.....	-12,264	-8,961	-9,259	-9,669
88.90 <b>Total, offsetting collections.....</b>	<b>-2,117,271</b>	<b>-2,511,286</b>	<b>-2,539,000</b>	<b>-2,563,900</b>
89.00 <b>Budget authority (net).....</b>	<b>13,507,289</b>	<b>11,793,971</b>	<b>15,154,600</b>	<b>15,184,600</b>
90.00 <b>Outlays (net).....</b>	<b>14,442,964</b>	<b>12,931,192</b>	<b>14,145,146</b>	<b>14,768,866</b>

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

<b>Direct:</b>				
07.01 Technology base.....	762,787	782,295	855,787	902,492
07.02 Advanced technology development.....	631,042	691,299	818,384	807,056
07.03 Strategic programs.....	4,391,533	3,505,115	4,425,090	4,058,026
07.04 Tactical programs.....	3,864,014	3,428,689	4,976,826	5,072,854
07.05 Intelligence and communications.....	2,196,403	1,988,959	2,439,597	2,570,600
07.06 Defensewide mission support.....	1,739,010	1,397,614	1,638,916	1,773,572
07.91 <b>Total direct.....</b>	<b>13,584,789</b>	<b>11,793,971</b>	<b>15,154,600</b>	<b>15,184,600</b>
08.01 <b>Reimbursable.....</b>	<b>2,162,752</b>	<b>2,511,286</b>	<b>2,539,000</b>	<b>2,563,900</b>
08.93 <b>Total budget plan.....</b>	<b>15,747,541</b>	<b>14,305,257</b>	<b>17,693,600</b>	<b>17,748,500</b>

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

<b>(in thousands of dollars)</b>				
<b>Enacted/requested:</b>				
Budget authority.....	13,507,289	11,793,971	15,154,600	15,184,600
Outlays.....	14,442,964	12,931,192	14,145,146	14,768,866
<b>Rescission proposal:</b>				
Budget authority.....		-107,400		
Outlays.....		-62,292	-31,146	-9,666
<b>Total:</b>				
Budget authority.....	13,507,289	11,686,571	15,154,600	15,184,600
Outlays.....	14,442,964	12,868,900	14,114,000	14,759,200

## Object Classification (in thousands of dollars)

Identification code 57-3600-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent.....	356,782	313,200	357,666	362,878
11.3 Other than full-time permanent.....	9,132	9,843	11,442	11,609
11.5 Other personnel compensation.....	12,088	12,096	13,631	13,654
11.9 <b>Total personnel compensation.....</b>	<b>378,002</b>	<b>335,139</b>	<b>382,739</b>	<b>388,141</b>
12.1 Civilian personnel benefits.....	68,765	56,161	70,359	74,688
21.0 Travel and transportation of persons.....	90,857	94,578	98,361	102,000
22.0 Transportation of things.....	6,422	6,469	6,728	6,977
23.2 Rental payments to others.....	2,406	2,995	3,115	3,230
23.3 Communications, utilities, and miscella- neous charges.....	33,762	30,810	32,042	33,228
24.0 Printing and reproduction.....	1,324	1,539	1,601	1,660
<b>Other services:</b>				
25.0 Purchases from industrial funds.....	54,963	58,945	61,303	63,571
25.0 Contracts.....	13,806,781	11,005,635	14,109,997	14,316,010
26.0 Supplies and materials.....	83,764	145,552	151,374	156,875
31.0 Equipment.....	99,849	32,385	33,680	34,926
99.0 <b>Subtotal, direct obligations.....</b>	<b>14,626,895</b>	<b>11,770,208</b>	<b>14,951,299</b>	<b>15,181,306</b>
99.0 <b>Reimbursable obligations.....</b>	<b>2,162,752</b>	<b>2,511,286</b>	<b>2,539,000</b>	<b>2,563,900</b>
99.9 <b>Total obligations.....</b>	<b>16,789,647</b>	<b>14,281,494</b>	<b>17,490,299</b>	<b>17,745,206</b>

## Personnel Summary

<b>Total compensable workyears:</b>				
Full-time equivalent employment.....	9,649	10,663	11,367	11,152
<b>Full-time equivalent of overtime and holiday hours.....</b>				
	133	132	141	138

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE  
AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and applied scientific research, development, test and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; **[\$9,105,699,000] \$10,032,500,000**, to remain available for obligation until September 30, **[1992] 1993**, of which \$191,062,000 shall be available for the Special Operations Command: *Provided*, That not less than \$2,000,000 of the funds appropriated in this paragraph is available only for miniature diagnostic proton accelerator research: *Provided further*, That not less than \$25,000,000 of the funds appro-



provided in this paragraph shall be available only for the Defense Advanced Research Projects Agency Initiative in Concurrent Engineering (DICE): *Provided further*, That of the funds appropriated in this paragraph, not less than \$103,000,000 is available only for the Extended Range Interceptor (ERINT) missile; not less than \$45,400,000 is available only for the Patriot system; and not less than \$42,000,000 is available only for the joint research and development of the advanced development program for the Arrow antitactical ballistic missile program: *Provided further*, That not less than \$5,000,000 of the funds appropriated in this paragraph is available only to establish a coal utilization center: *Provided further*, That not less than \$5,000,000 of the funds appropriated in this paragraph is available only to establish a materials research center: *Provided further*, That not less than \$7,000,000 of the funds appropriated in this paragraph is available only to establish an Experimental Program to Stimulate Competitive Research (EPSCoR) in the Department of Defense: *Provided further*, That not less than \$10,000,000 of the funds appropriated in this paragraph shall be made available as a grant to establish an Institute for Advanced Science and Technology at an institution of higher education which meets the criteria specified in section 243 of the National Defense Authorization Act for fiscal year 1991: *Provided further*, That not less than \$10,000,000 of the funds appropriated in this paragraph shall be made available as a grant only for facilities and equipment supporting the Center for Technology and Applied Research at the University of Scranton: *Provided further*, That not less than \$6,000,000 of the funds appropriated in this paragraph shall be made available as a grant to the Advanced Manufacturing Institute at the Stevens Institute of Technology: *Provided further*, That not less than \$15,000,000 of the funds appropriated in this paragraph shall be made available as a grant to the Liberty Science Center: *Provided further*, That not less than \$10,000,000 of the funds appropriated in this paragraph shall be made available as a grant to Drake University for a facility under the College of Pharmacy and Health Sciences: *Provided further*, That not less than \$3,500,000 of the funds appropriated in this paragraph shall be made available as a grant to Loyola College to complete the Center for Advanced Information and Resource Management Studies: *Provided further*, That of the funds appropriated for fiscal year 1991 under the heading "Research, Development, Test and Evaluation, Defense Agencies," \$18,000,000 shall be obligated within 90 days after enactment of this Act for a facility to enable collaborative research and training for Department of Defense military medical personnel in trauma care, head, neck, and spinal injury, paralysis, and neuro-degenerative diseases: *Provided further*, That, in addition to the funds previously appropriated to the National Defense Stockpile Transaction Fund, notwithstanding the provisions of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), of funds provided under this heading which are available for the Defense Research Sciences Program, \$10,000,000 is appropriated to the Fund to remain available until expended, for a grant to the South Carolina Research Authority pursuant to the purposes of sections 2 and 8 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98a; 50 U.S.C. 98g) to construct, equip, and operate a prototype ferrochromium strategic materials processing facility].

*Further, for the foregoing purposes, \$10,190,400,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)*

## [GENERAL PROVISION]

[SEC. 401. Funds appropriated in this title that are directed to be made available for a grant to, or contract with, a college or university for the performance of research and development or for construction of a research or other facility shall be made available for that purpose without regard to, and (to the extent necessary) in contravention of, section 2361 of title 10, United States Code, which is hereby modified and superceded to the extent necessary to make each such grant or award each such contract, and any such grant or contract shall be made without regard to any of the conditions specified in subsection (b) of that section or section 2304 of title 10, United States Code.]

## Program and Financing (in thousands of dollars)

Identification code 97-0400-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Technology base.....	1,176,974	1,427,446	1,224,253	1,315,319

00.02	Advanced technology development.....	4,506,642	3,716,024	5,741,089	5,941,416
00.03	Strategic programs.....	300,541	364,411	368,426	524,575
00.04	Tactical programs.....	373,922	1,362,974	733,671	604,797
00.05	Intelligence and communications.....	1,702,496	1,441,279	1,713,819	1,603,521
00.06	Defensewide mission support.....	338,790	387,489	161,515	187,092
00.91	Total direct program.....	8,399,365	8,699,623	9,942,773	10,176,720
01.01	Reimbursable program.....	171,936	297,650	250,900	240,100
10.00	Total obligations.....	8,571,301	8,997,273	10,193,673	10,416,820
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-57,867			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans.....	-887,347	-540,812	-866,629	-956,356
21.40	Available to finance new budget plans.....	-25,000			
22.40	Unobligated balance transferred, net.....	50	-4,500		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....	540,812	866,629	956,356	970,036
25.00	Unobligated balance lapsing.....	45,839			
39.00	Budget authority (gross).....	8,187,789	9,318,590	10,283,400	10,430,500
<b>Budget authority:</b>					
<b>Permanent:</b>					
40.00	Appropriation.....	8,014,793	9,105,699	10,032,500	10,190,400
40.75	Reduction pursuant to P.L. 101-511.....		-35,822		
41.00	Transferred to other accounts.....	-27,360	-130,000		
42.00	Transferred from other accounts.....	27,967	82,213		
43.00	Appropriation (adjusted).....	8,015,400	9,022,090	10,032,500	10,190,400
68.00	Spending authority from offsetting collections.....	172,389	296,500	250,900	240,100
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	8,571,301	8,997,273	10,193,673	10,416,820
72.40	Obligated balance, start of year.....	4,206,178	4,323,659	4,553,372	5,120,940
74.40	Obligated balance, end of year.....	-4,323,659	-4,553,372	-5,120,940	-5,360,863
77.00	Adjustments in expired accounts.....	-28,946			
78.00	Adjustments in unexpired accounts.....	-57,867			
87.00	Outlays (gross).....	8,367,008	8,767,560	9,626,105	10,176,897
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-60,790	-294,119	-248,151	-237,103
88.30	Trust funds.....	-7,001	-100	-100	-100
88.40	Non-Federal sources.....	-104,598	-2,281	-2,549	-2,897
88.90	Total, offsetting collections.....	-172,389	-296,500	-250,900	-240,100
89.00	Budget authority (net).....	8,015,400	9,022,090	10,032,500	10,190,400
90.00	Outlays (net).....	8,194,619	8,471,060	9,375,205	9,936,797

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

<b>Direct:</b>					
07.01	Technology base.....	1,045,890	1,417,499	1,245,626	1,311,863
07.02	Advanced technology development.....	4,458,255	3,850,122	5,889,661	6,004,988
07.03	Strategic programs.....	294,338	374,041	371,606	522,940
07.04	Tactical programs.....	339,918	1,520,831	628,283	569,840
07.05	Intelligence and communications.....	1,628,977	1,532,411	1,757,362	1,582,744
07.06	Defensewide mission support.....	277,522	327,186	139,962	198,025
07.91	Total direct.....	8,044,900	9,022,090	10,032,500	10,190,400
08.01	Reimbursable.....	170,875	296,500	250,900	240,100
08.93	Total budget plan.....	8,215,775	9,318,590	10,283,400	10,430,500



## General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE  
AGENCIES—Continued

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

	[in thousands of dollars]			
	1990 actual	1991 est.	1992 est.	1993 est.
Enacted/requested:				
Budget authority.....	8,015,400	9,022,090	10,032,500	10,190,400
Outlays.....	8,194,619	8,471,060	9,375,205	9,936,797
Rescission proposal:				
Budget authority.....		-113,000		
Outlays.....		-58,760	-43,505	-7,797
Total:				
Budget authority.....	8,015,400	8,909,090	10,032,500	10,190,400
Outlays.....	8,194,619	8,412,300	9,331,700	9,929,000

## Object Classification (in thousands of dollars)

Identification code 97-0400-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:				
Personnel compensation:				
11.1 Full-time permanent.....	44,556	48,125	39,943	41,458
11.3 Other than full-time permanent.....	1,781	820	676	624
11.5 Other personnel compensation.....	582	535	508	542
11.8 Special personal services payments.....	1,749	1,498	1,650	1,806
11.9 Total personnel compensation.....	48,668	50,978	42,777	44,430
12.1 Civilian personnel benefits.....	7,837	8,400	6,674	7,136
21.0 Travel and transportation of persons.....	18,000	21,185	21,768	22,004
22.0 Transportation of things.....	530	570	556	571
23.1 Rental payments to GSA.....	1,189	1,750	1,560	1,570
23.2 Rental payments to others.....	4,544	4,725	2,350	2,375
23.3 Communications, utilities, and miscellaneous charges.....	19,976	25,693	27,573	27,077
24.0 Printing and reproduction.....	658	752	565	583
Other services:				
25.0 Contracts.....	6,748,772	8,134,017	9,382,324	9,620,863
25.0 Other.....	1,332,602	254,167	251,994	252,332
26.0 Supplies and materials.....	21,320	16,986	17,096	16,955
31.0 Equipment.....	190,946	177,400	184,536	177,824
41.0 Grants, subsidies, and contributions.....	4,323	3,000	3,000	3,000
99.0 Subtotal, direct obligations.....	8,399,365	8,699,623	9,942,773	10,176,720
99.0 Reimbursable obligations.....	171,936	297,650	250,900	240,100
99.9 Total obligations.....	8,571,301	8,997,273	10,193,673	10,416,820

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	1,336	1,444	1,429	1,409
Full-time equivalent of overtime and holiday hours.....	13	10	10	10

## DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, of independent activities of the Deputy Director of Defense Research and Engineering (Test and Evaluation) in the direction and supervision of developmental test and evaluation, including performance and joint developmental testing and evaluation; and administrative expenses in connection therewith; **[\$237,720,000]** \$286,300,000, to remain available for obligation until September 30, [1992] 1993.

Further, for the foregoing purposes, \$289,000,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0450-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
00.06 Total direct obligations—Defensewide mission support.....	188,710	200,147	275,032	288,379
01.01 Reimbursable program.....	7,676	40,000	40,000	40,000
10.00 Total obligations.....	196,386	240,147	315,032	328,379

## Financing:

17.00 Recovery of prior year obligations.....	-10			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-38,678	-26,618	-63,781	-75,049
21.40 Available to finance new budget plans.....	-516			
Unobligated balance available, end of year:				
23.80 Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	516			
24.40 For completion of prior year budget plans.....	26,618	63,781	75,049	75,670
25.00 Unobligated balance lapsing.....	391			
39.00 Budget authority (gross).....	184,708	277,310	326,300	329,000

## Budget authority:

Current:				
40.00 Appropriation.....	178,221	237,720	286,300	289,000
40.75 Reduction pursuant to P.L. 101-511.....	-410			
43.00 Appropriation (adjusted).....	178,221	237,310	286,300	289,000
Permanent:				
68.00 Spending authority from offsetting collections.....	6,487	40,000	40,000	40,000
Relation of obligations to outlays:				
71.00 Total obligations.....	196,386	240,147	315,032	328,379
72.40 Obligated balance, start of year.....	149,338	221,361	243,808	304,040
74.40 Obligated balance, end of year.....	-221,361	-243,808	-304,040	-349,219
77.00 Adjustments in expired accounts.....	-2,053			
78.00 Adjustments in unexpired accounts.....	-10			
87.00 Outlays (gross).....	122,300	217,700	254,800	283,200

## Adjustments to budget authority and outlays:

Deductions for offsetting collections:				
88.10 Federal funds.....	-6,487	-40,000	-40,000	-40,000
88.90 Total, offsetting collections.....	-6,487	-40,000	-40,000	-40,000
89.00 Budget authority (net).....	178,221	237,310	286,300	289,000
90.00 Outlays (net).....	115,813	177,700	214,800	243,200

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

07.06 Total direct obligations—Defensewide mission support.....	178,221	237,310	286,300	289,000
08.01 Reimbursable.....	7,676	40,000	40,000	40,000
08.93 Total budget plan.....	185,897	277,310	326,300	329,000

## Object Classification (in thousands of dollars)

Identification code 97-0450-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:				
21.0 Travel and transportation of persons.....	198	199	211	225
Other services:				
25.0 Contracts.....	3,253	3,310	3,460	3,500
25.0 Other.....	185,259	196,638	271,361	284,654
99.0 Subtotal, direct obligations.....	188,710	200,147	275,032	288,379
99.0 Reimbursable obligations.....	7,676	40,000	40,000	40,000
99.9 Total obligations.....	196,386	240,147	315,032	328,379

## OPERATIONAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, necessary for the independent activities of the Director, Operational Test and Evaluation in the direction and supervision of operational test and evaluation, including initial operational test and evaluation which is conducted prior to, and in support of, production decisions; joint operational testing and evaluation; and administrative expenses in connection therewith; **[\$15,000,000]** \$14,200,000, to remain available for obligation until September 30, [1992] 1993.

Further, for the foregoing purposes, \$14,700,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1994. (Department of Defense Appropriations Act, 1991; additional authorizing legislation to be proposed.)



## Program and Financing (in thousands of dollars)

Identification code 97-0460-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Defensewide mission support—Total obligations.....	32,560	12,759	14,102	14,625
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-14			
21.40 Unobligated balance available, start of year: For completion of prior year budget plans.....	-59,639	-1,241	-2,032	-2,130
24.40 Unobligated balance available, end of year: For completion of prior year budget plans.....	1,241	2,032	2,130	2,205
25.00 Unobligated balance lapsing.....	38,576			
39.00 <b>Budget authority.....</b>	<b>12,725</b>	<b>13,550</b>	<b>14,200</b>	<b>14,700</b>
<b>Budget authority:</b>				
40.00 Appropriation.....	12,725	15,000	14,200	14,700
40.75 Reduction pursuant to P.L. 101-511.....		-1,450		
43.00 <b>Appropriation (adjusted).....</b>	<b>12,725</b>	<b>13,550</b>	<b>14,200</b>	<b>14,700</b>
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	32,560	12,759	14,102	14,625
72.40 Obligated balance, start of year.....	49,062	49,181	39,640	43,442
74.40 Obligated balance, end of year.....	-49,181	-39,640	-43,442	-47,267
77.00 Adjustments in expired accounts.....	-735			
78.00 Adjustments in unexpired accounts.....	-14			
90.00 <b>Outlays.....</b>	<b>31,693</b>	<b>22,300</b>	<b>10,300</b>	<b>10,800</b>

## Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

07.06 Defensewide mission support.....	12,725	13,550	14,200	14,700
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## Object Classification (in thousands of dollars)

Identification code 97-0460-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
21.0 Travel and transportation of persons.....	305	420	450	480
<b>Other services:</b>				
25.0 Contracts.....	12,431	12,050	13,500	14,000
25.0 Other.....	19,824	289	152	145
99.9 <b>Total obligations.....</b>	<b>32,560</b>	<b>12,759</b>	<b>14,102</b>	<b>14,625</b>

## MILITARY CONSTRUCTION

The budget plan for each appropriation is shown as a separate table immediately following the program and financing schedules for those appropriations that are available for obligation for more than one year. In 1992 and 1993 it presents, by budget activity, the value of the program requested for the life of the multiple-year appropriations, with comparable amounts in 1990 and 1991.

The direct military construction programs for the Armed Forces, both Active and Reserve, shown in the individual schedules of this title are summarized in the following table (in thousands of dollars):

## MILITARY CONSTRUCTION PROGRAM

	1990 actual	1991 est.	1992 est.	1993 est.
Active Forces.....	3,056,255,000	2,817,637,000	2,591,500,000	2,485,400,000
Reserve Forces.....	665,931,000	690,117,000	281,400,000	186,000,000
Interservice activities.....	1,457,327,000	1,832,088,000	1,684,000,000	1,063,000,000
<b>Total.....</b>	<b>5,179,513,000</b>	<b>5,339,842,000</b>	<b>4,556,900,000</b>	<b>3,734,400,000</b>

The Military Construction programs are intended to provide facilities required as a result of new weapon systems entering the inventory including naval vessels, to support chemical demilitarization and other high priority initiatives. The program continues initiatives to improve living and working conditions, to reduce operating costs, increase productivity, and

conserve energy by upgrading or replacing facilities which have become functionally obsolete or can be made more efficient through relatively modest investments in improvements. Also included in this request are resources required to realign and close bases consistent with the recommendations of the Base Realignment and Closure Commission.

## Federal Funds

## General and special funds:

## MILITARY CONSTRUCTION, ARMY

## [(INCLUDING RESCISSIONS)]

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other personal services necessary for the purposes of this appropriation, and for construction and operation of facilities in support of the functions of the Commander in Chief, [\$746,137,000] \$851,300,000, to remain available until September 30, [1995] 1996: *Provided*, That of this amount, not to exceed [\$89,577,000] \$114,600,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor: *Provided further*, That of the funds appropriated for "Military Construction, Army" under Public Law 99-173, \$1,900,000 is hereby rescinded: *Provided further*, That of the funds appropriated for "Military Construction, Army" under Public Law 99-500 and Public Law 99-591, \$14,905,000 is hereby rescinded: *Provided further*, That of the funds appropriated for "Military Construction, Army" under Public Law 100-202, \$29,030,000 is hereby rescinded: *Provided further*, That of the funds appropriated for "Military Construction, Army" under Public Law 100-447, \$26,910,000 is hereby rescinded: *Provided further*, That of the funds appropriated for "Military Construction, Army" under Public Law 101-148, \$44,000,000 is hereby rescinded].

*Further, for the foregoing purposes, \$959,800,000 to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997: Provided*, That of this amount, not to exceed \$83,100,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2851-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 21-2050-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Major construction.....	316,739	569,576	865,372	438,352
00.02 Minor construction.....	11,628	11,943	10,700	537,545
00.03 Planning.....	96,300	90,610	112,134	93,832
00.04 Supporting activities.....		9,360	10,220	1,020
00.91 <b>Total direct program.....</b>	<b>424,667</b>	<b>681,489</b>	<b>998,426</b>	<b>1,070,749</b>
01.01 Reimbursable program.....	1,593,321	1,500,000	1,500,000	1,500,000
10.00 <b>Total obligations.....</b>	<b>2,017,988</b>	<b>2,181,489</b>	<b>2,498,426</b>	<b>2,570,749</b>
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-105,575			
<b>Unobligated balance available, start of year:</b>				
21.40 For completion of prior year budget plans.....	-403,185	-648,203	-759,001	-611,875
21.40 Available to finance new budget plans.....	-47,546	-114,845		
22.40 Unobligated balance transferred, net.....	-11,567	-150		



## General and special funds—Continued

## MILITARY CONSTRUCTION, ARMY—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2050-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	648,203	759,001	611,875	500,926
24.40	Available to finance subsequent year budget plans	114,845			
25.00	Unobligated balance lapsing	12,980			
39.00	<b>Budget authority (gross)</b>	<b>2,226,143</b>	<b>2,177,292</b>	<b>2,351,300</b>	<b>2,459,800</b>
	Budget authority:				
	Current:				
40.00	Appropriation	727,883	746,137	851,300	959,800
40.36	Appropriation rescinded (unobligated balances)		-114,845		
41.00	Transferred to other accounts	-8,600			
42.00	Transferred from other accounts	10,493	46,000		
43.00	<b>Appropriation (adjusted)</b>	<b>729,776</b>	<b>677,292</b>	<b>851,300</b>	<b>959,800</b>
	Permanent:				
68.00	Spending authority from offsetting collections	1,496,367	1,500,000	1,500,000	1,500,000
	Relation of obligations to outlays:				
71.00	Total obligations	2,017,988	2,181,489	2,498,426	2,570,749
72.40	Obligated balance, start of year	1,153,357	584,927	453,216	660,942
74.40	Obligated balance, end of year	-584,927	-453,216	-660,942	-853,691
77.00	Adjustments in expired accounts	15,535			
78.00	Adjustments in unexpired accounts	-105,575			
87.00	<b>Outlays (gross)</b>	<b>2,496,378</b>	<b>2,313,200</b>	<b>2,290,700</b>	<b>2,378,000</b>
	Adjustments to budget authority and outlays:				
	Deductions for offsetting collections:				
88.10	Federal funds	-1,462,014	-1,120,000	-1,120,000	-1,120,000
88.30	Trust funds	-34,353	-380,000	-380,000	-380,000
88.90	<b>Total, offsetting collections</b>	<b>-1,496,367</b>	<b>-1,500,000</b>	<b>-1,500,000</b>	<b>-1,500,000</b>
89.00	<b>Budget authority (net)</b>	<b>729,776</b>	<b>677,292</b>	<b>851,300</b>	<b>959,800</b>
90.00	<b>Outlays (net)</b>	<b>1,000,011</b>	<b>813,200</b>	<b>790,700</b>	<b>878,000</b>

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

	Direct:				
07.01	Major construction	707,212	683,557	715,500	280,700
07.02	Minor construction	11,000	8,603	11,000	596,000
07.03	Planning	79,420	89,577	114,600	83,100
07.04	Supporting activities		10,400	10,200	
07.91	<b>Total direct</b>	<b>797,632</b>	<b>792,137</b>	<b>851,300</b>	<b>959,800</b>
08.01	Reimbursable	1,520,747	1,500,000	1,500,000	1,500,000
08.93	<b>Total budget plan</b>	<b>2,318,379</b>	<b>2,292,137</b>	<b>2,351,300</b>	<b>2,459,800</b>

## Object Classification (in thousands of dollars)

Identification code	21-2050-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
	DEPARTMENT OF THE ARMY				
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	45,073	50,964	48,887	50,295
11.3	Other than full-time permanent	1,992	2,252	2,161	2,223
11.5	Other personnel compensation	472	534	512	527
11.9	<b>Total personnel compensation</b>	<b>47,537</b>	<b>53,750</b>	<b>51,560</b>	<b>53,045</b>
12.1	Civilian personnel benefits	11,443	12,939	12,411	12,769
21.0	Travel and transportation of persons	3,928	3,113	2,940	3,675
22.0	Transportation of things	288	355	338	346

23.3	Communications, utilities, and miscellaneous charges	153	2,587	2,390	2,538
24.0	Printing and reproduction	755	820	719	783
	Other services:				
25.0	Payments to foreign national indirect hire personnel	3,646	7,812	10,089	10,550
25.0	Contracts	161,168	172,453	174,637	263,102
26.0	Supplies and materials	1,418	1,626	1,729	2,328
31.0	Equipment	476	2,562	2,491	2,768
32.0	Land and structures	193,844	414,112	728,902	717,825
42.0	Insurance claims and indemnities	11			
99.0	<b>Subtotal, direct obligations, Army</b>	<b>424,667</b>	<b>672,129</b>	<b>988,206</b>	<b>1,069,729</b>
99.0	<b>Reimbursable obligations, Army</b>	<b>1,593,321</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## ALLOCATION TO DEPARTMENT OF TRANSPORTATION

	Personnel compensation:				
11.1	Full-time permanent		181	198	20
11.5	Other personnel compensation		24	26	3
11.9	<b>Total personnel compensation</b>		<b>205</b>	<b>224</b>	<b>23</b>
12.1	Civilian personnel benefits		24	26	3
21.0	Travel and transportation of persons		25	27	3
22.0	Transportation of things		11	12	1
25.0	Other services: Other		142	155	15
26.0	Supplies and materials		17	19	2
31.0	Equipment		15	16	2
32.0	Land and structures		8,921	9,741	971
99.0	<b>Subtotal, obligations, allocation accounts</b>		<b>9,360</b>	<b>10,220</b>	<b>1,020</b>
99.9	<b>Total obligations</b>	<b>2,017,988</b>	<b>2,181,489</b>	<b>2,498,426</b>	<b>2,570,749</b>

## Personnel Summary

## DEPARTMENT OF THE ARMY

	Total compensable workyears:				
	Full-time equivalent employment	7,873	8,551	7,836	7,709
	Full-time equivalent of overtime and holiday hours	89	80	79	77

## ALLOCATION TO DEPARTMENT OF TRANSPORTATION

	Total compensable workyears: Full-time equivalent employment	2	2	2	2
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## MILITARY CONSTRUCTION, NAVY

(INCLUDING RESCISSION)

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, [\$1,132,606,000] \$657,800,000, to remain available until September 30, [1995] 1996: Provided, That of this amount, not to exceed [\$74,451,000] \$77,200,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor: Provided further, That of the funds appropriated for "Military Construction, Navy" under Public Law 101-148, \$6,200,000 is hereby rescinded].

Further, for the foregoing purposes, \$745,100,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997: Provided, That of this amount, not to exceed \$79,900,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2851-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)



## Program and Financing (in thousands of dollars)

Identification code 17-1205-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Major construction .....	553,502	791,529	1,330,973	307,865
00.02 Minor construction .....	11,750	14,280	12,225	520,996
00.03 Planning .....	98,318	73,371	78,103	79,966
00.04 Supporting activities .....	4,971	5,249	1,371	230
00.91 Total direct program .....	668,541	884,429	1,422,672	909,057
01.01 Reimbursable program .....	244,426	300,000	310,800	321,056
10.00 Total obligations .....	912,967	1,184,429	1,733,472	1,230,113
<b>Financing:</b>				
17.00 Recovery of prior year obligations .....	-9,996			
Unobligated balance available, start of year:				
21.40 For completion prior year budget plans .....	-430,374	-899,201	-1,147,378	-382,506
21.40 Available to finance new budget plans .....	-10,000	-6,200		
22.40 Unobligated balance transferred, net .....	-12,780			
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans .....	899,201	1,147,378	382,506	218,549
24.40 Available to finance subsequent year budget plans .....	6,200			
25.00 Unobligated balance lapsing .....	874			
39.00 Budget authority (gross) .....	1,356,092	1,426,406	968,600	1,066,156
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	1,118,600	1,132,606	657,800	745,100
40.36 Appropriation rescinded (unobligated balances) .....		-6,200		
41.00 Transferred to other accounts .....	-1,500			
42.00 Transferred from other accounts .....	8,950			
43.00 Appropriation (adjusted) .....	1,126,050	1,126,406	657,800	745,100
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections .....	230,042	300,000	310,800	321,056
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	912,967	1,184,429	1,733,472	1,230,113
72.40 Obligated balance, start of year .....	1,553,719	847,041	591,819	928,132
74.40 Obligated balance, end of year .....	-847,041	-591,819	-928,132	-987,149
77.00 Adjustments in expired accounts .....	-3,414			
78.00 Adjustments in unexpired accounts .....	-9,996			
87.00 Outlays (gross) .....	1,606,235	1,439,651	1,397,159	1,171,096
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds .....	-211,849	-204,800	-215,600	-225,856
88.40 Non-Federal sources .....	-18,193	-95,200	-95,200	-95,200
88.90 Total, offsetting collections .....	-230,042	-300,000	-310,800	-321,056
89.00 Budget authority (net) .....	1,126,050	1,126,406	657,800	745,100
90.00 Outlays (net) .....	1,376,193	1,139,651	1,086,359	850,040

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

<b>Direct:</b>				
07.01 Major construction .....	1,043,060	1,040,827	567,200	87,800
07.02 Minor construction .....	14,000	13,311	12,400	577,400
07.03 Planning .....	90,000	74,451	77,200	79,900
07.04 Supporting activities .....	5,810	4,017	1,000	
07.91 Total direct .....	1,152,870	1,132,606	657,800	745,100
08.01 Reimbursable .....	212,288	300,000	310,800	321,056
08.93 Total budget plan .....	1,365,158	1,432,606	968,600	1,066,156

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority .....	1,126,050	1,126,406	657,800	745,100
Outlays .....	1,376,193	1,139,651	1,086,359	850,040
Rescission proposal:				
Budget authority .....		-37,000		
Outlays .....		-4,551	-18,759	-8,140

Total:				
Budget authority .....	1,126,050	1,089,406	657,800	745,100
Outlays .....	1,376,193	1,135,100	1,067,600	841,900

## Object Classification (in thousands of dollars)

Identification code 17-1205-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>DEPARTMENT OF THE NAVY</b>				
<b>Direct obligations:</b>				
<b>Personnel compensation:</b>				
11.1 Full-time permanent .....	88,377	82,966	78,589	76,575
11.3 Other than full-time permanent .....	3,267	2,407	2,257	2,185
11.5 Other personnel compensation .....	3,009	3,024	2,763	2,635
11.9 Total personnel compensation .....	94,653	88,397	83,609	81,395
12.1 Civilian personnel benefits .....	19,116	17,436	16,469	16,858
13.0 Benefits for former personnel .....	198			
21.0 Travel and transportation of persons .....	4,388	4,471	4,245	4,178
22.0 Transportation of things .....	1,186	2,277	2,049	1,844
23.2 Rental payments to others .....	5,757	5,256	5,260	5,275
24.0 Printing and reproduction .....	2,832	1,238	1,114	1,003
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel .....	2,002	2,024	2,103	2,182
25.0 Contracts .....	36,140	24,524	22,072	19,864
26.0 Supplies and materials .....	2,803	1,955	1,760	1,584
31.0 Equipment .....	3,826	1,536	1,382	1,244
32.0 Land and structures .....	490,670	730,066	1,281,238	772,500
99.0 Subtotal, direct obligations, Navy .....	663,571	879,180	1,421,301	907,927
99.0 Reimbursable obligations, Navy .....	244,426	300,000	310,800	321,056

## ALLOCATION TO DEPARTMENT OF TRANSPORTATION

<b>Personnel compensation:</b>				
11.1 Full-time permanent .....	24	26	26	26
11.3 Other than full-time permanent .....	11	11	11	11
11.5 Other personnel compensation .....	5	5	5	5
11.9 Total personnel compensation .....	40	42	42	42
12.1 Civilian personnel benefits .....	4	4	4	4
21.0 Travel and transportation of persons .....	24	24	24	24
22.0 Transportation of things .....	12	12	12	12
25.0 Other services: Other .....	125	125	125	125
26.0 Supplies and materials .....	4	4	4	4
32.0 Land and structures .....	4,761	5,038	1,160	919
99.0 Subtotal, obligations, allocation accounts .....	4,970	5,249	1,371	1,130
99.9 Total obligations .....	912,967	1,184,429	1,733,472	1,230,113

## Personnel Summary

<b>DEPARTMENT OF THE NAVY</b>				
<b>Total compensable workyears:</b>				
Full-time equivalent employment .....	3,549	3,135	2,844	2,669
Full-time equivalent of overtime and holiday hours .....	40	38	36	35

## ALLOCATION TO DEPARTMENT OF TRANSPORTATION

Total compensable workyears: Full-time equivalent employment .....	1	1	1	1
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## MILITARY CONSTRUCTION, AIR FORCE

(INCLUDING RESCISSIONS)

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law, [\$949,094,000 and rescission of \$26,000,000 of the funds appropriated for "Military Construction, Air Force" under Public Law 101-148 in addition to the rescissions listed subsequently in this paragraph] \$1,082,400,000, to remain available until September 30, [1995] 1996: Provided, That of this amount, not to exceed [\$94,241,000] \$67,700,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such



## General and special funds—Continued

## MILITARY CONSTRUCTION, AIR FORCE—Continued

purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor: *Provided further*, That of the funds appropriated for "Military Construction, Air Force" under Public Law 100-447, \$4,700,000 is hereby rescinded. *Provided further*, That of the funds appropriated for "Military Construction, Air Force" under Public Law 101-148, \$20,690,000 is hereby rescinded: *Provided further*, That, herein and hereafter, the Ballistic Missile Organization shall not be relocated from Norton Air Force Base, California].

*Further, for the foregoing purposes, \$780,500,000 to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997: Provided, That of this amount, not to exceed \$54,200,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2852-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)*

## Program and Financing (in thousands of dollars)

Identification code 57-3300-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Major construction.....	458,870	1,302,245	1,016,322	491,988
00.02 Minor construction.....	6,515	10,523	11,220	356,868
00.03 Planning.....	84,366	115,498	74,179	61,643
00.04 Supporting activities.....	907	7,925	194	.....
00.91 Total direct program.....	550,658	1,436,191	1,101,915	910,499
01.01 Reimbursable program.....	489	720	493	508
10.00 Total obligations.....	551,147	1,436,911	1,102,408	911,007
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-898	.....	.....	.....
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans.....	-588,602	-1,175,867	-688,770	-669,255
21.40 Available to finance new budget plans.....	-18,500	-51,390	.....	.....
22.40 Unobligated balance transferred, net.....	-7,491	.....	.....	.....
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans.....	1,175,867	688,770	669,255	539,256
24.40 Available to finance subsequent year budget plans.....	51,390	.....	.....	.....
25.00 Unobligated balance lapsing.....	7,808	.....	.....	.....
39.00 <b>Budget authority (gross).....</b>	<b>1,170,721</b>	<b>898,424</b>	<b>1,082,893</b>	<b>781,008</b>
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	1,171,296	949,094	1,082,400	780,500
40.36 Appropriation rescinded (unobligated balances).....	.....	-51,390	.....	.....
41.00 Transferred to other accounts.....	-3,979	.....	.....	.....
42.00 Transferred from other accounts.....	3,479	.....	.....	.....
43.00 <b>Appropriation (adjusted).....</b>	<b>1,170,796</b>	<b>897,704</b>	<b>1,082,400</b>	<b>780,500</b>
<b>Permanent:</b>				
68.00 <b>Spending authority from offsetting collections.....</b>	<b>-75</b>	<b>720</b>	<b>493</b>	<b>508</b>
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	551,147	1,436,911	1,102,408	911,007
72.40 Obligated balance, start of year..	1,385,808	749,902	1,123,119	1,184,334
74.40 Obligated balance, end of year....	-749,902	-1,123,119	-1,184,334	-1,079,133
77.00 Adjustments in expired accounts.....	3,895	.....	.....	.....
78.00 Adjustments in unexpired accounts.....	-898	.....	.....	.....

87.00	Outlays (gross).....	1,190,050	1,063,694	1,041,193	1,016,208
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds.....	75	-720	-493	-508
88.90	Total, offsetting collections.....	75	-720	-493	-508
89.00	Budget authority (net).....	1,170,796	897,704	1,082,400	780,500
90.00	Outlays (net).....	1,190,125	1,062,974	1,040,700	1,015,700

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

<b>Direct:</b>					
07.01	Major construction.....	1,063,553	839,581	1,003,200	221,300
07.02	Minor construction.....	7,000	10,272	11,500	505,000
07.03	Planning.....	99,000	94,241	67,700	54,200
07.04	Supporting activities.....	.....	5,000	.....	.....
07.91	Total direct.....	1,169,553	949,094	1,082,400	780,500
08.01	Reimbursable.....	207	720	493	508
08.93	Total budget plan.....	1,169,760	949,814	1,082,893	781,008

## SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority.....	1,170,796	897,704	1,082,400	780,500
Outlays.....	1,190,125	1,062,974	1,040,700	1,015,700
Rescission proposal:	.....	.....	.....	.....
Budget authority.....	.....	-83,000	.....	.....
Outlays.....	.....	-6,474	-35,000	-21,600
Total:	.....	.....	.....	.....
Budget authority.....	1,170,796	814,704	1,082,400	780,500
Outlays.....	1,190,125	1,056,500	1,005,700	994,100

## Object Classification (in thousands of dollars)

Identification code 57-3300-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>DEPARTMENT OF THE AIR FORCE</b>				
<b>Direct obligations:</b>				
32.0 Land and structures.....	60,371	59,473	31,900	464,316
99.0 Reimbursable obligations, Air Force.....	489	720	493	508
<b>ALLOCATION ACCOUNTS</b>				
25.0 Other services: Other.....	84,366	122,248	100,656	105,436
32.0 Land and structures.....	405,921	1,254,470	969,359	340,747
99.0 Subtotal, obligations, allocation accounts.....	490,287	1,376,718	1,070,015	446,183
99.9 Total obligations.....	551,147	1,436,911	1,102,408	911,007
Obligations are distributed as follows:				
<b>Defense—Military:</b>				
Army.....	343,199	686,899	570,036	505,946
Navy.....	69,007	269,555	189,767	169,525
Air Force.....	136,041	471,457	340,205	235,535
Department of Transportation.....	2,900	9,000	2,400	.....

## MILITARY CONSTRUCTION, DEFENSE AGENCIES

(INCLUDING TRANSFER OF FUNDS)

【(INCLUDING RESCISSIONS)】

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, **【\$601,288,000】** \$571,600,000, to remain available until September 30, **【1995】** 1996: *Provided*, **【That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the**



appropriation or fund to which transferred: *Provided further,*] That of the amount appropriated, not to exceed **[\$94,285,000] \$79,700,000** shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor: *Provided further,* That of the funds appropriated for "Military Construction, Defense Agencies" under Public Law 100-447, \$35,578,000 is hereby rescinded: *Provided further,* That of the funds appropriated for "Military Construction, Defense Agencies" under Public Law 100-148, \$32,541,000 is hereby rescinded.].

Further, for the foregoing purposes, \$236,100,000 to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997: *Provided,* That of this amount, not to exceed \$51,700,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

During their period of availability, such amounts of the foregoing appropriations as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred. (10 U.S.C. 2802-05, 2807, 2852-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0500-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Direct program:</b>				
00.01 Major construction .....	359,673	385,870	542,927	402,199
00.02 Minor construction .....	6,685	21,768	15,254	30,650
00.03 Planning .....	74,708	92,785	74,227	46,813
00.91 Total direct program .....	441,066	500,423	632,408	479,662
01.01 Reimbursable program .....	8,430	10,000		
10.00 Total obligations .....	449,496	510,423	632,408	479,662
<b>Financing:</b>				
17.00 Recovery of prior year obligations .....	-22,798			
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans .....	-461,938	-511,711	-612,426	-551,618
21.40 Available to finance new budget plans .....	-21,800	-68,119		
22.40 Unobligated balance transferred, net .....	-6,200	150		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans .....	511,711	612,426	551,618	308,056
24.40 Available to finance subsequent year budget plans .....	68,119			
25.00 Unobligated balance lapsing .....	1,632			
39.00 Budget authority (gross) .....	518,222	543,169	571,600	236,100
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	509,830	601,288	571,600	236,100
40.36 Appropriation rescinded (unobligated balances) .....		-68,119		
41.00 Transferred to other accounts .....	-6,600			
42.00 Transferred from other accounts .....	6,600			
43.00 Appropriation (adjusted) .....	509,830	533,169	571,600	236,100
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections .....	8,392	10,000		
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	449,496	510,423	632,408	479,662
72.40 Obligated balance, start of year .....	588,220	531,250	550,673	625,881
74.40 Obligated balance, end of year .....	-531,250	-550,673	-625,881	-557,843
77.00 Adjustments in expired accounts .....	1,337			
78.00 Adjustments in unexpired accounts .....	-22,798			
87.00 Outlays (gross) .....	485,005	491,000	557,200	547,700

## Adjustments to budget authority and outlays:

Deductions for offsetting collections:				
88.10 Federal funds .....	-792	-10,000		
88.40 Non-Federal sources .....	-7,600			
88.90 Total, offsetting collections .....	-8,392	-10,000		
89.00 Budget authority (net) .....	509,830	533,169	571,600	236,100
90.00 Outlays (net) .....	476,613	481,000	557,200	547,700

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

<b>Direct:</b>				
07.01 Major construction .....	451,787	492,048	475,900	139,000
07.02 Minor construction .....	13,476	14,955	16,000	45,400
07.03 Planning .....	53,313	94,285	79,700	51,700
07.91 Total direct .....	518,576	601,288	571,600	236,100
08.01 Reimbursable .....	8,430	10,000		
08.93 Total budget plan .....	527,006	611,288	571,600	236,100

## Object Classification (in thousands of dollars)

Identification code 97-0500-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Direct obligations:</b>				
<b>Other services:</b>				
25.0 Contracts .....	29,320	103,030	60,791	33,469
25.0 Other services .....	150			
32.0 Land and structures .....	337,089	375,309	555,885	438,860
99.0 Subtotal, direct obligations .....	366,559	478,339	616,676	472,329
99.0 Reimbursable obligations .....	8,430	10,000		
32.0 Land and structures .....	74,507	22,084	15,732	7,333
99.9 Total obligations .....	449,496	510,423	632,408	479,662

## NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

For the United States share of the cost of North Atlantic Treaty Organization Infrastructure programs for the acquisition and construction of military facilities and installations (including international military headquarters) and for related expenses for the collective defense of the North Atlantic Treaty Area as authorized in military construction Acts and section 2806 of title 10, United States Code, **[\$192,700,000] \$358,800,000** to remain available until expended: *Provided,* That none of the funds appropriated or otherwise available under the North Atlantic Treaty Organization Infrastructure Account in this or any other Act may be obligated for planning, design, or construction of military facilities or family housing to support the relocation of the 401st Tactical Fighter Wing to Crotona, Italy].

Further, for the foregoing purposes, \$266,200,000 to become available on October 1, 1992 and to remain available for obligation until expended. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-0804-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 32.0) .....	527,654	225,719	374,417	288,978
<b>Financing:</b>				
Unobligated balance available, start of year: For completion of prior year budget plans .....				
21.40 .....	-74,223	-16,319	-23,300	-27,683
22.40 Unobligated balance transferred, net .....	-35,320			
Unobligated balance available, end of year: For completion of prior year budget plans .....				
24.40 .....	16,319	23,300	27,683	24,905
39.00 Budget authority (gross) .....	434,431	232,700	378,800	286,200
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation .....	402,789	192,700	358,800	266,200



## General and special funds—Continued

NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE—  
Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	97-0804-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections .....	31,642	40,000	20,000	20,000
Relation of obligations to outlays:					
71.00	Total obligations .....	527,654	225,719	374,417	288,978
72.40	Obligated balance, start of year .....	777,693	787,035	606,654	592,971
74.40	Obligated balance, end of year .....	-787,035	-606,654	-592,971	-528,249
87.00	Outlays (gross) .....	518,313	406,100	388,100	353,700
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.40	Non-Federal sources .....	-31,642	-40,000	-20,000	-20,000
88.90	Total, offsetting collections .....	-31,642	-40,000	-20,000	-20,000
89.00	Budget authority (net) .....	402,789	192,700	358,800	266,200
90.00	Outlays (net) .....	486,671	366,100	368,100	333,700

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Total budget plan .....	469,751	232,700	378,800	286,200
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## MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, **[\$313,224,000]** \$50,400,000, to remain available until September 30, **[1995]** 1996.

Further, for the foregoing purposes, \$54,100,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2085-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
00.01	Major construction .....	71,154	252,245	173,851	83,172
00.02	Minor construction .....	3,136	8,273	5,537	36,262
00.03	Planning .....	14,165	21,020	9,107	4,996
10.00	Total obligations .....	88,455	281,538	188,495	124,430
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-353			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans .....	-89,022	-237,474	-269,160	-131,065
22.40	Unobligated balance transferred, net .....	-6,575			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans .....	237,474	269,160	131,065	60,735
25.00	Unobligated balance lapsing .....	511			
40.00	Budget authority (appropriation) ..	230,490	313,224	50,400	54,100
Relation of obligations to outlays:					
71.00	Total obligations .....	88,455	281,538	188,495	124,430
72.40	Obligated balance, start of year .....	223,659	140,782	231,720	174,015
74.40	Obligated balance, end of year .....	-140,782	-231,720	-174,015	-125,945
77.00	Adjustments in expired accounts .....	-112			
78.00	Adjustments in unexpired accounts .....	-353			
90.00	Outlays .....	170,867	190,600	246,200	172,500

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Major construction .....	211,390	296,060	43,000	3,700
07.02	Minor construction .....	7,500	4,064	5,100	46,300
07.03	Planning .....	11,600	13,100	2,300	4,100
08.93	Total budget plan .....	230,490	313,224	50,400	54,100

## Object Classification (in thousands of dollars)

Identification code	21-2085-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
25.0	Other services: Other .....	8	11,461	4,796	3,531
26.0	Supplies and materials .....		58	37	11
31.0	Equipment .....		76	18	28
32.0	Land and structures .....	88,447	269,943	183,644	120,860
99.9	Total obligations .....	88,455	281,538	188,495	124,430

## MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, **[\$180,560,000]** \$131,800,000, to remain available until September 30, **[1995]** 1996.

Further, for the foregoing purposes, \$40,600,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3830-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
00.01	Major construction .....	64,780	218,400	190,152	45,420
00.02	Minor construction .....	2,276	4,797	3,762	21,016
00.03	Planning .....	15,799	15,002	17,931	16,438
10.00	Total obligations .....	82,855	238,199	211,845	82,874
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-2,523			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans .....	-74,479	-229,474	-171,835	-91,790
21.40	Available to finance new budget plans: Unobligated balance available, end of year: Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	-800			
24.40	For completion of prior year budget plans .....	229,474	171,835	91,790	49,516
25.00	Unobligated balance lapsing .....	540			
40.00	Budget authority (appropriation) ..	235,867	180,560	131,800	40,600
Relation of obligations to outlays:					
71.00	Total obligations .....	82,855	238,199	211,845	82,874
72.40	Obligated balance, start of year .....	147,151	76,643	145,142	177,587
74.40	Obligated balance, end of year .....	-76,643	-145,142	-177,587	-108,461
77.00	Adjustments in expired accounts .....	-70			
78.00	Adjustments in unexpired accounts .....	-2,523			
90.00	Outlays .....	150,770	169,700	179,400	152,000

## Budget Plan (in thousands of dollars)

(amounts for construction actions programmed)

07.01	Major construction .....	220,467	160,267	112,800	
07.02	Minor construction .....	3,000	3,793	3,800	27,900
07.03	Planning .....	12,400	16,500	15,200	12,700
08.93	Total budget plan .....	235,867	180,560	131,800	40,600



## Object Classification (in thousands of dollars)

Identification code	57-3830-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>DEPARTMENT OF THE AIR FORCE</b>					
25.0	Other services: Contracts.....	17,918	15,015	18,702	16,335
32.0	Land and structures.....	25,708	202,332	185,743	58,239
99.0	Subtotal, direct obligations, Air Force	43,626	217,347	204,445	74,574
<b>ALLOCATION ACCOUNTS</b>					
25.0	Other services: Contracts.....	404	100	300	300
32.0	Land and structures.....	38,825	20,752	7,100	8,000
99.0	Subtotal, obligations, allocation accounts.....	39,229	20,852	7,400	8,300
99.9	Total obligations.....	82,855	238,199	211,845	82,874
Obligations are distributed as follows:					
	Army.....	1,742	410	100	100
	Navy.....	22,500	13,442	4,300	4,200
	Air Force.....	43,626	217,347	204,445	74,574
	Department of Transportation.....	14,987	7,000	3,000	4,000

## MILITARY CONSTRUCTION, ARMY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, **[\$77,426,000]** \$57,500,000, to remain available until September 30, **[1995]** 1996.

Further, for the foregoing purposes, \$28,200,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	21-2086-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
00.01	Major construction.....	36,548	88,718	75,925	15,316
00.02	Minor construction.....	482	5,653	999	19,337
00.03	Planning.....	7,140	12,273	6,649	6,202
10.00	Total obligations.....	44,170	106,644	83,573	40,855
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-2,025			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans.....	-29,468	-86,024	-56,806	-30,733
21.40	Available to finance new budget plans.....	-329			
	Unobligated balance available, end of year:				
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	329			
24.40	For completion of prior year budget plans.....	86,024	56,806	30,733	18,078
25.00	Unobligated balance lapsing.....	424			
40.00	Budget authority (appropriation).....	99,124	77,426	57,500	28,200
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	44,170	106,644	83,573	40,855
72.40	Obligated balance, start of year.....	88,656	49,310	81,354	88,527
74.40	Obligated balance, end of year.....	-49,310	-81,354	-88,527	-62,382
77.00	Adjustments in expired accounts.....	-20			
78.00	Adjustments in unexpired accounts.....	-2,025			
90.00	Outlays.....	81,471	74,600	76,400	67,000

## Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Major construction.....	88,985	66,817	51,600	
07.02	Minor construction.....	1,751	2,253	500	22,300
07.03	Planning.....	8,388	8,356	5,400	5,900
08.93	Total budget plan.....	99,124	77,426	57,500	28,200

## Object Classification (in thousands of dollars)

Identification code	21-2086-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent.....	3,467	6,556	4,932	5,280
11.3	Other than full-time permanent.....	45			
11.5	Other personnel compensation.....	31			
11.9	Total personnel compensation.....	3,543	6,556	4,932	5,280
12.1	Civilian personnel benefits.....	420	814	613	656
21.0	Travel and transportation of persons.....	233	290	218	233
22.0	Transportation of things.....	1			
23.1	Rental payments to GSA.....	22	31	23	25
24.0	Printing and reproduction.....	34	41	31	33
25.0	Other services: Other.....	7,344	36,744	14,188	14,848
26.0	Supplies and materials.....	22	34	25	27
32.0	Land and structures.....	32,551	62,134	63,543	19,753
99.9	Total obligations.....	44,170	106,644	83,573	40,855

## Personnel Summary

Total compensable workyears:					
	Full-time equivalent employment.....	109			
	Full-time equivalent of overtime and holiday hours.....	1			

## MILITARY CONSTRUCTION, NAVAL RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, **[\$80,307,000]** \$20,900,000, to remain available until September 30, **[1995]** 1996.

Further, for the foregoing purposes, \$26,400,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	17-1235-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
00.01	Major construction.....	22,515	45,488	63,391	12,548
00.02	Minor construction.....	548	1,725	1,048	19,416
00.03	Planning.....	4,547	6,015	3,645	2,708
10.00	Total obligations.....	27,610	53,228	68,084	34,672
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-1			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans.....	-19,938	-45,962	-73,041	-25,857
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans.....	45,962	73,041	25,857	17,585
25.00	Unobligated balance lapsing.....	617			
39.00	Budget authority.....	54,250	80,307	20,900	26,400
<b>Budget authority:</b>					
40.00	Appropriation.....	56,600	80,307	20,900	26,400
41.00	Transferred to other accounts.....	-2,350			
43.00	Appropriation (adjusted).....	54,250	80,307	20,900	26,400
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	27,610	53,228	68,084	34,672
72.40	Obligated balance, start of year.....	68,943	34,331	39,659	48,343
74.40	Obligated balance, end of year.....	-34,331	-39,659	-48,343	-42,315
77.00	Adjustments in expired accounts.....	-23			
78.00	Adjustments in unexpired accounts.....	-1			
90.00	Outlays.....	62,199	47,900	59,400	40,700



## General and special funds—Continued

## MILITARY CONSTRUCTION, NAVAL RESERVE—Continued

## Budget Plan (in thousands of dollars)

(amounts for construction actions programmed)

07.01	Major construction.....	48,447	71,355	17,400	
07.02	Minor construction.....	1,579	1,600	1,000	23,500
07.03	Planning.....	4,224	7,352	2,500	2,900
08.93	Total budget plan.....	54,250	80,307	20,900	26,400

## Object Classification (in thousands of dollars)

Identification code	17-1235-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Other services:					
25.0	Contracts.....	1,254	2,324	1,741	1,579
25.0	Other.....	375	694	485	472
32.0	Land and structures.....	25,981	50,210	65,858	32,621
99.9	Total obligations.....	27,610	53,228	68,084	34,672

## MILITARY CONSTRUCTION, AIR FORCE RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, [\$38,600,000] \$20,800,000, to remain available until September 30, [1995] 1996.

Further, for the foregoing purposes, \$36,700,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1997. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	57-3730-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
00.01	Major construction.....	7,967	29,932	41,612	6,873
00.02	Minor construction.....	399	3,618	2,785	29,342
00.03	Planning.....	4,555	9,645	3,103	4,920
10.00	Total obligations.....	12,921	43,195	47,500	41,135
Financing:					
17.00	Recovery of prior year obligations.....	-241	-1		
21.40	Unobligated balance available, start of year: For completion of prior year budget plans.....	-14,899	-48,236	-43,642	-16,942
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....	48,236	43,642	16,942	12,507
25.00	Unobligated balance lapsing.....	182			
40.00	Budget authority (appropriation).....	46,200	38,600	20,800	36,700
Relation of obligations to outlays:					
71.00	Total obligations.....	12,921	43,195	47,500	41,135
72.40	Obligated balance, start of year.....	82,887	28,911	21,305	31,705
74.40	Obligated balance, end of year.....	-28,911	-21,305	-31,705	-44,240
77.00	Adjustments in expired accounts.....	-37			
78.00	Adjustments in unexpired accounts.....	-241	-1		
90.00	Outlays.....	66,619	50,800	37,100	28,600

## Budget Plan (in thousands of dollars)

07.01	Major construction.....	32,565	32,976	13,800	
07.02	Minor construction.....	3,109	1,415	2,200	34,200
07.03	Planning.....	10,526	4,209	4,800	2,500
08.93	Total budget plan.....	46,200	38,600	20,800	36,700

## Object Classification (in thousands of dollars)

Identification code	57-3730-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
DEPARTMENT OF THE AIR FORCE					
25.0	Other services: Contracts.....	505	514	407	284

32.0	Land and structures.....	660	666	624	25,125
99.0	Subtotal, direct obligations, Air Force.....	1,165	1,180	1,031	25,409
ALLOCATION ACCOUNTS					
25.0	Other services: Contracts.....	5,674	5,911	4,686	4,036
32.0	Land and structures.....	6,082	36,104	41,783	11,990
99.0	Subtotal, obligations, allocation accounts.....	11,756	42,015	46,469	15,726
99.9	Total obligations.....	12,921	43,195	47,500	41,135

Obligations are distributed as follows: Defense—

Military:					
Army.....	11,170	34,604	36,976	36,732	
Navy.....	585	1,721	1,982	1,046	
Air Force.....	1,166	6,870	8,542	3,357	

## BASE REALIGNMENT AND CLOSURE [ACCOUNT] ACCOUNTS

For deposit into the Department of Defense Base Closure Account established by section 207(a)(1) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526), [\$998,100,000] \$733,600,000, to remain available for obligation until September 30, 1995: *Provided*, That none of these funds may be obligated for base realignment and closure activities under Public Law 100-526 which would cause the Department's \$2,400,000,000 cost estimate for military construction and family housing related to the Base Realignment and Closure Program to be exceeded: *Provided further*, That \$100,000,000 of the funds appropriated herein shall be available solely for environmental restoration].

Further, for the foregoing purpose, \$540,700,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995.

For deposit into the Department of Defense Base Closure Account 1990 established by section 2906 of the Department of Defense Authorization Act, 1991 (Public Law 101-510), \$100,000,000, to remain available until expended.

Further, for the foregoing purpose, \$100,000,000, to become available for deposit on October 1, 1992, and to remain available until expended.

During fiscal years 1992 and 1993 funds may be deposited into the Department of Defense Base Closure Account pursuant to the provisions of section 2906(a)(2)(B) of the Department of Defense Authorization Act, 1991 (Public Law 101-510) and funds so deposited shall be available until expended and shall be merged with and be available for the same purpose as other funds in the Account. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	97-0103-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
07.02	Base closure program.....	469,000	998,100	733,600	540,700
10.00	Total obligations—Base closure program.....	166,849	322,072	873,420	752,405
Financing:					
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans.....		-302,151	-978,179	-838,359
21.40	Available to finance new budget plans.....		-11,000		
22.40	Unobligated balance transferred, net.....		11,000		
Unobligated balance available, end of year:					
24.40	For completion of prior year budget plans.....	302,151	978,179	838,359	626,654
24.40	Available to finance subsequent year budget plans.....	11,000			
39.00	Budget authority.....	480,000	998,100	733,600	540,700
Budget authority:					
40.00	Appropriation.....	500,000	998,100	733,600	540,700
41.00	Transferred to other accounts.....	-20,000	-13,000		
42.00	Transferred from other accounts.....		13,000		
43.00	Appropriation (adjusted).....	480,000	998,100	733,600	540,700



Relation of obligations to outlays:				
71.00	Total obligations.....	166,849	322,072	873,420
72.40	Obligated balance, start of year.....		148,594	264,166
74.40	Obligated balance, end of year.....	-148,594	-264,166	-577,486
90.00	Outlays.....	18,255	206,500	560,100
				674,800

## FOREIGN CURRENCY FLUCTUATIONS, CONSTRUCTION, DEFENSE

## Program and Financing (in thousands of dollars)

Identification code	97-0803-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>					
21.40	Unobligated balance available, start of year.....	-155,421	-96,617	-96,617	-96,617
22.40	Unobligated balance transferred to other accounts.....	100,223			
23.80	Unobligated balance available, end of year: Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	2,937			
24.40	For completion of prior year budget plans.....	96,617	96,617	96,617	96,617
39.00	<b>Budget authority.....</b>	<b>44,356</b>			
<b>Budget authority:</b>					
41.00	Transferred to other accounts.....	-54,740			
42.00	Transferred from other accounts.....	74,096			
43.00	<b>Appropriation (adjusted).....</b>	<b>19,356</b>			
50.00	<b>Reappropriation.....</b>	<b>25,000</b>			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....				
90.00	Outlays.....				

## FAMILY HOUSING, DEFENSE

These appropriations finance all costs associated with construction, improvements, operations, maintenance and leasing of all military family housing. The program contains initiatives to reduce operating costs and conserve energy by upgrading or replacing facilities which can be made more efficient through relatively modest investments in improvements.

The budget plan for each appropriation is shown as a separate table immediately following the program and financing schedules for those appropriations that are available for obligation for more than one year. In 1992 and 1993 it presents, by budget activity, the value of the program requested for the life of the multiple-year appropriation, with comparable amounts in 1990 and 1991.

## Federal Funds

## General and special funds:

## FAMILY HOUSING, ARMY

## [(INCLUDING RESCISSIONS)]

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, [\$74,300,000] \$137,400,000; for Operation and maintenance, and for debt payment, [\$1,463,967,000] \$1,397,025,000; in all [\$1,538,267,000] \$1,534,425,000. *Provided*, That the amount provided for construction shall remain available until September 30, [1995: *Provided further*, That of the funds appropriated for "Family Housing, Army" under Public Law 100-202, \$4,264,000 is hereby rescinded: *Provided further*, That of the funds appropriated for "Family Housing, Army" under Public Law 100-447, \$8,400,000 is hereby rescinded] 1996.

*Further, for the foregoing purposes, as follows: for Construction, \$69,300,000; for Operation and maintenance, and for debt payment,*

*\$1,407,627,000; in all, \$1,476,927,000, to become available for obligation on October 1, 1992: Provided, That the amount provided for construction shall remain available until September 30, 1997. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)*

## Program and Financing (in thousands of dollars)

Identification code	21-0702-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
<b>Construction:</b>					
01.01	Construction of new housing.....	39,177	63,550	56,528	14,548
01.02	Construction improvements.....	23,296	49,102	78,240	78,548
01.03	Planning.....	9,585	9,000	7,272	10,112
01.91	<b>Total construction.....</b>	<b>72,058</b>	<b>121,652</b>	<b>142,040</b>	<b>103,208</b>
<b>Operation, maintenance, and interest payment:</b>					
<b>Operation:</b>					
02.01	Operating expenses.....	514,430	514,391	568,860	579,410
02.02	Leasing.....	293,772	434,316	360,783	379,881
02.03	Maintenance of real property.....	602,085	514,961	467,207	448,159
02.04	Interest payments.....	58	49	50	50
02.91	<b>Total operation, maintenance, and interest payment.....</b>	<b>1,410,345</b>	<b>1,463,717</b>	<b>1,396,900</b>	<b>1,407,500</b>
03.01	Reimbursable program.....	11,121	16,000	16,000	16,000
10.00	<b>Total obligations.....</b>	<b>1,493,524</b>	<b>1,601,369</b>	<b>1,554,940</b>	<b>1,526,708</b>
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-4,989			
<b>Unobligated balance available, start of year:</b>					
21.40	For completion of prior year budget plans.....	-185,918	-140,299	-92,947	-88,307
21.40	Available to finance new budget plans.....		-12,664		
22.40	Unobligated balance transferred, net.....	-25,066			
<b>Unobligated balance available, end of year:</b>					
24.40	For completion of prior year budget plans.....	140,299	92,947	88,307	54,399
24.40	Available to finance subsequent year budget plans.....	12,664			
25.00	Unobligated balance lapsing.....	12,762			
39.00	<b>Budget authority (gross).....</b>	<b>1,443,277</b>	<b>1,541,353</b>	<b>1,550,300</b>	<b>1,492,800</b>
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation.....	1,447,647	1,538,267	1,534,425	1,476,927
40.36	Appropriation rescinded (unobligated balances).....		-12,664		
40.47	Portion applied to debt reduction.....	-122	-250	-125	-127
41.00	Transferred to other accounts.....	-53,417			
42.00	Transferred from other accounts.....	38,048			
43.00	<b>Appropriation (adjusted).....</b>	<b>1,432,156</b>	<b>1,525,353</b>	<b>1,534,300</b>	<b>1,476,800</b>
<b>Permanent:</b>					
68.00	<b>Spending authority from offsetting collections.....</b>	<b>11,121</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	1,493,524	1,601,369	1,554,940	1,526,708
72.40	Obligated balance, start of year.....	811,742	548,268	563,937	597,377
74.40	Obligated balance, end of year.....	-548,268	-563,937	-597,377	-602,785
77.00	Adjustments in expired accounts.....	-6,856			
78.00	Adjustments in unexpired accounts.....	-4,989			
87.00	<b>Outlays (gross).....</b>	<b>1,745,153</b>	<b>1,585,700</b>	<b>1,521,500</b>	<b>1,521,300</b>
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-2,257	-5,400	-5,400	-5,400
88.30	Trust funds.....		-20	-20	-20
88.40	Non-Federal sources.....	-8,864	-10,580	-10,580	-10,580
88.90	<b>Total, offsetting collections.....</b>	<b>-11,121</b>	<b>-16,000</b>	<b>-16,000</b>	<b>-16,000</b>
89.00	<b>Budget authority (net).....</b>	<b>1,432,156</b>	<b>1,525,353</b>	<b>1,534,300</b>	<b>1,476,800</b>
90.00	<b>Outlays (net).....</b>	<b>1,734,032</b>	<b>1,569,700</b>	<b>1,505,500</b>	<b>1,505,300</b>



## General and special funds—Continued

## FAMILY HOUSING, ARMY—Continued

## Budget Plan (in thousands of dollars)

	Direct:				
	Construction:				
06.01	Construction of new housing .....	51,648	31,500	57,200	30
06.02	Construction improvements .....	33,665	40,100	74,980	58,210
06.03	Planning .....	3,000	2,700	5,220	11,060
06.91	Total construction .....	88,313	74,300	137,400	69,300
	Operation, maintenance, and interest payment:				
	Operation:				
07.01	Operating expenses .....	514,430	514,391	568,860	579,410
07.02	Leasing .....	293,772	434,316	360,783	379,881
07.03	Maintenance of real property .....	602,085	514,961	467,207	448,159
07.04	Interest payments and insurance premiums .....	58	49	50	50
07.91	Total operation, maintenance, and interest payment .....	1,410,345	1,463,717	1,396,900	1,407,500
08.01	Reimbursable .....	11,121	16,000	16,000	16,000
08.93	Total budget plan .....	1,509,779	1,554,017	1,550,300	1,492,800

## Object Classification (in thousands of dollars)

Identification code 21-0702-0-1-051		1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
11.1	Personnel compensation: Full-time permanent .....	22,664	23,050	24,070	24,950
11.3	Other than full-time permanent .....	4,706	4,786	4,998	5,181
11.5	Other personnel compensation .....	1,445	1,470	1,535	1,591
11.9	Total personnel compensation .....	28,815	29,306	30,603	31,722
12.1	Civilian personnel benefits .....	6,827	6,943	7,251	7,516
13.0	Benefits for former personnel .....	87	88	92	96
21.0	Travel and transportation of persons .....	1,416	2,682	2,321	2,328
22.0	Transportation of things .....	10,105	10,550	10,227	10,423
23.2	Rental payments to others .....	293,772	434,316	358,762	377,899
23.3	Communications, utilities, and miscellaneous charges .....	248,009	303,704	321,642	326,726
24.0	Printing and reproduction .....	90	161	147	156
Other services:					
25.0	Payments to foreign national indirect hire personnel .....	33,731	34,691	45,314	47,383
25.0	Contracts .....	545,231	585,798	557,246	475,349
25.0	Other .....	229,573	106,565	133,147	134,513
26.0	Supplies and materials .....	14,339	12,887	12,490	12,834
31.0	Equipment .....	31,849	8,922	8,990	9,045
32.0	Land and structures .....	38,501	48,707	50,664	74,674
43.0	Interest and dividends .....	58	49	44	44
99.0	Subtotal, direct obligations .....	1,482,403	1,585,369	1,538,940	1,510,708
99.0	Reimbursable obligations .....	11,121	16,000	16,000	16,000
99.9	Total obligations .....	1,493,524	1,601,369	1,554,940	1,526,708

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....	1,286	1,251	1,245	1,234
Full-time equivalent of overtime and holiday hours .....	30	29	29	29

## STATEMENT OF FAMILY HOUSING INDEBTEDNESS, ARMY

(In thousands of dollars)

	1990 actual	1991 est.	1992 est.	1993 est.
Remaining debt, start of year .....	678,145	556,540	432,540	307,540
Less:				
Debt retirement:				
(a) During year .....	—121,605	—124,000	—125,000	—127,000
(b) Adjustment of prior years .....				
Remaining debt, end of year .....	556,540	432,540	307,540	180,540

## FAMILY HOUSING, NAVY AND MARINE CORPS

【(INCLUDING RESCISSION)】

For expenses of family housing for the Navy and Marine Corps for

construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, [174,917,000] 169,200,000; for Operation and maintenance, and for debt payment, [691,101,000] 710,700,000; in all [866,018,000] 879,900,000. Provided, That the amount provided for construction shall remain available until September 30, 1995. Provided further, That of the funds appropriated for "Family Housing, Navy and Marine Corps" under Public Law 101-148, \$11,037,000 is hereby rescinded 1996.

Further, for the foregoing purposes, as follows: for Construction, \$8,200,000; for Operation and maintenance, and for debt payment, \$784,700,000; in all, \$792,900,000, to become available for obligation on October 1, 1992: Provided, That the amount provided for construction shall remain available until September 30, 1997. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 17-0703-0-1-051		1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
Construction:					
01.01	Construction of new housing .....	73,897	89,168	142,559	93,277
01.02	Construction improvements .....	47,236	33,407	49,468	20,194
01.03	Planning .....	5,196	6,295	6,339	4,181
01.91	Total construction .....	126,329	128,870	198,366	117,652
Operation, maintenance, and interest payment:					
Operation:					
02.01	Operating expenses .....	279,557	294,345	325,876	341,610
02.02	Leasing .....	34,378	43,775	63,900	87,800
02.03	Maintenance of real property .....	331,134	352,883	320,834	355,200
02.05	Mortgage insurance premiums .....	104	98	90	90
02.91	Total operation, maintenance, and interest payment .....	645,173	691,101	710,700	784,700
03.01	Reimbursable program .....	13,331	32,528	9,728	10,065
10.00	Total obligations .....	784,833	852,499	918,794	912,417
Financing:					
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans .....	-144,366	-163,770	-193,389	-164,223
21.40	Available to finance new budget plans .....		-11,037		
22.40	Unobligated balance transferred, net .....	-75			
Unobligated balance available, end of year:					
24.40	For completion of prior year budget plans .....	163,770	193,389	164,223	54,771
24.40	Available to finance subsequent year budget plans .....	11,037			
25.00	Unobligated balance lapsing .....	6,981			
39.00	Budget authority (gross) .....	822,180	871,081	889,628	802,965
Budget authority:					
Current:					
40.00	Appropriation .....	798,321	866,018	879,900	792,900
40.36	Appropriation rescinded (unobligated balances) .....		-11,037		
41.00	Transferred to other accounts .....	-33,270			
42.00	Transferred from other accounts .....	27,370			
43.00	Appropriation (adjusted) .....	792,421	854,981	879,900	792,900
Permanent:					
68.00	Spending authority from offsetting collections .....	29,759	16,100	9,728	10,065
Relation of obligations to outlays:					
71.00	Total obligations .....	784,833	852,499	918,794	912,417
72.40	Obligated balance, start of year .....	597,933	549,465	547,864	589,730
74.40	Obligated balance, end of year .....	-549,465	-547,864	-589,730	-576,682
77.00	Adjustments in expired accounts .....	42			
87.00	Outlays (gross) .....	833,343	854,100	876,928	925,465
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds .....	-28,326	-16,100	-9,728	-10,065
88.40	Non-Federal sources .....	-1,433			



88.90	Total, offsetting collections.....	-29,759	-16,100	-9,728	-10,065
89.00	Budget authority (net) .....	792,421	854,981	879,900	792,900
90.00	Outlays .....	803,584	838,000	867,200	915,400

## Budget Plan (in thousands of dollars)

Direct:					
Construction:					
06.01	Construction of new housing .....	96,503	126,297	107,562	.....
06.02	Construction improvements .....	31,036	42,420	55,438	2,000
06.03	Planning .....	3,100	6,200	6,200	6,200
06.91	Total construction .....	130,639	174,917	169,200	8,200
Operation, maintenance, and interest payment:					
Operation:					
07.01	Operating expenses .....	279,557	294,345	325,876	341,610
07.02	Leasing .....	34,378	43,775	63,900	87,800
07.03	Maintenance of real property .....	331,134	352,883	320,834	355,200
07.05	Mortgage insurance premiums .....	104	98	90	90
07.91	Total operation, maintenance, and interest payment .....	645,173	691,101	710,700	784,700
08.01	Reimbursable .....	29,759	16,100	9,728	10,065
08.93	Total budget plan .....	805,571	882,118	889,628	802,965

## Object Classification (in thousands of dollars)

Identification code 17-0703-0-1-051					
Direct obligations:					
21.0	Travel and transportation of persons .....	1,626	2,620	2,843	3,100
23.3	Communications, utilities, and miscellaneous charges .....	172,980	185,610	197,018	205,212
Other services:					
25.0	Purchases from industrial funds .....	85,808	92,639	135,806	142,697
25.0	Contracts .....	196,993	322,468	296,943	317,630
25.0	Other .....	180,117	77,891	65,623	102,055
31.0	Equipment .....	14,481	20,598	22,638	24,531
32.0	Land and structures .....	119,393	118,047	188,105	107,040
43.0	Interest and dividends .....	104	98	90	87
99.0	Subtotal, direct obligations .....	771,502	819,971	909,066	902,352
99.0	Reimbursable obligations .....	13,331	32,528	9,728	10,065
99.9	Total obligations .....	784,833	852,499	918,794	912,417

## FAMILY HOUSING, AIR FORCE

## [(INCLUDING RESCISSIONS)]

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, **[\$162,957,000]** **\$172,100,000**; for Operation and maintenance, and for debt payment, **[\$771,442,000]** **\$909,400,000**; in all **[\$934,399,000]** **\$1,081,500,000**. *Provided*, That the amount provided for construction shall remain available until September 30, **[1995: Provided further, That of the funds appropriated for "Family Housing, Air Force" under Public Law 100-202, \$1,941,000 is hereby rescinded: Provided further, That of the funds appropriated for "Family Housing, Air Force" under Public Law 100-447, \$167,000 is hereby rescinded: Provided further, That of the funds appropriated for "Family Housing, Air Force" under Public Law 101-148, \$43,856,000 is hereby rescinded]** 1996.

*Further, for the foregoing purposes, as follows: for Construction, \$188,000,000; for Operation and maintenance, and for debt payment, \$979,000,000; in all, \$1,167,000,000, to become available for obligation on October 1, 1992: Provided, That the amount provided for construction shall remain available until September 30, 1997. (10 U.S.C. 2824, 2827-29, 2831, 2852-54, 2857; Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)*

## Program and Financing (in thousands of dollars)

Identification code 57-0704-0-1-051					
Program by activities:					
Direct program:					
Construction:					
01.01	Construction of new housing .....	17,155	11,134	22,570	12,995
01.02	Construction improvements .....	32,135	171,946	174,299	172,957
01.03	Planning .....	5,047	6,838	8,192	11,662
01.91	Total construction .....	54,337	189,918	205,061	197,614
Operation, maintenance, and interest payment:					
Operation:					
02.01	Operating expenses .....	355,172	348,808	389,708	398,970
02.02	Leasing .....	79,289	110,911	140,900	169,200
02.03	Maintenance of real property .....	315,112	311,642	378,712	410,760
02.05	Mortgage insurance premiums .....	81	81	80	70
02.91	Total operation, maintenance, and interest payment .....	749,654	771,442	909,400	979,000
03.01	Reimbursable program .....	9,032	9,500	8,311	8,275
10.00	Total obligations .....	813,023	970,860	1,122,772	1,184,889
Financing:					
17.00	Recovery of prior year obligations .....	-10,443	.....	.....	.....
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans .....	-51,293	-125,026	-98,065	-65,104
21.40	Available to finance new budget plans .....	-34,789	-45,964	.....	.....
22.40	Unobligated balance transferred, net .....	-18,692	.....	.....	.....
Unobligated balance available, end of year:					
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program) .....	1,589	.....	.....	.....
24.40	For completion of prior year budget plans .....	125,026	98,065	65,104	55,490
24.40	Available to finance subsequent year budget plans .....	45,964	.....	.....	.....
25.00	Unobligated balance lapsing .....	8,650	.....	.....	.....
39.00	Budget authority (gross) .....	879,036	897,935	1,009,811	1,175,275
Budget authority:					
Current:					
40.00	Appropriation .....	870,004	934,399	1,081,500	1,167,000
40.36	Appropriation rescinded (unobligated balances) .....	.....	-45,964	.....	.....
43.00	Appropriation (adjusted) .....	870,004	888,435	1,081,500	1,167,000
Permanent:					
68.00	Spending authority from offsetting collections .....	9,032	9,500	8,311	8,275
Relation of obligations to outlays:					
71.00	Total obligations .....	813,023	970,860	1,122,772	1,184,889
72.40	Obligated balance, start of year .....	572,036	421,972	473,932	577,393
74.40	Obligated balance, end of year .....	-421,972	-473,932	-577,393	-626,607
77.00	Adjustments in expired accounts .....	-695	.....	.....	.....
78.00	Adjustments in unexpired accounts .....	-10,443	.....	.....	.....
87.00	Outlays (gross) .....	951,949	918,900	1,019,311	1,135,675

## Adjustments to budget authority and outlays:

Deductions for offsetting collections:					
88.10	Federal funds .....	-7,835	-8,265	-7,231	-7,199
88.30	Trust funds .....	-16	.....	.....	.....
88.40	Non-Federal sources .....	-1,181	-1,235	-1,080	-1,076
88.90	Total, offsetting collections .....	-9,032	-9,500	-8,311	-8,275
89.00	Budget authority (net) .....	870,004	888,435	1,081,500	1,167,000
90.00	Outlays (net) .....	942,917	909,400	1,011,000	1,127,400

## Budget Plan (in thousands of dollars)

Direct:					
Construction:					
06.01	Construction of new housing .....	7,397	5,957	24,864	9,525
06.02	Construction improvements .....	111,693	151,000	141,236	168,518
06.03	Planning .....	8,000	6,000	6,000	9,957
06.91	Total construction .....	127,090	162,957	172,100	188,000



## General and special funds—Continued

## FAMILY HOUSING, AIR FORCE—Continued

## Budget Plan (in thousands of dollars)—Continued

Operation, maintenance, and interest payment:				
Operation:				
07.01	Operating expenses.....	355,172	348,808	389,708
07.02	Leasing.....	79,289	110,911	140,900
07.03	Maintenance of real property.....	315,112	311,642	378,712
07.05	Mortgage insurance premiums.....	81	81	80
07.91	Total operation, maintenance, and interest payment.....	749,654	771,442	909,400
08.01	Reimbursable program.....	9,032	9,500	8,311
08.93	Total obligations.....	885,776	943,899	1,089,811

## Object Classification (in thousands of dollars)

Identification code	57-0704-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
21.0	Travel and transportation of persons.....	2,999	3,157	3,607	3,860
22.0	Transportation of things.....	5,997	6,314	7,216	7,720
23.2	Rental payments to others.....	169,422	160,524	211,298	232,125
Other services:					
25.0	Contracts.....	217,400	228,897	261,563	279,837
25.0	Other.....	119,945	126,288	144,311	154,393
26.0	Supplies and materials.....	11,994	12,629	14,431	15,438
31.0	Equipment.....	37,482	39,465	45,097	48,248
32.0	Land and structures.....	219,261	363,564	403,488	409,904
43.0	Interest and dividends.....	19,491	20,522	23,450	25,089
99.0	Subtotal, direct obligations.....	803,991	961,360	1,114,461	1,176,614
99.0	Reimbursable obligations.....	9,032	9,500	8,311	8,275
99.9	Total obligations.....	813,023	970,860	1,122,772	1,184,889

## FAMILY HOUSING, DEFENSE AGENCIES

## [ (INCLUDING RESCISSIONS) ]

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, leasing, and minor construction, as authorized by law, as follows: for Construction, **[\$500,000] \$200,000**; for Operation and maintenance, **[\$20,514,000] \$26,000,000**; in all **[\$21,014,000] \$26,200,000**. *Provided*, That the amount provided for construction shall remain available until September 30, **[1995 Provided further, That of the funds appropriated for "Family Housing, Defense Agencies" under Public Law 101-148, \$300,000 is hereby rescinded] 1996**.

*Further, for the foregoing purposes, for Operation and maintenance, \$26,800,000, to become available for obligation on October 1, 1992. (Military Construction Appropriations Act, 1991; additional authorization legislation to be proposed.)*

## Program and Financing (in thousands of dollars)

Identification code	97-0706-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
Direct program:					
Construction:					
01.01	Construction of new housing.....	2	395	186	15
01.02	Construction improvements.....	44	248	43	2
01.91	Total construction.....	46	643	229	17
Operation, maintenance, and interest payment:					
Operation:					
02.01	Operating expenses.....	2,007	1,992	3,397	3,329
02.02	Leasing.....	17,796	17,897	21,664	22,559
02.03	Maintenance of real property.....	759	626	939	912
02.91	Total operation, maintenance, and interest payment.....	20,562	20,515	26,000	26,800
03.01	Reimbursable program.....	535	800	800	800
10.00	Total obligations.....	21,143	21,958	27,029	27,617

## Financing:

17.00	Recovery of prior year obligations.....	-22			
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans.....	-93	-197	-56	-25
21.40	Available to finance new budget plans.....	-3	-300		
22.40	Unobligated balance transferred, net.....	-130			
Unobligated balance available, end of year:					
23.80	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary program).....	3			
24.40	For completion of prior year budget plans.....	197	56	25	8
24.40	Available to finance subsequent year budget plans.....	300			
25.00	Unobligated balance lapsing.....	263			
39.00	Budget authority (gross).....	21,659	21,515	27,000	27,600

## Budget authority:

Current:					
40.00	Appropriation.....	21,124	21,015	26,200	26,800
40.36	Appropriation rescinded (unobligated balances).....		-300		
43.00	Appropriation (adjusted).....	21,124	20,715	26,200	26,800
Permanent:					
68.00	Spending authority from offsetting collections.....	535	800	800	800
Relation of obligations to outlays:					
71.00	Total obligations.....	21,143	21,958	27,029	27,617
72.40	Obligated balance, start of year.....	10,218	11,747	14,805	18,534
74.40	Obligated balance, end of year.....	-11,747	-14,805	-18,534	-21,551
77.00	Adjustments in expired accounts.....	-885			
78.00	Adjustments in unexpired accounts.....	-22			
87.00	Outlays (gross).....	18,709	18,900	23,300	24,600
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.10	Federal funds.....	-535	-800	-800	-800
88.90	Total, offsetting collections.....	-535	-800	-800	-800
89.00	Budget authority (net).....	21,124	20,715	26,200	26,800
90.00	Outlays (net).....	18,174	18,100	22,500	23,800

## Budget Plan (in thousands of dollars)

Direct:					
Construction:					
06.01	Construction of new housing.....	10	400	160	
06.02	Construction improvements.....	200	100	40	
06.91	Total construction.....	210	500	200	
Operation, maintenance, and interest payment:					
Operation:					
07.01	Operating expenses.....	2,007	1,992	3,397	3,329
07.02	Leasing.....	17,796	17,897	21,664	22,559
07.03	Maintenance of real property.....	759	626	939	912
07.91	Total operation, maintenance, and interest payment.....	20,562	20,515	26,000	26,800
08.01	Reimbursable program.....	535	800	800	800
08.93	Total budget plan.....	21,307	21,815	27,000	27,600

## Object Classification (in thousands of dollars)

Identification code	97-0706-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Direct obligations:					
22.0	Transportation of things.....	198	300	503	514
23.2	Rental payments to others.....	12,859	13,302	17,857	18,317
23.3	Communications, utilities, and miscellaneous charges.....	1,216	1,343	1,373	1,396
25.0	Other services: Contracts.....	5,358	4,810	5,219	5,485
26.0	Supplies and materials.....	784	684	860	892
31.0	Equipment.....	147	76	188	196
32.0	Land and structures.....	46	643	229	17
99.0	Subtotal, direct obligations.....	20,608	21,158	26,229	26,817



99.0	Reimbursable obligations .....	535	800	800	800
99.9	Total obligations .....	21,143	21,958	27,029	27,617

**Public enterprise funds:****HOMEOWNERS ASSISTANCE FUND, DEFENSE**

For use in the Homeowners Assistance Fund established pursuant to section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754, as amended), [\$5,100,000] \$84,000,000 to remain available until expended.

Further, for the foregoing purposes, \$85,000,000, to become available for obligation on October 1, 1992 and to remain available for obligation until expended. (Military Construction Appropriations Act, 1991; additional authorizing legislation to be proposed.)

**Program and Financing (in thousands of dollars)**

Identification code	97-4090-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Operating expenses:</b>					
01.01	Payment to homeowners (private sale and foreclosure assistance) .....	528	1,073	1,955	3,190
01.02	Other operating costs .....	3,346	6,019	21,483	33,405
01.91	Total operating expenses .....	3,874	7,092	23,438	36,595
<b>Capital investment:</b>					
02.01	Acquisition of real property .....	2,408	22,084	60,562	48,405
02.02	Mortgages assumed .....	1,827	1,435	5,000	5,000
02.91	Total capital investment .....	4,235	23,519	65,562	53,405
03.01	Reimbursable program .....	5	101		
10.00	Total obligations .....	8,114	30,712	89,000	90,000
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-183			
21.90	Unobligated balance available, start of year: Fund balance .....	-1,022	-20,432	-7,651	-9,531
22.90	Unobligated balance transferred, net .....		-11,000		
24.90	Unobligated balance available, end of year: Fund balance .....	20,432	7,651	9,531	10,791
32.47	Balance of authority to borrow withdrawn .....	4,574	4,287	3,120	4,240
39.00	Budget authority (gross) .....	31,915	11,218	94,000	95,500
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation .....	5,100	5,100	84,000	85,000
42.00	Transferred from other accounts .....	20,000			
43.00	Appropriation (adjusted) .....	25,100	5,100	84,000	85,000
<b>Permanent:</b>					
67.15	Authority to borrow (indefinite) .....	1,827	1,435	5,000	5,000
68.00	Spending authority from offsetting collections .....	4,988	4,683	5,000	5,500
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	8,114	30,712	89,000	90,000
72.90	Obligated balance, start of year: Fund balance .....	509	1,484	26,313	97,313
74.90	Obligated balance, end of year: Fund balance .....	-1,484	-26,313	-97,313	-138,313
78.00	Adjustments in unexpired accounts .....	-183			
87.00	Outlays (gross) .....	6,956	5,883	18,000	49,000
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds .....	-5	-101		
88.40	Non-Federal sources .....	-4,983	-4,582	-5,000	-5,500
88.90	Total, offsetting collections .....	-4,988	-4,683	-5,000	-5,500
89.00	Budget authority (net) .....	26,927	6,535	89,000	90,000
90.00	Outlays (net) .....	1,968	1,200	13,000	43,500

**Object Classification (in thousands of dollars)**

Identification code	97-4090-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
11.8	Personnel compensation: Special personal services payments .....	655	901	601	474
21.0	Travel and transportation of persons .....	66	29	28	31

25.0	Other services: Other .....	2,625	4,811	76,368	77,800
32.0	Land and structures .....	4,235	23,972	11,477	11,148
42.0	Insurance claims and indemnities .....	528	898	526	547
99.0	Subtotal, direct obligations .....	8,109	30,611	89,000	90,000
25.0	Other services .....	5	34		
42.0	Insurance claims and indemnities .....		67		
99.0	Subtotal obligations, revolving accounts .....	5	101		
99.9	Total obligations .....	8,114	30,712	89,000	90,000

**SPECIAL FOREIGN CURRENCY PROGRAM****Federal Funds****General and special funds:****SPECIAL FOREIGN CURRENCY PROGRAM****Program and Financing (in thousands of dollars)**

Identification code	97-0800-0-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				
72.40	Obligated balance, start of year .....	9,311	8,962	8,962	8,962
74.40	Obligated balance, end of year .....	-8,962	-8,962	-8,962	-8,962
90.00	Outlays .....	349			

This appropriation provided dollars to be used exclusively for purchase from the Treasury of excess foreign currencies.

**REVOLVING AND MANAGEMENT FUNDS****Federal Funds****Public enterprise funds:****NATIONAL DEFENSE STOCKPILE TRANSACTION FUND****Program and Financing (in thousands of dollars)**

Identification code	97-4555-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Program expenses:</b>					
01.01	Acquisition and relocation .....	174,356	180,000	76,700	76,000
01.02	Operating expenses .....			32,000	32,700
01.03	Research grants .....	14,204	10,000		
10.00	Total obligations .....	188,560	190,000	108,700	108,700
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-26,602			
21.90	Unobligated balance available, start of year .....		-309,790	-249,790	-249,790
21.90	Unobligated balance available, start of year: Fund balance .....	-436,036			
24.90	Unobligated balance available, end of year: Fund balance .....	309,790	249,790	249,790	249,790
39.00	Budget authority (gross) .....	35,712	130,000	108,700	108,700
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation .....		10,000		
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections .....	35,712	120,000	108,700	108,700
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	188,560	190,000	108,700	108,700
72.90	Obligated balance, start of year .....	267,257	304,706	370,806	367,506
74.90	Obligated balance, end of year: Fund balance .....	-304,706	-370,806	-367,506	-365,906
78.00	Adjustments in unexpired accounts .....	-26,602			
87.00	Outlays (gross) .....	124,509	123,900	112,000	110,300



## Public enterprise funds—Continued

## NATIONAL DEFENSE STOCKPILE TRANSACTION FUND—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	97-4555-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.40	Non-Federal sources .....	-35,712	-120,000	-108,700	-108,700
88.90	Total, offsetting collections .....	-35,712	-120,000	-108,700	-108,700
89.00	Budget authority (net) .....				
90.00	Outlays (net) .....	88,797	3,900	3,300	1,600

The National Defense Stockpile is planned and operated under the authority of the Strategic and Critical Materials Stockpiling Act. The purpose of the Stockpile is to decrease or preclude a dangerous and costly dependence by the United States upon foreign sources for supplies of strategic and critical materials in times of national emergency. The quantities of the materials stockpiled are to be sufficient to sustain the United States for a period of not less than three years during a national emergency situation that would necessitate a total mobilization of the economy for a sustained conventional global war of indefinite duration.

The National Defense Stockpile Transaction Fund provides for the financing of acquisition and upgrading of strategic and critical stockpile materials, and all related expenses such as transportation, development of specifications, testing, quality studies, and relocations of materials. Operational expenses will be financed commencing in 1992.

## Revenue and Expense (in thousands of dollars)

Identification code	97-4555-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
0101	Revenue .....	43,617	108,700	108,700	
0102	Expense .....	-102,878	-190,000	-108,700	
0109	Net income or loss .....	-59,261	-81,300		

## Financial Condition (in thousands of dollars)

Identification code	97-4555-0-3-051	1989 actual	1990 actual	1991 est.	1992 est.
<b>Assets:</b>					
Fund balance with Treasury and cash:					
1000	Fund balance with Treasury .....	703,293	614,496	575,000	535,000
1099	Subtotal, fund balance with Treasury .....	703,293	614,496	575,000	535,000
Accounts receivable:					
1100	Federal agencies .....				
1110	Public .....	3,795,684	23,777	25,000	25,000
1199	Subtotal, accounts receivable .....	3,795,684	23,777	25,000	25,000
Inventories:					
1320	Stockpiled materials .....	4,503,992	3,896,215	3,936,215	3,976,215
1399	Subtotal, inventories .....	4,503,992	3,896,215	3,936,215	3,976,215
1999	Total assets .....	9,002,969	4,534,488	4,536,215	4,536,215
<b>Liabilities:</b>					
Accounts payable:					
2010	Public .....	272,272	1,740	4,500	4,500
2099	Subtotal, accounts payable .....	272,272	1,740	4,500	4,500
Unearned revenue (advances):					
2410	Public .....		122,383	125,000	125,000
2499	Subtotal, unearned revenue (advances) .....		122,383	125,000	125,000
2999	Total liabilities .....	272,272	124,123	129,500	129,500
<b>Equity:</b>					
Appropriated fund equity:					
Unexpended financed budget authority (accrual basis):					
3199	Invested capital .....	3,795,684	3,896,215	3,936,215	3,976,215

## Revolving fund equity:

Revolving fund balances:					
3210	Cumulative results .....	436,036	514,150	470,500	430,500
3299	Subtotal, revolving fund balances .....	436,036	514,150	470,500	430,500
3999	Total equity .....	4,231,720	4,410,365	4,406,715	4,406,715

## Object Classification (in thousands of dollars)

Identification code	97-4555-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
11.1	Full-time permanent .....			9,000	9,050
12.1	Personnel benefits: Civilian .....			2,000	2,010
21.0	Travel and transportation of persons .....			600	620
22.0	Transportation of things .....	4	3,000	1,000	1,050
23.2	Rental payments to others .....			19,200	19,760
25.0	Other services: Other .....	119	789	816	843
26.0	Supplies and materials .....	174,233	176,211	76,084	75,367
41.0	Grants, subsidies, and contributions .....	14,204	10,000		
99.9	Total obligations .....	188,560	190,000	108,700	108,700

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment .....			282	282
Full-time equivalent of overtime and holiday hours .....			4	4

## WILLIAM LANGER JEWEL BEARING PLANT REVOLVING FUND

## Program and Financing (in thousands of dollars)

Identification code	97-4093-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 25.0) .....	1,406	5,860	5,050	5,250
<b>Financing:</b>					
17.00	Recovery of prior year obligations .....	-24			
21.90	Unobligated balance available, start of year: Fund balance .....	-1,334	-4,864	-3,864	-3,865
24.90	Unobligated balance available, end of year: Fund balance .....	4,864	3,864	3,865	3,866
39.00	Budget authority (gross) .....	4,912	4,860	5,051	5,251
<b>Budget authority:</b>					
68.00	Spending authority from offsetting collections) .....	4,912	4,860	5,051	5,251
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	1,406	5,860	5,050	5,250
72.10	Receivables in excess of obligations, start of year .....		-3,479	-2,479	-2,480
74.10	Receivables in excess of obligations, end of year .....	3,479	2,479	2,480	2,481
78.00	Adjustments in unexpired accounts .....	-24			
87.00	Outlays (gross) .....	4,861	4,860	5,051	5,251
<b>Adjustments to budget authority and outlays:</b>					
Deductions for offsetting collections:					
88.10	Federal funds .....	-2,772	-1,312	-1,364	-1,418
88.40	Non-Federal sources .....	-2,140	-3,548	-3,687	-3,833
88.90	Total, offsetting collections .....	-4,912	-4,860	-5,051	-5,251
89.00	Budget authority (net) .....				
90.00	Outlays (net) .....	-51			

The Government-owned William Langer Jewel Bearing Plant at Rolla, ND, is the only facility of its kind in the United States which has the capability to produce all types of jewel bearings in quantity.



## LAUNDRY SERVICE, NAVAL ACADEMY

## Program and Financing (in thousands of dollars)

Identification code	17-4002-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations	2,533	2,622		
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance	-173	-210	-210	
22.90	Unobligated balance transferred, net			210	
24.90	Unobligated balance available, end of year: Fund balance	210	210		
39.00	Budget authority (gross)	2,570	2,622		
<b>Budget authority:</b>					
68.00	Spending authority from offsetting collections)	4,912	4,860	5,051	5,251
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	2,533	2,622		
72.90	Obligated balance, start of year: Fund balance	430	218	218	
73.90	Fund balance			-218	
74.90	Obligated balance, end of year: Fund balance	-218	-218		
87.00	Outlays (gross)	2,745	2,622		
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-265	-257		
88.40	Non-Federal sources	-2,305	-2,365		
88.90	Total, offsetting collections	-2,570	-2,622		
89.00	Budget authority (net)				
90.00	Outlays (net)	175			

The Naval Academy laundry is operated to provide laundry service for Naval Academy activities and personnel.

## Object Classification (in thousands of dollars)

Identification code	17-4002-0-3-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent	1,108	925		
11.3	Other than full-time permanent	458	623		
11.5	Other personnel compensation	96	97		
11.9	Total personnel compensation	1,662	1,645		
12.1	Civilian personnel benefits	242	221		
21.0	Travel and transportation of persons	4	5		
23.2	Rental payments to others	192	200		
24.0	Printing and reproduction	37	25		
25.0	Other services: Other	85	44		
26.0	Supplies and materials	253	461		
31.0	Equipment	58	21		
99.9	Total obligations	2,533	2,622		

## Personnel Summary

<b>Total compensable workyears:</b>					
	Full-time equivalent employment	78	73		
	Full-time equivalent of overtime and holiday hours	4	4		

## PENTAGON RESERVATION MAINTENANCE REVOLVING FUND

For the Pentagon Reservation Maintenance Revolving Fund, \$63,300,000, to become available for obligation on October 1, 1992, and to remain available until expended. (Additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code	97-4950-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
01.01	Operations		41,500	43,200	44,800
01.02	Renovation		15,200	13,700	122,000
10.00	Total obligations		56,700	56,900	166,800
<b>Financing:</b>					
21.90	Unobligated balance available, start of year			-25,600	-35,300
24.90	Unobligated balance available, end of year		25,600	35,300	
39.00	Budget authority (gross)		82,300	66,600	68,200
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation				63,300
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections		82,300	66,600	68,200
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations		56,700	56,900	166,800
72.90	Obligated balance, start of year: Fund balance			19,200	27,400
74.90	Obligated balance, end of year: Fund balance		-19,200	-27,400	-104,608
87.00	Outlays (gross)		37,500	48,700	89,600
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds		-82,300	-66,600	-68,200
88.90	Total, offsetting collections		-82,300	-66,600	-68,200
89.00	Budget authority (net)				-63,300
90.00	Outlays (net)		-44,800	-17,900	21,400

## Object Classification (in thousands of dollars)

Identification code	97-4950-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent		16,687	17,354	18,049
11.5	Other personnel compensation		988	1,028	1,069
11.9	Total personnel compensation		17,675	18,382	19,118
12.1	Civilian personnel benefits		3,429	3,566	3,709
21.0	Travel and transportation of persons		386	402	416
22.0	Transportation of things		19	20	21
23.3	Communications, utilities, and miscellaneous charges		6,035	6,276	6,527
25.0	Other services		27,276	26,299	134,874
25.0	Other services		24	25	26
26.0	Supplies and materials		1,856	1,930	2,109
99.9	Total obligations		56,700	56,900	166,800

## Personnel Summary

<b>Total compensable workyears:</b>					
	Full-time equivalent employment		1,272	1,272	1,272
	Full-time equivalent of overtime and holiday hours		96	96	96

## DEPARTMENT OF DEFENSE STOCK FUNDS

Department of Defense stock funds will be incorporated into the Defense Business Operations Fund effective 1992.

## Intragovernmental funds:

## [ARMY STOCK FUND]

[For the Army stock fund; \$376,520,000.] (Department of Defense Appropriations Act, 1991.)

## Intragovernmental funds—Continued

Program and Financing (in thousands of dollars)				
Identification code 21-4991-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
01.01 Ground equipment parts and supplies.....	120,772	65,000		
01.02 Aeronautical supplies.....	268,556	187,100		
01.03 Missile parts.....	52,932	27,000		
01.04 Tank and automotive supplies.....	545,438	374,400		
01.05 Japan area supplies.....	25,530	32,200		
01.06 Korea area supplies.....	193,426	200,600		
01.07 Electronics supplies.....	273,966	156,800		
01.08 Retail, map, and reserves.....	101,223	15,600		
01.09 Commissary resale.....	2,260,599	2,139,300		
01.10 Defense supply service.....	20,015	24,000		
01.11 Western command supplies.....	128,961	152,200		
01.12 Other continental U.S. supplies.....	419,366	432,500		
01.13 European area supplies.....	857,445	814,300		
01.14 Southern command supplies.....	74,867	69,200		
01.15 Army material command depot level repairables.....		1,340,000		
01.16 Cost of operations.....		703,900		
01.17 Weapons, special weapons, chemical and fire control supplies.....	213,648	150,700		
01.18 Forces command supplies.....	1,301,722	1,085,000		
01.19 Training and doctrine command supplies.....	859,145	895,000		
10.00 Total obligations.....	7,717,611	8,864,800		
<b>Financing:</b>				
17.00 Recovery of prior year obligations.....	-513,913			
22.90 Unobligated balance transferred, net: Fund balance.....	266,000			
39.00 Budget authority (gross).....	7,469,699	8,864,800		
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....		376,520		
40.75 Reduction pursuant to P.L. 101-511.....		-74,020		
41.00 Transferred to other accounts.....	-114,000			
42.00 Transferred from other accounts.....		78,900		
43.00 Appropriation (adjusted).....	-114,000	381,400		
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	7,388,473	8,483,400		
69.15 Contract authority (indefinite).....	195,226			
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	7,717,611	8,864,800		
<b>Obligated balance, start of year:</b>				
72.49 Contract authority.....	1,498,732	1,693,958	1,693,958	
72.90 Fund balance.....	664,550	454,231	618,531	
<b>Obligated balance transferred, net:</b>				
73.49 Contract authority.....			-1,693,958	
73.90 Fund balance.....			-618,531	
<b>Obligated balance, end of year:</b>				
74.49 Contract authority.....	-1,693,958	-1,693,958		
74.90 Fund balance.....	-454,231	-618,531		
78.00 Adjustments in unexpired accounts.....	-513,913			
87.00 Outlays (gross).....	7,218,792	8,700,500		
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-5,173,360	-5,794,783		
88.30 Trust funds.....	-193,273	-268,869		
88.40 Non-Federal sources.....	-2,021,840	-2,419,748		
88.90 Total, offsetting collections.....	-7,388,473	-8,483,400		
89.00 Budget authority (net).....	81,226	381,400		
90.00 Outlays.....	-169,681	217,100		

## Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 21-4991-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Unfunded balance, start of year.....	1,498,732	1,693,958	1,693,958	
Contract authority.....	195,226			
Contract authority transferred.....			-1,693,958	
Unfunded balance, end of year.....	1,693,958	1,693,958		

## Object Classification (in thousands of dollars)

Identification code 21-4991-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>				
11.1 Full-time permanent.....		196,555		
11.3 Other than full-time permanent.....		11,333		
11.5 Other personnel compensation.....		4,308		
11.7 Military personnel.....		7,110		
11.9 Total personnel compensation.....		219,306		
12.1 Civilian personnel benefits.....		42,082		
13.0 Benefits for former personnel.....		1,077		
22.0 Transportation of things.....	28,690	145,013		
25.0 Other services: Other.....	20,193	756,219		
26.0 Supplies and materials.....	7,618,630	7,622,177		
31.0 Equipment.....	50,098	78,926		
99.9 Total obligations.....	7,717,611	8,864,800		

## [NAVY STOCK FUND]

[For the Navy stock fund; \$26,350,000.] (10 U.S.C. 2208; Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 17-4911-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
01.01 Ships, ordinance, and electronics repair parts.....	197,763	187,700		
01.02 Forms and printed matter.....	11,872	14,200		
01.03 Ships store and commissary store stock.....	1,364,310	1,436,200		
01.04 Profits from sale of ships' stores paid to ships' store profits, Navy.....	26,909	27,500		
01.05 Ship overhaul material.....	53,220	54,200		
01.06 Special clearance account.....	1,393	1,000		
01.07 Fleet material support office—Retail commodities.....	1,645,506	1,779,500		
01.08 Aviation consumable material.....	511,884	587,600		
01.09 Fuels and related items.....	1,364,520	2,312,200		
01.10 Ship depot level repairables.....	533,453	589,800		
01.11 Aviation depot level repairables.....	1,577,910	1,666,300		
01.14 Amphibious supplies.....	7,607	7,200		
01.15 Cost of operations.....		777,423		
10.00 Total obligations (object class 25.0).....	7,296,347	9,440,823		
<b>Financing:</b>				
22.90 Unobligated balance transferred, net.....	226,000			
39.00 Budget authority (gross).....	7,631,800	9,440,823		
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....	25,500	26,350		
40.75 Reduction pursuant to P.L. 101-511.....		-26,350		
41.00 Transferred to other accounts.....	-437,200			
43.00 Appropriation (adjusted).....	-411,700			
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	8,043,500	9,440,823		
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....	7,296,347	9,440,823		
<b>Obligated balance, start of year:</b>				
72.49 Contract authority.....	4,677,492	4,568,039	4,568,039	



72.90	Fund balance.....	1,176,172	467,724	525,824	
	Obligated balance transferred, net:				
73.49	Contract authority.....			— 4,568,039	
73.90	Fund balance.....			— 525,824	
	Obligated balance, end of year:				
74.49	Contract authority.....	— 4,568,039	— 4,568,039		
74.90	Fund balance.....	— 467,724	— 525,824		
87.00	Outlays (gross).....	8,114,248	9,382,723		
	Adjustments to budget authority and outlays:				
	Deductions for offsetting collections:				
88.10	Federal funds.....	— 6,649,512	— 7,810,123		
88.30	Trust funds.....	— 1,406	— 136,200		
88.40	Non-Federal sources.....	— 1,392,582	— 1,494,500		
88.90	Total, offsetting collections.....	— 8,043,500	— 9,440,823		
89.00	Budget authority (net).....	— 411,700			
90.00	Outlays.....	70,748	— 58,100		

## Status of Unfunded Contract Authority (in thousands of dollars)

	1990 actual	1991 est.	1992 est.	1993 est.
Unfunded balance, start of year.....	4,677,492	4,568,039	4,568,039	
Balance of contract authority withdrawn.....	— 109,454			
Contract authority transferred.....			— 4,568,039	
Unfunded balance, end of year.....	4,568,039	4,568,039		

## Object Classification (in thousands of dollars)

Identification code 17-4911-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Personnel compensation:				
11.1 Full-time permanent.....		421,407		
11.3 Other than full-time permanent.....		20,196		
11.5 Other personnel compensation.....		16,154		
11.7 Military personnel.....		26,009		
11.9 Total personnel compensation.....		483,766		
12.1 Civilian personnel benefits.....		83,796		
22.0 Transportation of things.....		153,080		
25.0 Other services.....		1,379,207		
26.0 Supplies and materials.....		7,313,474		
42.0 Insurance claims and indemnities.....		27,500		
99.9 Total obligations.....	7,296,347	9,440,823		

## [AIR FORCE STOCK FUND]

[For the Air Force stock fund; \$1,152,110,000.] (10 U.S.C. 2208; Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 57-4921-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
01.02 Commissary.....	2,816,066	2,865,200		
01.03 Fuels and related items.....	2,671,665	4,744,500		
01.04 Air Force Academy cadet store.....	4,794	7,107		
01.05 Medical-dental.....	450,231	509,273		
01.06 General support.....	2,098,677	1,991,198		
01.07 Systems support.....	998,475	1,150,089		
01.08 Reparable support division.....		1,667,057		
01.09 Cost of operations.....		1,039,700		
10.00 Total obligations.....	9,039,908	13,974,124		
Financing:				
22.90 Unobligated balance transferred, net.....	390,000			
39.00 Budget authority:				
(gross).....	9,429,909	13,974,124		
Budget authority:				
Current:				
40.00 Appropriation.....	111,100	1,152,110		

40.75	Reduction pursuant to P.L. 101-511.....		— 264,210	
43.00	Appropriation (adjusted).....	111,100	887,900	
68.00	Permanent:			
	Spending authority from offsetting collections.....	9,309,250	13,086,224	
69.15	Contract authority (indefinite).....	9,559		
	Relation of obligations to outlays:			
71.00	Total obligations.....	9,039,908	13,974,124	
	Obligated balance, start of year:			
72.49	Contract authority.....	901,917	911,476	911,476
72.90	Fund balance.....	501,428	179,016	623,716
	Obligated balance transferred, net:			
73.49	Contract authority.....			— 911,476
73.90	Fund balance.....			— 623,716
	Obligated balance, end of year:			
74.49	Contract authority.....	— 911,476	— 911,476	
74.90	Fund balance.....	— 179,016	— 623,716	
87.00	Outlays (gross).....	9,352,762	13,529,424	

## Adjustments to budget authority and outlays:

	Deductions for offsetting collections:			
88.10	Federal funds.....	— 6,312,881	— 10,103,221	
88.30	Trust funds.....	— 244,381	— 207,344	
88.40	Non-Federal sources.....	— 2,751,988	— 2,775,659	
88.90	Total, offsetting collections.....	— 9,309,250	— 13,086,224	
89.00	Budget authority (net).....	120,659	887,900	
90.00	Outlays (net).....	43,512	443,200	

## Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 57-4921-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Unfunded balance, start of year.....	901,917	911,476	911,476	
Contract authority.....	9,559			
Contract authority transferred.....			— 911,476	
Unfunded balance, end of year.....	911,476	911,476		

## Object Classification (in thousands of dollars)

Identification code 57-4921-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Personnel compensation:				
11.1 Full-time permanent.....		417,301		
11.3 Other than full-time permanent.....		25,922		
11.5 Other personnel compensation.....		9,027		
11.7 Military personnel.....		46,400		
11.9 Total personnel compensation.....		498,650		
12.1 Civilian personnel benefits.....		83,851		
22.0 Transportation of things.....		33,036	260,519	
Other services:				
25.0 Contracts.....	18,201	19,434		
25.0 Other services.....		296,200		
26.0 Supplies and materials.....	8,818,434	12,637,243		
31.0 Equipment.....	170,237	178,227		
99.9 Total obligations.....	9,039,908	13,974,124		

## [DEFENSE STOCK FUND]

[For the Defense stock fund; \$35,420,000.] (10 U.S.C. 2208; Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 97-4961-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
01.01 Clothing and textiles.....	864,338	713,400		
01.02 Medical and dental material.....	834,623	847,300		
01.03 Subsistence.....	2,178,438	1,889,500		
01.04 General supplies.....	610,552	603,400		
01.05 Industrial supplies.....	425,613	538,400		

## Intragovernmental funds—Continued

## [DEFENSE STOCK FUND]—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code 97-4961-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
01.06 Construction supplies .....	579,185	646,700		
01.07 Electronics .....	404,862	486,000		
01.08 Base operating supplies .....	172,717	123,300		
01.10 Fuels and related items .....	6,016,051	7,153,400		
01.11 Cost of operations .....		851,300		
10.00 Total obligations .....	12,086,379	13,852,700		
Financing:				
22.90 Unobligated balance transferred, net: Fund balance .....	-682,000			
39.00 Budget authority (gross) .....	11,404,379	13,852,700		
Budget authority:				
Current:				
40.00 Appropriation .....	400,000	35,420		
40.49 Portion applied to liquidate contract authority .....	-400,000			
40.75 Reduction pursuant to P.L. 101-511 .....		-35,420		
41.00 Transferred to other accounts .....	-195,000			
43.00 Appropriation (adjusted) .....	-195,000			
Permanent:				
69.15 Contract authority (Indefinite) .....	1,018,181			
68.00 Spending authority from offsetting collections .....	10,581,198	13,852,700		
Relation of obligations to outlays:				
71.00 Total obligations .....	12,086,379	13,852,700		
Obligated balance, start of year:				
72.49 Contract authority .....	4,384,915	5,003,095	5,003,095	
72.90 Fund balance .....	107,210	872,571	894,571	
Obligated balance transferred, net:				
73.49 Contract authority .....		-5,003,095		
73.90 Fund balance .....		-894,571		
Obligated balance, end of year:				
74.49 Contract authority .....	-5,003,095	-5,003,095		
74.90 Fund balance .....	-872,571	-894,571		
87.00 Outlays (gross) .....	10,702,838	13,830,700		
Adjustments to budget authority and outlays:				
Deductions for offsetting collec- tions:				
88.10 Federal funds .....	-10,074,295	-13,362,700		
88.30 Trust funds .....	-297,625	-305,000		
88.40 Non-Federal sources .....	-209,278	-185,000		
88.90 Total, offsetting collections .....	-10,581,198	-13,852,700		
89.00 Budget authority (net) .....	823,181			
90.00 Outlays (net) .....	121,640	-22,000		

## Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year .....	4,384,915	5,003,095	5,003,095
Contract authority .....	1,018,181		
Contract authority liquidate .....	-400,000		
Contract authority transferred .....		-5,003,095	
Unfunded balance, end of year .....	5,003,095	5,003,095	

## Object Classification (in thousands of dollars)

Identification code 97-4961-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Personnel compensation:				
11.1 Full-time permanent .....		652,317		
11.3 Other than full-time permanent .....		40,471		
11.5 Other personnel compensation .....		14,094		
11.7 Military personnel .....		19,600		
11.9 Total personnel compensation .....		726,482		

12.1 Civilian personnel benefits .....		130,918	
22.0 Transportation of things .....	555,810	455,400	
25.0 Other services: Other .....	219,798	491,400	
26.0 Supplies and materials .....	11,310,771	12,048,500	
99.9 Total obligations .....	12,086,379	13,852,700	

## INDUSTRIAL FUNDS

Department of Defense industrial funds will be incorporated into the Defense Business Operations Fund effective 1992.

## [ARMY INDUSTRIAL FUND]

[For the Army industrial fund; \$151,100,000.] (Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code 21-4992-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
01.01 Depot maintenance activities .....	2,065,332	2,185,300		
01.05 Transportation and terminal ac- tivity .....	295,550	298,800		
01.08 Armaments command .....	516,991	576,800		
10.00 Total obligations .....	2,877,873	3,060,900		
Financing:				
17.00 Recovery of prior year obliga- tions .....	-55,596			
21.90 Unobligated balance available, start of year: Fund balance .....	-859,343	-996,892	-657,892	
22.90 Unobligated balance transferred, net: Fund balance .....		-28,400	657,892	
24.90 Unobligated balance available, end of year: Fund balance .....	996,892	657,892		
39.00 Budget authority (gross) .....	2,959,826	2,693,500		
Budget authority:				
Current:				
40.00 Appropriation .....		151,100		
41.00 Transferred to other accounts .....	-14,300			
43.00 Appropriation (adjusted) .....	-14,300	151,100		
Permanent:				
68.00 Spending authority from offsetting collections .....	2,974,126	2,542,400		
Relation of obligations to outlays:				
71.00 Total obligations .....	2,877,873	3,060,900		
72.10 Receivables in excess of obliga- tions, start of year .....	-742,333	-821,480	-357,180	
73.90 Obligated balance transferred, net: Fund balance .....			357,180	
74.10 Receivables in excess of obliga- tions, end of year .....	821,480	357,180		
78.00 Adjustments in unexpired ac- counts .....	-55,596			
87.00 Outlays (gross) .....	2,901,424	2,596,600		
Adjustments to budget authority and outlays:				
Deductions for offsetting collec- tions:				
88.10 Federal funds .....	-2,911,887	-2,452,300		
88.30 Trust funds .....	-53,709	-86,400		
88.40 Non-Federal sources .....	-8,530	-3,700		
88.90 Total, offsetting collections .....	-2,974,126	-2,542,400		
89.00 Budget authority (net) .....	-14,300	151,100		
90.00 Outlays (net) .....	-72,702	54,200		



## Object Classification (in thousands of dollars)

Identification code	21-4992-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent	1,096,782	928,652		
11.3	Other than full-time permanent	55,604	57,713		
11.5	Other personnel compensation	97,360	45,864		
11.7	Military personnel		28,882		
11.9	Total personnel compensation	1,249,746	1,061,111		
12.1	Civilian personnel benefits	227,347	172,155		
12.2	Personnel benefits: Military personnel		9,628		
12.2	Personnel benefits: Military personnel		9,627		
13.0	Benefits for former personnel	300	140		
21.0	Travel and transportation of persons	25,486	23,869		
22.0	Transportation of things	57,921	44,867		
23.2	Rental payments to others	50,678	8,865		
24.0	Printing and reproduction	1,918	1,700		
<b>Other services:</b>					
25.0	Payments to foreign national indirect hire personnel	9,913	11,257		
25.0	Other	550,721	854,184		
26.0	Supplies and materials	630,602	798,947		
31.0	Equipment	73,241	64,550		
99.9	Total obligations	2,877,873	3,060,900		

## Personnel Summary

<b>Total compensable workyears:</b>					
	Full-time equivalent employment	44,135	33,513		
	Full-time equivalent of overtime and holiday hours	2,321	1,591		

## [NAVY INDUSTRIAL FUND]

[For the Navy industrial fund; \$238,700,000.] (Department of Defense Appropriations Act, 1991.)

## Program and Financing (in thousands of dollars)

Identification code	17-4912-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
01.01	Printing	224,795	241,725		
01.02	Ordinance	1,799,729	1,801,262		
01.03	Shipyards	3,833,748	3,753,173		
01.04	Military Sealift Command	2,213,949	2,222,920		
01.05	Research	4,220,914	4,619,214		
01.06	Base services	1,178,154	1,236,639		
01.07	Aircraft maintenance facilities	2,054,164	2,128,937		
01.08	Data services	252,353	241,591		
10.00	Total obligations	15,777,806	16,245,461		
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance	-295,471	-1,735,440	-853,847	
22.90	Unobligated balance transferred, net			853,847	
24.90	Unobligated balance available, end of year: Fund balance	1,735,440	853,847		
31.00	Redemption of debt	48,193	48,789		
39.00	<b>Budget authority (gross)</b>	<b>17,265,968</b>	<b>15,412,657</b>		
<b>Budget authority:</b>					
<b>Current:</b>					
40.00	Appropriation		238,700		
41.00	Transferred to other accounts	-100,000			
43.00	Appropriation (adjusted)	-100,000	238,700		
<b>Permanent:</b>					
68.00	Spending authority from offsetting collections	17,365,968	15,173,957		
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations	15,777,806	16,245,461		
72.10	Receivables in excess of obligations, start of year		-1,079,043		
72.90	Obligated balance, start of year: Fund balance	134,725		31,661	

73.90	Obligated balance transferred, net: Fund balance			-31,661	
74.10	Receivables in excess of obligations, end of year	1,079,043			
74.90	Obligated balance, end of year: Fund balance			-31,661	
87.00	Outlays (gross)	16,991,574	15,134,757		
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds	-17,049,810	-15,115,162		
88.30	Trust funds	-82,541	-2,839		
88.40	Non-Federal sources	-233,617	-55,956		
88.90	Total, offsetting collections	-17,365,968	-15,173,957		
89.00	Budget authority (net)	-100,000	238,700		
90.00	Outlays (net)	-374,394	-39,200		

## Status of Direct Loans (in thousands of dollars)

Identification code	17-4912-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Cumulative balance of direct loans outstanding:</b>					
1210	Outstanding, start of year	1,720,564	1,672,371		
1251	Repayments: Repayments and prepayments	-48,193	-48,789		
1290	Outstanding, end of year	1,672,371	1,623,582		

## Object Classification (in thousands of dollars)

Identification code	17-4912-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>					
11.1	Full-time permanent	5,317,751	5,413,220		
11.3	Other than full-time permanent	145,071	136,979		
11.5	Other personnel compensation	569,420	514,652		
11.8	Special personal services payments	11,273	3,602		
11.9	Total personnel compensation	6,043,515	6,068,453		
12.1	Civilian personnel benefits	1,068,382	1,127,391		
13.0	Benefits for former personnel	293	4,314		
21.0	Travel and transportation of persons	269,752	277,309		
22.0	Transportation of things	26,248	29,307		
23.1	Rental payments to GSA	3,582	4,457		
23.2	Rental payments to others	87,718	93,129		
23.3	Communications, utilities, and miscellaneous charges	649,161	693,561		
24.0	Printing and reproduction	137,331	143,614		
<b>Other services:</b>					
25.0	Payments to foreign national indirect hire personnel	1,011	1,948		
25.0	Other	4,916,566	4,859,283		
26.0	Supplies and materials	2,309,996	2,630,347		
31.0	Equipment	264,251	312,348		
99.9	Total obligations	15,777,806	16,245,461		

## Personnel Summary

<b>Total compensable workyears:</b>					
	Full-time equivalent employment	178,194	172,096		
	Full-time equivalent of overtime and holiday hours	13,985	13,426		

## [MARINE CORPS INDUSTRIAL FUND]

## Program and Financing (in thousands of dollars)

Identification code	17-4914-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Depot maintenance activities—Total obligations	118,740	110,370		
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance	-52,786	-51,179	-46,533	
22.90	Unobligated balance transferred, net			46,533	

## Intragovernmental funds—Continued

## [MARINE CORPS INDUSTRIAL FUND]—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	17-4914-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
24.90	Unobligated balance available, end of year: Fund balance.....	51,179	46,533		
39.00	Budget authority (gross).....	117,133	105,724		
	Budget authority:				
	Current:				
41.00	Transferred to other accounts.....	-4,000			
43.00	Appropriation (adjusted).....	-4,000			
	Permanent:				
68.00	Spending authority from offsetting collections.....	121,133	105,724		
	Relation of obligations to outlays:				
71.00	Total obligations.....	118,740	110,370		
72.10	Receivables in excess of obligations, start of year.....	-28,328	-28,727	-22,781	
73.90	Obligated balance transferred, net: Fund balance.....			22,781	
74.10	Receivables in excess of obligations, end of year.....	28,727	22,781		
87.00	Outlays (gross).....	119,139	104,424		
	Adjustments to budget authority and outlays:				
	Deductions for offsetting collections:				
88.10	Federal funds.....	-121,133	-105,722		
88.40	Non-Federal sources.....		-2		
88.90	Total, offsetting collections.....	-121,133	-105,724		
89.00	Budget authority (net).....	-4,000			
90.00	Outlays (net).....	-1,994	-1,300		

## Object Classification (in thousands of dollars)

Identification code	17-4914-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
	Personnel compensation:				
11.1	Full-time permanent.....	43,102	43,217		
11.3	Other than full-time permanent.....	1,210	1,520		
11.5	Other personnel compensation.....	4,732	4,433		
11.8	Special personal services payments.....	517			
11.9	Total personnel compensation.....	49,561	49,170		
12.1	Civilian personnel benefits.....	9,611	9,987		
21.0	Travel and transportation of persons.....	648	657		
23.2	Rental payments to others.....	99	108		
23.3	Communications, utilities, and miscellaneous charges.....	3,823	4,092		
24.0	Printing and reproduction.....	62	68		
25.0	Other services: Other.....	20,180	9,565		
26.0	Supplies and materials.....	34,646	36,614		
31.0	Equipment.....	110	109		
99.9	Total obligations.....	118,740	110,370		

## Personnel Summary

Total compensable workyears:				
Full-time equivalent employment.....	1,713	1,562		
Full-time equivalent of overtime and holiday hours.....	187	180		

## [AIR FORCE INDUSTRIAL FUND]

## Program and Financing (in thousands of dollars)

Identification code	57-4922-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
	Program by activities:				
01.02	Laundry and drycleaning.....	9,396	7,000		
01.03	Military airlift command.....	2,098,403	2,271,800		
01.04	San Antonio real property maintenance agency.....	910			

01.05	Depot maintenance.....	3,390,409	3,467,301		
10.00	Total obligations.....	5,499,118	5,746,101		

## Financing:

21.90	Unobligated balance available, start of year: Fund balance.....	-27,001	-423,363	-436,161	
22.90	Unobligated balance transferred, net.....			436,161	
24.90	Unobligated balance available, end of year: Fund balance.....	423,363	436,161		

39.00	Budget authority (gross).....	5,895,479	5,758,899		
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## Budget authority:

68.00	Spending authority from off-setting collections.....	5,895,479	5,758,899		
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## Relation of obligations to outlays:

71.00	Total obligations.....	5,499,118	5,746,101		
72.10	Receivables in excess of obligations, start of year.....		-358,567	-360,565	
72.90	Obligated balance start of year: Fund balance.....	233,555			
73.90	Obligated balance transferred, net: Fund balance.....			360,565	
74.10	Receivables in excess of obligations, end of year.....	358,567	360,565		
87.00	Outlays (gross).....	6,091,240	5,748,099		

## Adjustments to budget authority

## and outlays:

## Deductions for offsetting collections:

88.10	Federal funds.....	-5,787,888	-5,681,299		
88.30	Trust funds.....	-83,137	-52,000		
88.40	Non-Federal sources.....	-24,454	-25,600		
88.90	Total, offsetting collections.....	-5,895,479	-5,758,899		
89.00	Budget authority (net).....				
90.00	Outlays (net).....	195,761	-10,800		

## Object Classification (in thousands of dollars)

Identification code	57-4922-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
	Personnel compensation:				
11.1	Full-time permanent.....	900,206	917,626		
11.3	Other than full-time permanent.....	10,998	10,796		
11.5	Other personnel compensation.....	16,497	16,193		
11.9	Total personnel compensation.....	927,701	944,615		
12.1	Civilian personnel benefits.....	106,133	107,956		
21.0	Travel and transportation of persons.....	47,842	48,580		
22.0	Transportation of things.....	1,650	1,619		
23.3	Communications, utilities, and miscellaneous charges.....	106,133	107,956		
24.0	Printing and reproduction.....	1,650	1,619		
	Other services:				
25.0	Payments to foreign national indirect hire personnel.....	5,499	5,398		
25.0	Contracts.....	1,987,381	1,943,208		
26.0	Supplies and materials.....	2,262,337	2,531,172		
31.0	Equipment.....	52,792	53,978		
99.9	Total obligations.....	5,499,118	5,746,101		

## Personnel Summary

Total compensable workyears:			
Full-time equivalent employment.....	40,886	35,521	
Full-time equivalent of overtime and holiday hours.....	1,878	916	

## [DEFENSE INDUSTRIAL FUND]

[For the Defense Industrial Fund; \$4,000,000.] (10 U.S.C. 2208; Department of Defense Appropriations Act, 1991.)



## Program and Financing (in thousands of dollars)

Identification code 97-4962-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
01.01 Clothing and textile center.....	36,821	38,018		
01.02 Communication services.....	1,231,008	1,318,700		
10.00 Total obligations.....	1,267,829	1,356,718		
<b>Financing:</b>				
21.90 Unobligated balance available, start of year: Fund balance....	-105,869	-122,411	-87,689	
22.90 Unobligated balance transferred, net.....			87,689	
24.90 Unobligated balance available, end of year: Fund balance.....	122,411	87,689		
25.00 Unobligated balance lapsing.....		32,204		
39.00 Budget authority (gross).....	1,284,371	1,354,200		
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....		4,000		
41.00 Transferred to other accounts.....	-29,200			
43.00 Appropriation (adjusted).....	-29,200	4,000		
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....	1,313,571	1,350,200		
<b>Relation of obligations to outlays:</b>				
71.00 Total Obligations.....	1,267,829	1,356,718		
72.10 Receivables in excess of obligations, start of year.....	-87,600			
72.90 Obligated balance, start of year: Fund balance.....		15,567	30,185	
73.90 Obligated balance transferred, net: Fund balance.....			-30,185	
74.90 Obligated balance, end of year: Fund balance.....	-15,567	-30,185		
87.00 Outlays (gross).....	1,164,662	1,342,100		
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds.....	-1,312,525	-1,348,500		
88.40 Non-Federal sources.....	-1,046	-1,700		
88.90 Total, offsetting collections.....	-1,313,571	-1,350,200		
89.00 Budget authority (net).....	-29,200	4,000		
90.00 Outlays (net).....	-148,909	-8,100		

## Object Classification (in thousands of dollars)

Identification code 97-4962-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Personnel compensation:</b>				
11.1 Full-time permanent.....	32,168	33,362		
11.3 Other than full-time permanent.....	422	462		
11.5 Other personnel compensation.....	798	1,777		
11.7 Military personnel.....		120		
11.9 Total personnel compensation.....	33,388	35,721		
12.1 Civilian personnel benefits.....	6,883	8,305		
21.0 Travel and transportation of persons.....	1,129	1,018		
22.0 Transportation of things.....	21	100		
23.2 Rental payments to others.....	1,093	1,231		
23.3 Communications, utilities, and miscellaneous charges.....	1,214,022	1,298,800		
24.0 Printing and reproduction.....	19	107		
<b>Other services:</b>				
25.0 Payments to foreign national indirect hire personnel.....	409	500		
25.0 Other.....	5,530	7,907		
26.0 Supplies and materials.....	4,816	2,929		
31.0 Equipment.....	519	100		
99.9 Total obligations.....	1,267,829	1,356,718		

## Personnel Summary

Total compensable workyears:		
Full-time equivalent employment.....	1,554	1,547
Full-time equivalent of overtime and holiday hours.....	24	38

## DEFENSE BUSINESS OPERATIONS FUND

For the Defense Business Operations Fund; \$3,400,200,000. Further, for the Defense Business Operations Fund; \$2,273,200,000 to become available for obligation on October 1, 1992. (Additional authorizing legislation to be proposed.)

## Program and Financing (in thousands of dollars)

Identification code 97-4930-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
<b>Operating expenses:</b>				
01.01 Supply operations.....			40,139,866	38,079,582
01.02 Depot maintenance.....			13,462,799	13,661,003
01.03 Base support.....			1,325,231	1,408,148
01.04 Transportation.....			5,220,734	5,270,608
01.05 Research and development activities.....			4,684,048	4,768,590
01.06 Reutilization and marketing services.....			249,600	247,700
01.07 Industrial plant equipment services.....			57,600	61,400
01.08 Technical information services.....			44,900	45,900
01.09 Printing and publication services.....			645,689	650,504
01.10 Contract auditing.....				384,700
01.11 Contract management.....				1,127,900
01.12 Financial operations.....			900,000	954,400
01.13 Information services.....			1,532,357	1,585,141
01.14 Commissary resale stocks.....			6,472,254	6,703,968
01.15 Commissary operations.....			980,141	949,100
01.21 Supply operations.....			571,200	403,100
01.22 Depot maintenance.....			428,200	392,000
01.23 Base support.....			41,700	26,000
01.24 Transportation.....			21,900	11,500
01.25 Research and development activities.....			96,900	99,200
01.26 Reutilization and marketing services.....			18,300	8,600
01.27 Industrial plant equipment services.....			2,700	1,500
01.29 Printing and publication services.....			27,400	8,800
01.30 Contract auditing.....				18,400
01.32 Financial operations.....			44,100	13,500
01.33 Information services.....			3,600	14,600
10.00 Total obligations (object class 25.0).....			76,971,219	76,895,844
<b>Financing:</b>				
21.90 Unobligated balance available, start of year: Fund balance....				-2,306,459
22.90 Unobligated balance transferred, net.....			-2,082,332	
24.90 Unobligated balance available, end of year: Fund balance.....			2,306,459	2,692,468
31.00 Redemption of debt.....			48,271	47,896
39.00 Budget authority (gross).....			77,243,617	77,329,749
<b>Budget authority:</b>				
<b>Current:</b>				
40.00 Appropriation.....			3,400,200	2,273,200
<b>Permanent:</b>				
68.00 Spending authority from offsetting collections.....			73,843,417	75,056,549
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations.....			76,971,219	76,895,844
72.49 Obligated balance, start of year: Contract authority.....				12,176,568
72.90 Fund balance.....				3,286,182
Obligated balance transferred, net:				
73.49 Contract authority.....			12,176,568	

## Intragovernmental funds—Continued

## DEFENSE BUSINESS OPERATIONS FUND—Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code 97-4930-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
73.90 Fund balance .....			1,984,180	
Obligated balance, end of year:				
74.49 Contract authority .....			-12,176,568	-12,176,568
74.90 Fund balance .....			-3,286,182	-2,875,277
87.00 Outlays (gross) .....			75,669,217	77,306,749
Adjustments to budget authority and outlays:				
Deductions for offsetting collections:				
88.10 Federal funds .....			-64,425,756	-65,386,294
88.30 Trust funds .....			-1,272,193	-1,276,934
88.40 Non-Federal sources .....			-8,145,468	-8,393,321
88.90 Total, offsetting collections .....			-73,843,417	-75,056,549
89.00 Budget authority (net) .....			3,400,200	2,273,200
90.00 Outlays (net) .....			1,825,800	2,250,200

## Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 97-4930-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Unfunded balance, start of year .....				12,176,568
Contract authority transferred .....			12,176,568	
Unfunded balance, end of year .....			12,176,568	12,176,568

The Defense Business Operations Fund (DBOF) incorporates selected revolving funds previously called the stock and industrial funds commencing in FY 1992. The Defense Business Operations Fund finances the business operations of industrial, commercial, and support type activities. The operating costs of the DBOF include all applicable administrative, capital, supplies and material expenses of the activities.

The Defense Business Operations Fund allocates support costs using business accounting techniques to provide DOD managers, at all levels, many of the management tools available to the private sector. The improved identification of the costs of doing business is expected to improve the efficiency of these operations.

## Object Classification (in thousands of dollars)

Identification code 97-4930-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Reimbursable obligations:				
Personnel compensation:				
11.1 Full-time permanent .....			10,174,648	11,161,068
11.3 Other than full-time permanent .....			321,684	357,286
11.5 Other personnel compensation .....			614,887	634,948
11.7 Military personnel .....			127,314	126,612
11.8 Special personal services payments .....			3,661	3,733
11.9 Total personnel compensation .....			11,242,194	12,283,647
Personnel benefits:				
12.1 Civilian .....			1,927,966	2,159,376
Military:				
12.2 Accrued retirement benefits .....			9,391	9,737
12.2 Other personnel benefits .....			9,390	9,734
13.0 Benefits for former personnel .....			5,456	5,761
21.0 Travel and transportation of persons .....			392,317	423,925
22.0 Transportation of things .....			1,227,939	1,194,143
23.1 Rental payments to GSA .....			18,940	29,651
23.2 Rental payments to others .....			108,124	112,308
23.3 Communications, utilities, and miscellaneous charges .....			2,138,625	2,157,896
24.0 Printing and reproduction .....			148,753	142,845
Other services:				
25.0 Payments to foreign national indirect hire personnel .....			89,513	94,563
25.0 Purchases from industrial funds .....			16,177	17,093
25.0 Contracts .....			2,212,358	2,604,041
25.0 Other .....			8,639,883	9,087,966

26.0 Supplies and materials .....	47,462,155	45,341,774
31.0 Equipment .....	1,294,038	1,192,384
42.0 Insurance claims and indemnities .....	28,000	29,000
99.9 Total reimbursable obligations .....	76,971,219	76,895,844

## Personnel Summary

Total compensable workyears:		
Full-time equivalent employment .....	324,485	338,130
Full-time equivalent of overtime and holiday hours .....	17,321	16,824

## MANAGEMENT FUNDS

These funds were created to simplify the financing and accounting for operations supported by 2 or more appropriations. The corpus of each fund consists of \$1 million except for the ADP Equipment Management Fund which was established in 1986 with a corpus of \$100 million.

## ADP EQUIPMENT MANAGEMENT FUND

## Program and Financing (in thousands of dollars)

Identification code 97-3910-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Financing:				
21.90 Unobligated balance available, start of year: Fund balance .....	-120	-120	-120	-120
24.90 Unobligated balance available, end of year: Fund balance .....	120	120	120	120
39.00 Budget authority .....				
Relation of obligations to outlays:				
71.00 Total Obligations .....				
90.00 Outlays .....				

## NAVY MANAGEMENT FUND

## Program and Financing (in thousands of dollars)

Identification code 17-3980-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:				
10.00 Transportation of things (total obligations) (object class 22.0) .....	558,762	573,790	571,200	568,500
Financing:				
21.90 Unobligated balance available, start of year: Fund balance .....	-1,000	-1,000	-1,000	-1,000
24.90 Unobligated balance available, end of year: Fund balance .....	1,000	1,000	1,000	1,000
39.00 Budget authority (gross) .....	558,762	573,790	571,200	568,500
Budget authority:				
68.00 Spending authority from offsetting collections .....	558,762	573,790	571,200	568,500
Relation of obligations to outlays:				
71.00 Total obligations .....	558,762	573,790	571,200	568,500
72.90 Obligated balance, start of year: Fund balance .....	35,641	4,457	4,457	4,457
74.90 Obligated balance, end of year: Fund balance .....	-4,457	-4,457	-4,457	-4,457
87.00 Outlays (gross) .....	589,946	573,790	571,200	568,500
Adjustments to budget authority and outlays:				
Deductions for offsetting collections:				
88.10 Federal funds .....	-558,762	-573,790	-571,200	-568,500
88.90 Total, offsetting collections .....	-558,762	-573,790	-571,200	-568,500
89.00 Budget authority (net) .....				
90.00 Outlays (net) .....	31,184			



## AIR FORCE MANAGEMENT FUND

## Program and Financing (in thousands of dollars)

Identification code	57-3960-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance.....	-1,003	-1,003	-1,003	-1,003
24.90	Unobligated balance available, end of year: Fund balance.....	1,003	1,003	1,003	1,003
39.00	<b>Budget authority</b> .....				
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				
90.00	Outlays .....				

## ARMY CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

## Program and Financing (in thousands of dollars)

Identification code	21-4528-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
01.01	Load, assemble and pack.....	1,791,247	1,280,000	858,900	868,200
01.02	Components .....	959,815	814,700	760,200	728,200
01.03	Quality assurance, proof and acceptance testing.....	45,851	100,700	94,000	90,000
01.04	Rework cost .....	259,823	101,600	94,800	90,900
10.00	<b>Total obligations</b> .....	3,056,736	2,297,000	1,807,900	1,777,300
<b>Financing:</b>					
17.00	Recovery of prior year obligations.....	-281,338			
21.90	Unobligated balance available, start of year: Fund balance.....	-524,645	-539,473	-518,619	-417,719
24.90	Unobligated balance available, end of year: Fund balance.....	539,473	518,619	417,719	418,519
39.00	<b>Budget authority (gross)</b> .....	2,790,226	2,276,146	1,707,000	1,778,100
<b>Budget authority:</b>					
68.00	Spending authority from offsetting collections .....	2,790,226	2,276,146	1,707,000	1,778,100
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations.....	3,056,736	2,297,000	1,807,900	1,777,300
72.10	Receivables in excess of obligations, start of year.....	-232,791	-133,449	-112,595	-11,695
74.10	Receivables in excess of obligations, end of year.....	133,449	112,595	11,695	12,495
78.00	Adjustments in unexpired accounts .....	-281,338			
87.00	<b>Outlays (gross)</b> .....	2,676,056	2,276,146	1,707,000	1,778,100
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.10	Federal funds.....	-2,750,149	-2,005,146	-1,646,500	-1,718,100
88.30	Trust funds.....	-38,356	-271,000	-60,500	-60,000
88.40	Non-Federal sources .....	-1,721			
88.90	<b>Total, offsetting collections</b> .....	-2,790,226	-2,276,146	-1,707,000	-1,778,100
89.00	<b>Budget authority (net)</b> .....				
90.00	<b>Outlays (net)</b> .....	-114,170			

The Army Conventional Ammunition Working Capital Fund was established to simplify the accounting system for procurement of conventional ammunition. It is used to procure ammunition for all the Services and other customers. It will provide for payment of load, assemble and pack (LAP)

operations, component purchases for metal parts and explosive materials, quality assurance and rework effort.

## Object Classification (in thousands of dollars)

Identification code	21-4528-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
25.0	Other services: Other.....	438,303	215,300	231,000	345,000
26.0	Supplies and materials.....	2,618,433	2,081,700	1,576,900	1,432,300
99.9	<b>Total obligations</b> .....	3,056,736	2,297,000	1,807,900	1,777,300

## EMERGENCY RESPONSE FUND

## Program and Financing (in thousands of dollars)

Identification code	97-4965-0-4-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance.....		-100,000	-100,000	-100,000
24.90	Unobligated balance available, end of year: Fund balance.....	100,000	100,000	100,000	100,000
40.00	<b>Budget authority (appropriation)</b> .....	100,000			
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....				
90.00	Outlays (net) .....				

## Trust Funds

## DEPARTMENT OF THE ARMY TRUST FUNDS

## Program and Financing (in thousands of dollars)

Identification code	21-9971-0-7-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Department of the Army general gift fund—Total obligations (object class 41.0) .....	178	500	530	480
<b>Financing:</b>					
<b>Unobligated balance available, start of year:</b>					
21.40	Treasury balance .....	-481	-406	-629	-699
<b>U.S. securities:</b>					
21.41	Par value.....	-525	-549	-511	-611
21.42	Unrealized discounts.....	5	15		
<b>Unobligated balance available, end of year:</b>					
24.40	Treasury balance .....	406	629	699	819
<b>U.S. securities:</b>					
24.41	Par value.....	549	511	611	711
24.42	Unrealized discounts.....	-15			
60.05	<b>Budget authority (appropriation) (indefinite)</b> .....	117	700	700	700
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	178	500	530	480
72.40	Obligated balance, start of year .....	33	50	150	280
74.40	Obligated balance, end of year .....	-30	-150	-280	-360
90.00	<b>Outlays</b> .....	161	400	400	400

This fund includes gifts and bequests limited to specific purposes by the donor such as the Evangeline G. Bovard, Cormack medal fund, Quartermaster Foundation, Inc., and the Henry C. McLean bequest. In addition, it accounts for gifts and bequests, not limited to specific use by the donor, which may be used for purposes as determined by the Secretary of the Army.

## DEPARTMENT OF THE NAVY TRUST FUNDS

## Program and Financing (in thousands of dollars)

Identification code 17-9972-0-7-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
02.12 Naval Academy general gift fund .....	558	700	700	800
02.13 Naval Academy Museum fund .....	224	180	180	180
02.14 Department of the Navy general gift fund ..	7,928	4,000	500	500
02.15 Ships' stores profits, Navy .....	25,584	27,500	28,000	29,000
02.16 Office of Naval Records and History fund ..	24	30	30	30
10.00 Total obligations .....	34,318	32,410	29,410	30,510
<b>Financing:</b>				
Unobligated balance available, start of year:				
21.40 Treasury balance .....	-9,012	-12,917	-10,578	-10,648
U.S. securities:				
21.41 Par value .....	-7,050	-6,838	-7,061	-6,981
21.42 Unrealized discounts .....	6	6		
Unobligated balance available, end of year:				
24.40 Treasury balance .....	12,917	10,578	10,648	10,518
U.S. securities:				
24.41 Par value .....	6,838	7,061	6,981	7,001
24.42 Unrealized discounts .....	-6			
60.05 Budget authority (appropriation) (indefinite) .....	38,012	30,300	29,400	30,400
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	34,318	32,410	29,410	30,510
72.40 Obligated balance, start of year .....	360	276	4,086	5,896
74.40 Obligated balance, end of year .....	-276	-4,086	-5,896	-8,306
90.00 Outlays (net) .....	34,401	28,600	27,600	28,100
<b>Distribution of budget authority by account:</b>				
Naval Academy general gift fund .....	932	650	650	650
Naval Academy Museum fund .....	148	190	190	190
Department of the Navy general gift fund .....	9,983	1,900	500	500
Ships' stores profits, Navy .....	26,909	27,500	28,000	29,000
Office of Naval Records and History fund .....	40	60	60	60
<b>Distribution of outlays by account:</b>				
Naval Academy general gift fund .....	613	400	400	400
Naval Academy Museum fund .....	219	170	170	170
Department of the Navy general gift fund .....	7,963	2,000	500	500
Ships' stores profits, Navy .....	25,584	26,000	26,500	27,000
Office of Naval Records and History fund .....	22	30	30	30

**Gift funds.**—These activities consist primarily of contributions from individuals subject to conditions specified by the donor for the benefit of the Naval Academy, the Naval Academy Museum, and other institutions of the Navy.

**Ships' stores profits, Navy.**—Profits earned in the operation of ships' stores are expended at the discretion of the Secretary of the Navy for the amusement, comfort, contentment, and welfare of officers and enlisted personnel on ships or bases outside the United States.

**Office of Naval Records and History fund.**—This fund receives gifts of money for the benefit of the Office of Naval Records and History, Navy Department, and royalties received from sale of histories of U.S. Naval Operations.

## Object Classification (in thousands of dollars)

Identification code 17-9972-0-7-051	1990 actual	1991 est.	1992 est.	1993 est.
21.0 Travel and transportation of persons .....	237	237	237	237
23.3 Communications, utilities, and miscellaneous charges .....	6	6	6	6
24.0 Printing and reproduction .....	60	15	15	15
25.0 Other services: Other .....	7,934	4,113	596	681
26.0 Supplies and materials .....	250	282	288	292
31.0 Equipment .....	1,571	1,631	1,693	1,759
33.0 Investments and loans .....	141	147	153	158
41.0 Grants, subsidies, and contributions .....	24,119	25,979	26,422	27,362
99.9 Total obligations .....	34,318	32,410	29,410	30,510

## DEPARTMENT OF THE AIR FORCE GENERAL GIFT FUND

## Program and Financing (in thousands of dollars)

Identification code 57-8928-0-7-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Air Force Academy—total obligations (object class 31.0) .....	154	200	200	200
<b>Financing:</b>				
17.00 Recovery of prior year obligations .....	-19			
Unobligated balance available, start of year:				
21.40 Treasury balance .....	-152	-220	-148	-211
U.S. securities:				
21.41 Par value .....	-154	-194	-266	-203
21.42 Unrealized discounts .....	4			
Unobligated balance available, end of year:				
24.40 Treasury balance .....	220	148	211	211
U.S. securities:				
24.41 Par value .....	194	266	203	203
60.05 Budget authority (appropriation) (indefinite) .....	247	200	200	200
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	154	200	200	200
72.40 Obligated balance, start of year .....	20	37	37	37
74.40 Obligated balance, end of year .....	-37	-37	-37	-37
78.00 Adjustments in unexpired accounts .....	-19			
90.00 Outlays .....	118	200	200	200

This fund is for gifts or bequests to the Air Force, some of which are limited to use for specific purposes by the donors.

## SURCHARGE COLLECTIONS, SALES OF COMMISSARY STORES, ARMY

## Program and Financing (in thousands of dollars)

Identification code 21-8420-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Operation of commissary stores—Total obligations .....	103,699	163,400		
<b>Financing:</b>				
17.00 Recovery of prior year obligations .....	-12,767			
21.90 Unobligated balance available, start of year .....	-6,641	-18,217		
24.90 Unobligated balance available, end of year ..	18,217			
39.00 Budget authority (gross) .....	102,508	145,183		
<b>Budget authority:</b>				
68.00 Spending authority from offsetting collections .....	102,508	102,783		
69.15 Contract authority (indefinite) .....		42,400		
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	103,699	163,400		
Obligated balance, start of year:				
72.49 Contract authority .....			42,400	
72.90 Fund balance .....	113,081	100,771	98,988	
Obligated balance transferred, net:				
73.49 Contract authority .....			-42,400	
73.90 Fund balance .....			-98,988	
Obligated balance, end of year:				
74.49 Contract authority .....		-42,400		
74.90 Fund balance .....	-100,771	-98,988		
78.00 Adjustments in unexpired accounts .....	-12,767			
87.00 Outlays (gross) .....	103,242	122,783		
<b>Adjustments to budget authority and outlays:</b>				
<b>Deductions for offsetting collections:</b>				
88.10 Federal funds .....	-313			
88.40 Non-Federal sources .....	-102,195	-102,783		
88.90 Total, offsetting collections .....	-102,508	-102,783		
89.00 Budget authority (net) .....		42,400		
90.00 Outlays (net) .....	734	20,000		



This fund was established to reimburse certain appropriations for payments made on behalf of commissary stores of the Department of the Army for operating equipment and supplies, such as utilities, laundry services, and inventory losses, in accordance with the annual Department of Defense Appropriation Act. Surcharge funds are also utilized for both minor and major construction of commissaries. This fund will be merged into the Surcharge Collection, Sale of Commissary Stores, Defense Fund in 1992. This action is part of the consolidation of Defense commissaries.

## STATUS OF UNFUNDED CONTRACT AUTHORITY

	[In thousands of dollars]			
	1990 actual	1991 est.	1992 est.	1993 est.
Contract authority .....		42,400	42,400	
Contract authority transferred .....			—42,400	
Unfunded balance, end of year .....		42,400		

## Object Classification (in thousands of dollars)

Identification code	21-8420-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
22.0	Transportation of things .....	279	95		
23.3	Communications, utilities, and miscellaneous charges .....	21,427	10,922		
25.0	Other services: Other .....	43,745	19,198		
26.0	Supplies and materials .....	21,365	18,685		
31.0	Equipment .....	16,883	17,700		
32.0	Land and structures .....		96,800		
99.9	Total obligations .....	103,699	163,400		

## DEPARTMENT OF THE NAVY TRUST REVOLVING FUNDS

## Program and Financing (in thousands of dollars)

Identification code	17-9981-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
02.22	Midshipmen's store, U.S. Naval Academy .....	19,955	24,050	23,932	27,387
02.23	Surcharge collections, sales of commissary stores, Navy .....	38,829	70,000		
02.24	Surcharge collections, sales of commissary stores, Marine Corps .....	7,804	14,469		
10.00	Total obligations .....	66,588	108,519	23,932	27,387
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance .....	—27,341	—40,259	—21,684	—5,834
22.90	Unobligated balance transferred, net .....			16,448	
24.90	Unobligated balance available, end of year: Fund balance .....	40,259	21,684	5,834	6,519
68.00	<b>Budget authority (gross): Spending authority from offsetting collections .....</b>	<b>79,507</b>	<b>89,944</b>	<b>24,530</b>	<b>28,072</b>
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	66,588	108,519	23,932	27,387
72.10	Receivables in excess of obligations, start of year .....				—3,520
72.90	Obligated balance, start of year .....	48,601	41,218	60,293	
73.90	Obligated balance transferred, net .....			—63,715	
74.10	Receivables in excess of obligations, end of year .....			3,520	3,705
74.90	Obligated balance, end of year: Fund balance .....	—41,218	—60,293		
87.00	Outlays (gross) .....	73,971	89,444	24,030	27,572
<b>Adjustments to budget authority and outlays:</b>					
<b>Deductions for offsetting collections:</b>					
88.40	Non-Federal sources .....	—79,507	—89,944	—24,530	—28,072
88.90	Total, offsetting collections .....	—79,507	—89,944	—24,530	—28,072
89.00	Budget authority (net) .....				
90.00	Outlays (net) .....	—5,536	—500	—500	—500
<b>Distribution of outlays by account:</b>					
	Midshipmen's store, U.S. Naval Academy .....	—262	—500	—500	—500

Surcharge collections, sales of commissary stores, Navy .....	—2,578			
Surcharge collections, sales of commissary stores, Marine Corps .....	—2,696			

The midshipmen's store is operated to: (1) Procure clothing and other necessary supplies for the midshipmen, (2) provide barber, cobbler, and tailor shop facilities for the midshipmen, and (3) operate the dairy farm at the Naval Academy. Funds collected from the above-mentioned operations are deposited in the Treasury and are available for operating expenses of such activities and any other expenditures the Superintendent of the Naval Academy considers necessary in the interest of the health, comfort, and education of the midshipmen.

**Surcharge collections, sales of commissary stores, Navy and Marine Corps.**—These funds finance procurement of operating supplies, utility expenses, inventory losses, equipment, and facility construction and renovation. This fund will be merged into the Surcharge Collections, Sale of Commissary Stores, Defense Fund in 1992. This action is part of the consolidation of Defense Commissaries.

## Object Classification (in thousands of dollars)

Identification code	17-9981-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
21.0	Travel and transportation of persons .....	11	12	13	11
22.0	Transportation of things .....	480	522	123	150
23.2	Rental payments to others .....	135	140	145	175
23.3	Communications, utilities, and miscellaneous charges .....	9,659	9,944		
25.0	Other services: Other .....	14,046	17,511	6,901	8,201
26.0	Supplies and materials .....	28,707	29,671	15,500	17,500
31.0	Equipment .....	8,250	12,300	150	250
32.0	Land and structures .....	4,350	37,419	100	100
33.0	Investments and loans .....	500	500	500	500
41.0	Grants, subsidies, and contributions .....	450	500	500	500
99.9	Total obligations .....	66,588	108,519	23,932	27,387

## DEPARTMENT OF THE AIR FORCE TRUST REVOLVING FUNDS

## Program and Financing (in thousands of dollars)

Identification code	57-9982-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
02.25	Surcharge collections, sales of commissary stores, Air Force .....	90,116	186,700		
02.26	Air Force cadet fund .....	39,111	46,000	47,500	48,500
10.00	Total obligations .....	129,227	232,700	47,500	48,500
<b>Financing:</b>					
21.90	Unobligated balance available, start of year: Fund balance .....	—5,964	—18,808	—10,909	—11,909
24.90	Unobligated balance available, end of year: Fund balance .....	18,808	10,909	11,909	12,909
39.00	<b>Budget authority (gross) .....</b>	<b>185,166</b>	<b>224,801</b>	<b>48,500</b>	<b>49,500</b>
<b>Budget authority:</b>					
68.00	Spending authority from offsetting collections .....	185,166	187,101	48,500	49,500
69.15	Contract authority (indefinite) .....		37,700		
<b>Relation of obligations to outlays:</b>					
71.00	Total obligations .....	129,227	232,700	47,500	48,500
72.10	Receivables in excess of obligations, start of year .....				—12,126
72.49	Obligated balance, start of year: Contract authority .....	43,095		37,700	
72.90	Fund balance .....	56,303	64,288	90,487	
73.49	Obligated balance transferred, net: Contract authority .....			—37,700	
73.90	Fund balance .....			—103,502	
74.10	Receivables in excess of obligations, end of year .....			19,015	18,126
74.49	Obligated balance, end of year: Contract authority .....		—37,700		



DEPARTMENT OF THE AIR FORCE TRUST REVOLVING FUNDS—  
Continued

## Program and Financing (in thousands of dollars)—Continued

Identification code	57-9982-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
74.90	Fund balance.....	-64,288	-90,487		
87.00	Outlays (gross).....	164,337	168,801	53,500	54,500
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.40	Non-Federal sources.....	-185,166	-187,101	-48,500	-49,500
88.90	Total, offsetting collections.....	-185,166	-187,101	-48,500	-49,500
89.00	Budget authority (net).....		37,700		
90.00	Outlays (net).....	-20,829	-18,300	5,000	5,000
Distribution of outlays by account:					
Surcharge collections, sales of commissary					
stores, Air Force.....					
Air Force cadet fund.....					

**Surcharge collections, sales of commissary stores.**—This fund was established to reimburse appropriations for payments made on behalf of commissary stores of the Department of the Air Force for operating equipment and supplies such as utilities, laundry services, and inventory losses, in accordance with the annual Department of Defense Appropriations Act. Surcharge funds are also utilized for both minor and major construction of commissaries. This fund will be merged into the Surcharge Collections, Sale of Commissary Stores, Defense Fund in 1992. This action is part of the consolidation of Defense Commissaries.

**Air Force cadet fund.**—The cadet fund is maintained at the U.S. Air Force Academy, Colorado Springs, Colo. Cadet pay is deposited directly into the account and disbursements are made from it for cadet credit charges for uniforms and other clothing, cash payments to cadets, transportation, and sundry other items of personal maintenance.

## STATUS OF UNFUNDED CONTRACT AUTHORITY

(In thousands of dollars)

	1990 actual	1991 est.	1992 est.	1993 est.
Unfunded balance, start of year.....	43,095	312	38,022	
Contract authority.....		37,710		
Contract authority transferred.....			-38,022	
Balance of contract authority withdrawn.....	42,783			
Unfunded balance, end of year.....	312	38,022		

## Object Classification (in thousands of dollars)

Identification code	57-9982-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
22.0	Transportation of things.....	15	358		
23.3	Communications, utilities, and miscellaneous charges.....	13,097	14,756		
25.0	Other services: Other.....	18,372	16,900		
26.0	Supplies and materials.....	12,201	37,528		
31.0	Equipment.....	14,131	34,158		
32.0	Land and structures.....	32,300	83,000		
44.0	Refunds.....	39,111	46,000	47,500	48,500
99.9	Total obligations.....	129,227	232,700	47,500	48,500

## SURCHARGE COLLECTIONS, SALES OF COMMISSARY STORES, DEFENSE

## Program and Financing (in thousands of dollars)

Identification code	97-8164-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
Program by activities:					
10.00	Total obligations.....			342,300	338,100

Financing:					
22.90	Unobligated balance transferred, net.....			-16,448	
39.00	Budget authority (gross).....			325,852	338,100
Budget authority:					
68.00	Spending authority from offsetting collections.....			321,452	338,100
69.15	Contract authority (indefinite).....			4,400	
Relation of obligations to outlays:					
71.00	Total obligations.....			342,300	338,100
Obligated balance, start of year:					
72.49	Contract authority.....				84,500
72.90	Fund balance.....				285,953
Obligated balance transferred, net:					
73.49	Contract authority.....			80,100	
73.90	Fund balance.....			266,205	
Obligated balance, end of year:					
74.49	Contract authority.....			-84,500	-84,500
74.90	Fund balance.....			-285,953	-285,953
87.00	Outlays (gross).....			318,152	334,800
Adjustments to budget authority and outlays:					
Deductions for offsetting collections:					
88.40	Non-Federal sources.....			-321,452	-338,100
88.90	Total, offsetting collections.....			-321,452	-338,100
89.00	Budget authority (net).....			4,400	
90.00	Outlays (net).....			-3,300	-3,300

This fund will be established beginning in 1992 to reimburse certain appropriations for payments made on behalf of commissary stores of the Department of Defense for operating equipment and supplies, such as utilities, laundry services, and inventory losses, in accordance with the annual Department of Defense Appropriations Act. Establishment of this fund is a result of the consolidation of Defense Commissaries.

## Object Classification (in thousands of dollars)

Identification code	97-8164-0-8-051	1990 actual	1991 est.	1992 est.	1993 est.
22.0	Transportation of things.....			968	989
23.3	Communications, utilities, and miscellaneous charges.....			36,745	37,762
25.0	Other services.....			40,376	41,955
26.0	Supplies and materials.....			65,161	68,191
31.0	Equipment.....			60,990	48,198
32.0	Land and structures.....			138,060	141,005
99.9	Total obligations.....			342,300	338,100

## Status of Unfunded Contract Authority

Contract authority:					
	Obligated balance, start of year.....				46,800
	Contract authority transferred.....			42,400	
	Obligated balance, end of year.....			46,800	46,800

GENERAL PROVISIONS—DEPARTMENT OF  
DEFENSE

The following sections are proposed for deletion and do not appear below:

## DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1991

- Sec. 8002 .... Employment of foreign nationals.
- Sec. 8003 .... Overseas workload program.
- Sec. 8006 .... Buy American requirements.
- Sec. 8009 .... Foreign coal and coke purchases.
- Sec. 8010 .... Initiation of special access programs.
- Sec. 8011 .... Initiation of reprogramming requests.
- Sec. 8014 .... Multiyear contracting provision.
- Sec. 8016 .... Reserve and National Guard technician positions.



- Sec. 8016A... Civilian personnel authorizations.  
 Sec. 8020 .... Floating petroleum storage.  
 Sec. 8026 .... Conversion to contract performance.  
 Sec. 8027 .... 120mm mortar and ammunition procurement.  
 Sec. 8028 .... Army depot civilian strength levels.  
 Sec. 8034 .... Utilization of Army Engineer's Waterways Experiment Station.  
 Sec. 8035 .... Restriction on modifications of equipment.  
 Sec. 8036 .... Budget levels for sequestration.  
 Sec. 8037 .... Reserve Component Automation System.  
 Sec. 8038 .... Major system or subsystem fixed-price contracts.  
 Sec. 8041 .... 4 inch anchor and mooring chain purchases.  
 Sec. 8042 .... Military technician and medical care transfers to provide for sequestration exemptions.  
 Sec. 8043 .... Interport differentials as basis for overhauls, repairs and maintenance of vessels.  
 Sec. 8044 .... CHAMPUS mental health benefits.  
 Sec. 8045 .... LANDSAT and SPOT remote sensing data.  
 Sec. 8046 .... Aircraft design specifications.  
 Sec. 8047 .... Coast Guard support.  
 Sec. 8048 .... PAN carbon fiber requirements.  
 Sec. 8050 .... Unspecified reduction for consulting services.  
 Sec. 8052 .... Hamilton Air Force Base cleanup.  
 Sec. 8053 .... Training and administration of Reserve assignments.  
 Sec. 8054 .... Offshore procurements of vision image intensifier tubes and devices.  
 Sec. 8055 .... B-1B's ALQ-16A CORE program.  
 Sec. 8056 .... Pease AFB Closure/Cleanup.  
 Sec. 8062 .... Civilian employee productivity-based award programs.  
 Sec. 8064 .... CHAMPUS deductibles.  
 Sec. 8065 .... Overseas civilian employee limitations.  
 Sec. 8066 .... EMPRESS II program limitation.  
 Sec. 8067 .... Contractor employees in Alaska and Hawaii.  
 Sec. 8068 .... Sale of beer and wine by nonappropriated fund instrumentalities.  
 Sec. 8069 .... Shipbuilding and Conversion, Navy transfers.  
 Sec. 8070 .... Unspecified reductions in appropriations based on discount air fares.  
 Sec. 8071 .... National Defense Science and Engineering Graduate Fellowships.  
 Sec. 8075 .... Medical Care Recovery Act credits.  
 Sec. 8077 .... Indian Financing Act of 1974 incentive payments.  
 Sec. 8080 .... Merged surplus account.  
 Sec. 8081 .... Base closure/realignment plan.  
 Sec. 8082 .... Letterkenny Army depot truck maintenance.  
 Sec. 8083 .... Relocations into Washington, D.C. area.  
 Sec. 8084 .... Production of liquid gas at Andersen AFB, Guam.  
 Sec. 8085 .... Reserve/National Guard Reserve force structure.  
 Sec. 8087 .... Time limitations for A-76 studies.  
 Sec. 8088 .... Military medical facility closures.  
 Sec. 8089 .... Apollo nuclear fuel facility.  
 Sec. 8091 .... Board of Regents of Uniformed Services University of Health Sciences.  
 Sec. 8092 .... Use of Ada programming language.  
 Sec. 8093 .... Wage rates for civilian health employees.  
 Sec. 8094 .... Energy conservation and reporting requirements.  
 Sec. 8095 .... Depleted uranium acquisitions.  
 Sec. 8096 .... Limitation on PCS moves to Europe.  
 Sec. 8097 .... Prescription of drugs by psychologists.  
 Sec. 8098 .... Reduction of civilians at medical facilities.  
 Sec. 8099 .... Solomon Islands parliament building.  
 Sec. 8100 .... U.S.S. Turner Joy Navy museum and memorial.  
 Sec. 8101 .... V-22 prior year funding.  
 Sec. 8102 .... Rescission of appropriations.  
 Sec. 8103 .... Ground Wave Emergency Network obligations.  
 Sec. 8104 .... Commission on Defense and National Security.  
 Sec. 8105 .... Contributions by Japan for forces in Japan.  
 Sec. 8106 .... Inapplicable inventory unspecified reduction.  
 Sec. 8107 .... Limitation on transportation of chemical weapons to Johnston Atoll.  
 Sec. 8108 .... Information management systems appropriation. (The appropriation is shown in the Corporate information management initiative account under Operation and maintenance, Department of Defense—Military.)  
 Sec. 8109 .... Prohibition on studies of removal of chemical weapons for 8 storage sites in CONUS.  
 Sec. 8110 .... Energy alliance fuel reserve.  
 Sec. 8111 .... Classified annex provision.  
 Sec. 8112 .... Civil Air Patrol fund availability.  
 Sec. 8113 .... Operation of Inter-American Air Forces Academy.  
 Sec. 8114 .... Operation of WC-130 reconnaissance squadrons.  
 Sec. 8115 .... Studies of Israeli weapons and space technology.  
 Sec. 8116 .... Transportation of beef to overseas commissaries.  
 Sec. 8118 .... Establishment of Kahoolawe Island Commission.  
 Sec. 8119 .... Bombing and other munitions training on Kahoolawe Island, Hawaii.  
 Sec. 8120 .... Legacy resource management program.  
 Sec. 8121 .... Procurement of jewel bearings.  
 Sec. 8122 .... Number of military personnel assigned in Europe.  
 Sec. 8123 .... Partnerships with schools.  
 Sec. 8124 .... Report concerning Naval Academy.  
 Sec. 8125 .... Air Force and Navy prohibition on space-based surveillance technology program.  
 Sec. 8126 .... Civilian and military personnel assigned to Office of Assistant Secretary of Defense (SO/LIC).  
 Sec. 8127 .... Establishment of National Drug Intelligence Center.  
 Sec. 8128 .... Funds for Interior Department dam repairs.  
 Sec. 8129 .... A-76 studies at Indian Springs Auxiliary Field.  
 Sec. 8130 .... Transfers of funds for Hurricane Hugo repairs.  
 Sec. 8131 .... Report on Desert Shield contributions.  
 Sec. 8132 .... Period for order to active duty of Selected Reserve.  
 Sec. 8133 .... Purchase of properties.  
 Sec. 8134 .... Funds for Fort Bragg environmental program.  
 Sec. 8135 .... Sense of Congress on Defense Participation in multilateral anti-narcotics strike force.  
 Sec. 8136 .... Sense of the Congress on burdensharing.  
 Sec. 8137 .... Commemoration of Congressman Chappell.  
 Sec. 8138 .... Evaluation of Assault Ballistic Rocket System.  
 Sec. 8139 .... Payment of SHIPCO claim.  
 Sec. 8140 .... Payment of claim of John Barren.  
 Sec. 8141 .... Military pay and CHAMPUS transfer appropriation.  
 Sec. 8142 .... Advanced Tactical Fighter and National Defense Stockpile Transaction Fund.
- MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1991
- Sec. 111 ..... NATO/Japan architect and engineer contracts.  
 Sec. 113 ..... Construction for proposed military exercises.  
 Sec. 117 ..... Plans for NATO/Japan burdensharing.  
 Sec. 122 ..... Pentagon Annex planning and design.  
 Sec. 123 ..... Relocation of Yongso Garrison, Korea.  
 Sec. 124 ..... Operation Just Cause funding.  
 Sec. 125 ..... Disapproval of deferrals.  
 Sec. 126 ..... Fort Meade, Maryland land transfer.  
 Sec. 127 ..... Tacoma, Washington land transfer.  
 Sec. 128 ..... Relocation of 401st Tactical Fighter Wing.  
 Sec. 129 ..... Pay raise absorption.  
 Sec. 130 ..... Fort Douglas, Utah land transfer.  
 Sec. 131 ..... Payment of claims against Iraq.  
 Sec. 132 ..... Antiterrorism Act of 1990.
- SEC. 8001. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.
- SEC. [8004] 8002. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year or, in the case of advance appropriations, the following fiscal year, unless expressly so provided herein.
- SEC. [8005] 8003. No more than 20 per centum of the appropriations in this Act which are limited for obligation during [the current] a single fiscal year shall be obligated during the last two months of [the] such fiscal year: *Provided*, That this section shall not apply to obligations for support of active duty training of reserve components or summer camp training of the Reserve Officers' Training Corps, or the National Board for the Promotion of Rifle Practice, Army.
- (TRANSFER OF FUNDS)
- SEC. [8007] 8004. Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed [\$2,250,000,000] \$3,000,000,000 during the current fiscal year and \$3,000,000,000 during the following fiscal year of working capital funds of the Department of Defense or funds [made] available [in this Act] to the Department of Defense for military functions (except military construction) between such appropriations or funds or any



subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: *Provided*, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by Congress: *Provided further*, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority or any other authority in this Act].

## (TRANSFER OF FUNDS)

SEC. [8008] 8005. During the current fiscal year and the following fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: *Provided*, That transfers may be made between such funds and to the "Foreign Currency Fluctuations, Defense" appropriation account in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that such transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to [procure] increase the value of war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

SEC. [8012] 8006. None of the funds contained in this Act available for the Civilian Health and Medical Program of the Uniformed Services shall be available for payments to physicians and other authorized individual health care providers in excess of the amounts allowed in fiscal year 1990 for similar services, except that: (a) for services for which the Secretary of Defense determines an increase is justified by economic circumstances, the allowable amounts may be increased in accordance with appropriate economic index data similar to that used pursuant to title XVIII of the Social Security Act; and (b) for services the Secretary determines are overpriced based on an analysis similar to that used pursuant to title XVIII of the Social Security Act, the allowable amounts shall be reduced by not more than 15 percent. The Secretary shall solicit public comment prior to promulgating regulations to implement this section.

SEC. [8013] 8007. None of the funds appropriated by this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, [1992] 1993: *Provided*, That advance appropriations for the Reserve for Contingencies shall remain available until September 30, 1994.

## (TRANSFER OF FUNDS)

SEC. [8015] 8008. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means between the Central Intelligence Agency and the Department of Defense for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity.

SEC. [8017] 8009. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

SEC. [8018] 8010. None of the funds appropriated by this Act shall be obligated for the pay of any individual who is initially employed after the date of enactment of this Act as a technician in the administration and training of the Army Reserve and the maintenance and repair of supplies issued to the Army Reserve unless such individual is also a military member of the Army Reserve troop program unit that he or she is employed to support. Those technicians employed by the Army Reserve in areas other than Army Reserve troop program units need only be members of the Selected Reserve.

SEC. [8019] 8011. None of the funds appropriated by this Act or hereafter shall be used to purchase dogs or cats or otherwise fund the use of dogs or cats for the purpose of training Department of Defense students or other personnel in surgical or other medical treatment of wounds produced by any type of weapon: *Provided*, That the standards of such training with respect to the treatment of animals shall

adhere to the Federal Animal Welfare Law and to those prevailing in the civilian medical community.

SEC. [8021] 8012. Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 401 of title 10, United States Code, for humanitarian and civic assistance costs under chapter 20 of title 10, United States Code. Such funds may also be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted in section 401 of chapter 20 of title 10, United States Code, and these obligations shall be reported to Congress on September 30 of each year: *Provided*, That funds available for operation and maintenance shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the Trust Territories of the Pacific Islands and freely associated states of Micronesia, pursuant to the Compact of Free Association as authorized by Public Law 99-239: *Provided further*, That upon a determination by the Secretary of the Army that such action is beneficial for graduate medical education programs conducted at Army medical facilities located in Hawaii, the Secretary of the Army may authorize the provision of medical services at such facilities and transportation to such facilities, on a nonreimbursable basis, for not more than 250 civilian patients from American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam: *Provided further*, That of the funds appropriated under this Act to the Department of Defense, not to exceed \$15,000,000 shall be made available to the Office of Humanitarian Assistance for immediate emergency airlift assistance].

SEC. [8022] 8013. Notwithstanding any other provision of law, the Secretaries of the Army and Air Force may authorize the retention in an active status until age sixty of any officer who would otherwise be removed from an active status and who is employed as a National Guard or Reserve technician in a position in which active status in a reserve component of the Army or Air Force is required as a condition of that employment.

SEC. [8023] 8014. Funds available for operation and maintenance under this Act, may be used in connection with demonstration projects and other activities authorized by section 1092 of title 10, United States Code.

SEC. [8024] 8015. (a) None of the funds appropriated by this Act, shall be used to make contributions to the Department of Defense Education Benefits Fund pursuant to section 2006(g) of title 10, United States Code, representing the normal cost for future benefits under section 1415(c) of title 38, United States Code, for any member of the armed services who, on or after the date of enactment of this Act:

- (1) enlists in the armed services for a period of active duty of less than three years; or
- (2) receives an enlistment bonus under section 308a or 308f of title 37, United States Code,

nor shall any amounts representing the normal cost of such future benefits be transferred from the Fund by the Secretary of the Treasury to the Secretary of Veterans Affairs pursuant to section 2006(d) of title 10, United States Code; nor shall the Secretary of Veterans Affairs pay such benefits to any such member: *Provided*, That, in the case of a member covered by clause (1), these limitations shall not apply to members in combat arms skills or to members who enlist in the armed services on or after July 1, 1989, under a program continued or established by the Secretary of Defense in fiscal year 1991 to test the cost-effective use of special recruiting incentives involving not more than nineteen noncombat arms skills approved in advance by the Secretary of Defense: *Provided further*, That no contribution to the Fund pursuant to section 2006(g) shall be made during the current fiscal year that represents liabilities arising from the Department of the Army: *Provided further*, That this subsection applies only to active components of the Army].

(b) None of the funds appropriated by this Act shall be available for the basic pay and allowances of any member of the Army participating as a full-time student and receiving benefits paid by the Secretary of Veterans Affairs from the Department of Defense Education Benefits Fund when time spent as a full-time student is credited toward completion of a service commitment: *Provided*, That this subsection shall not apply to those members who have reenlisted with this option prior to October 1, 1987: *Provided further*, That this subsection applies only to active components of the Army.

SEC. [8025] 8016. Funds appropriated in this Act shall be available for the payment of not more than 75 percent of the charges of a postsecondary educational institution for the tuition or expenses of an



officer in the Ready Reserve of the Army National Guard or Army Reserve for education or training during his off-duty periods, except that no part of the charges may be paid unless the officer agrees to remain a member of the Ready Reserve for at least four years after completion of such training or education.

SEC. [8029] 8017. None of the funds appropriated or made available by this Act may be obligated for acquisition of major automated information systems which have not successfully completed oversight reviews required by Defense Department regulations: *Provided*, That none of the funds appropriated or made available by this Act may be obligated on Composite Health Care System acquisition contracts if such contracts would cause the total life cycle cost estimate of \$1,600,000,000 expressed in fiscal year 1986 constant dollars to be exceeded.

SEC. [8030] 8018. None of the funds provided by this Act may be used to pay the salaries of any person or persons who authorize the transfer of unobligated and deobligated appropriations into the Reserve for Contingencies of the Central Intelligence Agency.

SEC. [8031] 8019. Funds appropriated by this Act for construction projects of the Central Intelligence Agency, which are transferred to another Agency for execution, shall remain available until expended.

SEC. [8032] 8020. Notwithstanding any other provision of law, the Secretary of the Navy may use funds appropriated to charter ships to be used as auxiliary minesweepers providing that the owner agrees that these ships may be activated as Navy Reserve ships with Navy Reserve crews used in training exercises conducted in accordance with law and policies governing Naval Reserve forces.

SEC. [8033] 8021. None of the funds in this Act may be used to execute a contract for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Reform Initiative that exceeds the total fiscal year 1987 costs for CHAMPUS care provided in California and Hawaii, plus normal and reasonable adjustments for price and program growth.

SEC. [8039] 8022. Monetary limitations on the purchase price of a passenger motor vehicle shall not apply to vehicles purchased for intelligence activities conducted pursuant to Executive Order 12333 or successor orders.

SEC. [8040] 8023. Not to exceed \$20,000,000 of the funds available to the Department of the Army during the current fiscal year and not to exceed \$20,000,000 during the following fiscal year may be used to fund the construction of classified military projects within the Continental United States, including design, architecture, and engineering services.

SEC. [8049] 8024. Of the funds appropriated, reimbursable expenses incurred by the Department of Defense on behalf of the Soviet Union in monitoring United States implementation of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of Their Intermediate-Range or Shorter-Range Missiles ("INF Treaty"), concluded December 8, 1987, may be treated as orders received and obligation authority for the applicable appropriation, account, or fund increased accordingly. Likewise, any reimbursements received for such costs may be credited to the same appropriation, account, or fund to which the expenses were charged: *Provided*, That reimbursements which are not received within one hundred and eighty days after submission of an appropriate request for payment shall be subject to interest at the current rate established pursuant to section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (59 Stat. 526). Interest shall begin to accrue on the one hundred and eighty-first day following submission of an appropriate request for payment: *Provided further*, That funds appropriated in this Act may be used to reimburse United States military personnel for reasonable costs of subsistence, at rates to be determined by the Secretary of Defense, incurred while accompanying Soviet Inspection Team members engaged in activities related to the INF Treaty: *Provided further*, That this provision includes only the in-country period (referred to in the INF Treaty) and is effective whether such duty is performed at, near, or away from an individual's permanent duty station.

SEC. [8051] 8025. Funds available in this Act may be used to provide transportation for the next-of-kin of individuals who have been prisoners of war or missing in action from the Vietnam era to an annual meeting in the United States, under such regulations as the Secretary of Defense may prescribe.

SEC. [8057] 8026. No funds appropriated by this Act may be obligated or expended to prepare, or to assist any contractor of the Department of Defense in preparing, any material, report, list, or analysis with respect to the actual or projected economic or employment impact in a particular State or congressional district of an

acquisition program for which all research, development, testing and evaluation has not been completed.

SEC. [8058] 8027. All obligations incurred in anticipation of the appropriations and authority provided in this Act are hereby ratified and confirmed if otherwise in accordance with the provisions of this Act.

SEC. [8059] 8028. None of the funds appropriated by this Act shall be available for a contract for studies, analyses, or consulting services entered into without competition on the basis of an unsolicited proposal unless the head of the activity responsible for the procurement determines:

(a) as a result of thorough technical evaluation, only one source is found fully qualified to perform the proposed work, or

(b) the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technological promise, represents the product of original thinking, and was submitted in confidence by one source, or

(c) where the purpose of the contract is to take advantage of unique and significant industrial accomplishment by a specific concern, or to insure that a new product or idea of a specific concern is given financial support:

*Provided*, That this limitation shall not apply to contracts in an amount of less than \$25,000, contracts related to improvements of equipment that is in development or production, or contracts as to which a civilian official of the Department of Defense, who has been confirmed by the Senate, determines that the award of such contract is in the interest of the national defense.

SEC. [8060] 8029. None of the funds available to the Department of Defense in this Act shall be used to demilitarize or dispose of more than 310,784 unserviceable M1 Garand rifles and M1 Carbines.

SEC. [8061] 8030. Notwithstanding any other provision of law, none of the funds appropriated by this Act shall be available to pay more than 50 percent of an amount paid to any person under section 308 of title 37, United States Code, in a lump sum.

SEC. [8063] 8031. None of the funds appropriated by this Act may be used by the Department of Defense to assign a supervisor's title or grade when the number of people he or she supervises is considered as a basis for this determination: *Provided*, That savings that result from this provision are represented as such in future budget proposals.

SEC. [8072] 8032. Notwithstanding any other provision of law, during the current fiscal year and the following fiscal year, the Secretary of Defense may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other Defense-related articles, through competition between Department of Defense depot maintenance activities and private firms: *Provided*, That the Secretary shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private bids: *Provided further*, That Office of Management and Budget Circular A-76 shall not apply to competitions conducted under this section.

SEC. [8073] 8033. Of the funds appropriated by this Act, no more than \$4,000,000 shall be available for the health care demonstration project regarding chiropractic care required by section 632(b) of the Department of Defense Authorization Act, 1985, Public Law 98-525.

SEC. [8074] 8034. None of the funds appropriated by this Act may be used to pay health care providers under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for services determined under the CHAMPUS Peer Review Organization (PRO) Program to be not medically or psychologically necessary. The Secretary of Defense may by regulation adopt any quality and utilization review requirements and procedures in effect for the Peer Review Organization Program under title XVIII of the Social Security Act (Medicare) that the Secretary determines necessary, and may adapt the Medicare requirements and procedures to the circumstances of the CHAMPUS PRO Program as the Secretary determines appropriate.

SEC. [8076] 8035. Such sums as may be necessary for fiscal year 1991 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. [8078] 8036. None of the funds appropriated by this Act shall be available for payments under the Department of Defense contract with the Louisiana State University Medical Center involving the use of cats for Brain Missile Wound Research, and the Department of Defense shall not make payments under such contract from funds obligated prior to the date of the enactment of this Act, except as necessary for costs incurred by the contractor prior to the enactment



of this Act, and until thirty legislative days after the final General Accounting Office report on the aforesaid contract is submitted for review to the Committees on Appropriations in the House and Senate: *Provided*, That funds necessary for the care of animals covered by this contract are allowed.

SEC. [8079] 8037. None of the funds provided in this Act or any other Act shall be available to conduct bone trauma research at the Letterman Army Institute of Research until the Secretary of the Army certifies that the synthetic compound to be used in the experiments is of such a type that its use will result in a significant medical finding, the research has military application, the research will be conducted in accordance with the standards set by an animal care and use committee, and the research does not duplicate research already conducted by a manufacturer or any other research organization.

SEC. [8086] 8038. Funds appropriated or otherwise available for any Federal agency, the Congress, the judicial branch, or the District of Columbia for the fiscal year ending September 30, 1991, may be used for the pay, allowances, and benefits of an employee as defined by section 2105 of title 5 or an individual employed by the government of the District of Columbia, permanent or temporary indefinite, who—

(1) is a member of a Reserve component of the armed forces, as described in section 261 of title 10, or the National Guard, as described in section 101 of title 32;

(2) performs, for the purpose of providing military aid to enforce the law or providing assistance to civil authorities in the protection or saving of life or property or prevention of injury—

(A) Federal service under section 331, 332, 333, 3500, or 8500 of title 10, or other provision of law, as applicable, or

(B) full-time military service for his State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory of the United States; and

(3) requests and is granted—

(A) leave under the authority of this section; or

(B) annual leave, which may be granted without regard to the provisions of sections 5519 and 6323(b) of title 5, if such employee is otherwise entitled to such annual leave:

*Provided*, That any employee who requests leave under subsection (3)(A) for service described in subsection (2) of this section is entitled to such leave, subject to the provisions of this section and of the last sentence of section 6323(b) of title 5, and such leave shall be considered leave under section 6323(b) of title 5.

SEC. [8090] 8039. Funds appropriated by this Act for the American Forces Information Service shall not be used for any national or international political or psychological activities.

SEC. [8110] 8040. (a) Notwithstanding any other provision of law, funds made available to the Department of Defense in fiscal year 1991 and thereafter, shall be used to establish and maintain as part of the wartime energy reserve of the United States, a stockpile in Israel for petroleum fuels of military utility equal to 4,500,000 barrels.

(b) The stockpile referred to in subsection (a) shall be—

(1) configured to meet the wartime needs and combined military training requirements of the United States and Israel, and

(2) owned by the United States and operated jointly by the United States Department of Defense and Israel.

(c) In the event of a wartime emergency or a state of heightened military readiness on the part of Israel, the President of the United States may direct that Israel be permitted to draw upon all or part of the stockpile of petroleum product referred to in subsection (a), if the President—

(1) determines it is in the national interest of the United States, and

(2) so reports to Congress in accordance with section 652 of the Foreign Assistance Act of 1961 as amended.

(d) Negotiations, leading to an agreement by July 30, 1991, shall begin immediately to bring the fuel stockpile referred to in subsection (a) to full operational readiness no later than September 30, 1993.

(e) For purposes of this section, the term "petroleum product" shall refer to all petroleum, oils and lubricants required for military operations.

(f) The provisions of this section are effective immediately upon the enactment of this Act.

#### (TRANSFER OF FUNDS)

SEC. [8117] 8041. (a) Of the funds for the procurement of supplies or services appropriated by this Act, qualified nonprofit agencies for

the blind or other severely handicapped shall be afforded the maximum practicable opportunity to participate as subcontractors and suppliers in the performance of contracts let by the Department of Defense.

[(b) During fiscal year 1991, a business concern which has negotiated with a military service or defense agency a subcontracting plan for the participation by small business concerns pursuant to section 8(d) of the Small Business Act (15 U.S.C. 637(d)) shall be given credit toward meeting that subcontracting goal for any purchases made from qualified nonprofit agencies for the blind or other severely handicapped.]

[(c) (b) For the purpose of this section, the phrase "qualified nonprofit agency for the blind or other severely handicapped" means a nonprofit agency for the blind or other severely handicapped that has been approved by the Committee for the Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act (41 U.S.C. 46-48).]

[(d) Within 180 days of the enactment of this Act, the Department of Defense Supplement to the Federal Acquisition Regulation shall be modified to implement paragraph (b).]

SEC. 8042. During each of the fiscal years 1992 and 1993, the Navy may provide notice to exercise options under the LEASAT program for the next fiscal year, in accordance with the terms of the Aide Memoire, dated January 5, 1981, as amended by the Aide Memoire dated April 30, 1986, and as implemented in the LEASAT contract.

SEC. 8043. There is established an account entitled, "Foreign National Employees Separation Pay Account, Defense": *Provided*, That there shall be deposited to this account: (a) all amounts previously obligated for the separation pay of foreign national employees of the Department of Defense from appropriations which are no longer available for obligation and (b) all amounts obligated for the separation pay of foreign national employees of the Department of Defense from appropriations available for obligation during the current fiscal year and hereafter: *Provided further*, That amounts deposited to the Account shall remain available until expended.

SEC. 8044. During the current fiscal year and hereafter, for the purpose of installing equipment with funds appropriated for that purpose, additional obligations may be incurred in appropriations available to the Department of Defense for the procurement and installation of equipment when obligations were incurred during the period of availability of those appropriations for the procurement of such equipment but obligations for the installation of such equipment were not able to be incurred before the expiration of the period of availability for those appropriations.

SEC. 8045. The appropriation, "Foreign Currency Fluctuations, Defense" shall be available hereafter to transfer funds between that account and appropriations available to the Department of Defense for military personnel expenses with regard to obligations incurred after September 30, 1991: *Provided*, That in transferring funds between the "Foreign Currency Fluctuations, Defense" appropriation and appropriations for military personnel expenses, the substantial gains and losses to the appropriations for military personnel expenses caused by fluctuations in foreign currency exchange rates that vary substantially from those used in preparing budget submissions may be based upon budgetary estimates rather than accounting records: *Provided further*, That transfers may be made from the working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, to the appropriation "Foreign Currency Fluctuations, Defense" to be merged with and be available for the same time period and the same purposes as the appropriation to which transferred: *Provided further*, That during the five year period after appropriations (other than appropriations for military construction) available to the Department of Defense have expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations (other than appropriations for military construction) may be transferred into the appropriation "Foreign Currency Fluctuations, Defense" to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred: *Provided further*, That any transfer made pursuant to any use of the authority provided by the foregoing proviso shall be limited so that the amount in the appropriations "Foreign Currency Fluctuations,



Defense" does not exceed \$970,000,000 at the time such a transfer is made: Provided further, That section 791 of the Department of Defense Appropriations Act, 1983 (Public Law 97-377; 96 Stat. 1865) is repealed.

SEC. 8046. During the current fiscal year, after April 1, 1992, with-drawal credits may be made by the Defense Business Operations Fund to the credit of current applicable appropriations of an activity of the Department of Defense in connection with the acquisition by that activity of supplies that are repairable components which are repairable at a repair depot and that are capitalized into the Defense Business Operating Fund as the result of management changes concerning depot level repairable assets charged to an activity of the Department of Defense which is a customer of the Defense Business Operations Fund that becomes effective on April 1, 1992.

SEC. 8047. During the current fiscal year, upon a determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, make transfers from appropriations available to the Department of Defense to the fund established by section 1013(d) of the Demonstration and Metropolitan Development Act of 1966 (42 U.S.C. 3374(d)), to be merged with and be available for the same purposes, and for the same time period, as the appropriations to such fund.

SEC. 8048. During the current fiscal year and hereafter, none of the funds appropriated for intelligence programs to the Department of Defense which are transferred to another Federal agency for execution shall be expended by the Department of Defense in any fiscal year in excess of amounts required for expenditure during such fiscal year by the Federal agency to which such funds are transferred.

SEC. 8049. Of the funds appropriated for fiscal year 1991, under the heading "Aircraft Procurement, Navy" for the V-22 Osprey program, \$165,000,000 are transferred to the appropriation, "Research, Development, Test, and Evaluation, Navy, 1991/1992", to be merged with and to be available for the same purposes and the same time period as the appropriation to which transferred.

SEC. 8050. Section 8110 of the Department of Defense Appropriations Act, 1991 (Public Law 101-511; 104 Stat. 1877) is repealed.

SEC. 8051. During the current fiscal year, except with respect to dependents of military members in grades E-1 through E-4, the Secretary of Defense may prescribe higher deductible amounts than otherwise provided for by section 8064 of the Department of Defense Appropriations Act, 1991 (Public Law 101-511; 104 Stat. 1888) and the Secretary may establish partial restrictions on the availability of care (other than emergency care) in facilities of the uniformed services in the case of beneficiaries eligible for enrollment under health care plans contracted for under section 1097 of title 10, United States Code, who chose not to enroll in such plans.

SEC. 8052. During the current fiscal year, net receipts pursuant to collections from third party payers pursuant to section 1095 of title 10, United States Code, shall be made available to the local facility of the uniformed services responsible for the collections and shall be over and above the facility's direct budget amount.

#### (TRANSFER OF FUNDS)

SEC. 8053. Upon enactment of this Act, the Secretary of Defense shall make the following transfer of funds: Provided, That the amounts transferred shall be available for the same purposes as the appropriations to which transferred, and for the same time period of the appropriation from which transferred: Provided further, That funds shall be transferred between the following appropriations in the amounts specified:

From:

Under the heading, "Research, Development, Test, and Evaluation, Navy, 1991/1992", \$4,300,000;

Under the heading, "Weapons Procurement, Navy, 1990/1992", \$12,800,000;

Under the heading, "Aircraft Procurement, Navy, 1991/1993", \$15,100,000;

Under the heading, "Weapons Procurement, Navy, 1991/1993", \$37,800,000;

Under the heading, "Other Procurement, Navy, 1991/1993", \$12,400,000;

Under the heading, "Procurement, Marine Corps, 1991/1993", \$29,300,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1989/1993";

DDG-51 destroyer program, \$46,400,000.

Under the heading, "Shipbuilding and Conversion, Navy, 1990/1994":

USCG Patrol Boat Program, \$3,600,000;  
Under the heading, "Shipbuilding and Conversion, Navy, 1991/1995":

TRIDENT ballistic missile submarine program, \$28,900,000;

DDG-51 destroyer program, \$64,900,000;

Oceanographic program, \$43,100,000;

AOE-6 fast combat support ship program, \$398,200,000;

To:

Under the heading, "Shipbuilding and Conversion, Navy, 1985/1989":

TRIDENT ballistic missile submarine program, \$17,300,000;

MCM Mine Countermeasures ship program, \$7,300,000;

TAO Fleet Oiler program, \$3,500,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1986/1990":

SSN-688 attack submarine program, \$18,900,000;

MHC coastal mine hunter program \$6,900,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1987/1991":

TRIDENT ballistic missile submarine program, \$9,600,000;

SSN-688 attack submarine program, \$113,600,000;

DDG-51 destroyer program, \$22,100,000;

AOE-6 fast combat support ship program, \$13,700,000;

TAGOS ocean surveillance ship program, \$400,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1988/1992":

TRIDENT Ballistic missile submarine program, \$67,200,000;

SSN-688 attack submarine program, \$29,600,000;

LSD(CV) amphibious dock landing (cargo variant) ship program, \$5,700,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1989/1993":

TRIDENT Ballistic missile submarine program, \$91,800,000;

SSN-688 attack submarine program, \$52,800,000;

SSN-21 attack submarine program, \$4,500,000;

MHC coastal minehunter program, \$13,900,000;

AOE-6 fast combat support ship program, \$18,200,000;

TAGOS ocean surveillance ship program, \$10,800,000;

AO auxiliary oiler conversion ship program, \$5,500,000;

Under the heading, "Shipbuilding and Conversion, Navy, 1990/1994":

TRIDENT ballistic missile submarine program, \$23,000,000;

SSN-688 attack submarine program, \$59,700,000;

DDG-51 destroyer program, \$66,500,000;

MCM Mine Countermeasures ship program, \$12,300,000;

AOE-6 fast combat support ship program, \$8,500,000;

AO auxiliary oiler conversion ship program, \$4,500,000;

MTS(C) moored training ship conversion program, \$9,000,000. (Department of Defense Appropriations Act, 1991.)

## GENERAL PROVISIONS—MILITARY CONSTRUCTION

SEC. 101. None of the funds appropriated in this Act shall be expended for payments under a cost-plus-a-fixed-fee contract for work, where cost estimates exceed \$25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor.

SEC. 102. Funds herein appropriated to the Department of Defense for construction shall be available for hire of passenger motor vehicles.

SEC. 103. Funds appropriated to the Department of Defense for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

SEC. 104. None of the funds appropriated in this Act may be used to begin construction of new bases inside the continental United States for which specific appropriations have not been made.

SEC. 105. No part of the funds provided in this Act shall be used for purchase of land or land easements in excess of 100 per centum of the value as determined by the Corps of Engineers or the Naval Facilities Engineering Command, except (a) where there is a determination of value by a Federal court, or (b) purchases negotiated by the Attorney General or his designee, or (c) where the estimated value is less than



\$25,000, or (d) as otherwise determined by the Secretary of Defense to be in the public interest.

SEC. 106. None of the funds appropriated in this Act shall be used to (1) acquire land, (2) provide for site preparation, or (3) install utilities for any family housing, except housing for which funds have been made available in annual military construction appropriation Acts.

SEC. 107. None of the funds appropriated in this Act for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations.

SEC. 108. No part of the funds appropriated in this Act may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.

SEC. 109. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year and the following fiscal year may be used to pay real property taxes in any foreign nation.

SEC. 110. None of the funds appropriated in this Act may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations.

SEC. [112] 111. None of the funds appropriated in this Act for military construction in the United States territories and possessions in the Pacific and on Kwajalein Island may be used to award any contract estimated by the Government to exceed \$1,000,000 to a foreign contractor: *Provided*, That this section shall not be applicable to contract awards for which the lowest responsive and responsible bid of a United States contractor exceeds the lowest responsive and responsible bid of a foreign contractor by greater than 20 per centum.

#### (TRANSFER OF FUNDS)

SEC. [114] 112. Unexpended balances in the Military Family Housing Management Account established pursuant to section 2831 of title 10, United States Code, as well as any additional amounts which would otherwise be transferred to the Military Family Housing Management Account during the current fiscal year [1991] and the following fiscal year, shall be transferred to the appropriations for Family Housing provided in this Act, as determined by the Secretary of Defense, based on the sources from which the funds were derived, and shall be available for the same purposes, and for the same time period, as the appropriation to which they have been transferred.

SEC. [115] 113. Not more than 20 per centum of the appropriations in this Act which are limited for obligation during [the current] a single fiscal year shall be obligated during the last two months of [the] such fiscal year.

#### (TRANSFER OF FUNDS)

SEC. [116] 114. Funds appropriated to the Department of Defense for construction in prior years are hereby made available for construction authorized for each such military department by the authorizations enacted into law during the [second session of the] One Hundred [First] Second Congress.

SEC. [118] 115. For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects and on subsequent claims, if any.

SEC. [119] 116. Notwithstanding any other provision of law, any funds appropriated to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were appropriated if the funds obligated for such project (1) are obligated from funds available for military construction projects, and (2) do not exceed the amount appropriated for such project, plus any amount by which the cost of such project is increased pursuant to law.

SEC. [120] 117. Of the funds appropriated in this Act for Operations and maintenance of Family Housing, no more than \$16,000,000 during the current fiscal year and no more than \$16,000,000 during the following fiscal year may be obligated for contract cleaning of family housing units.

SEC. [121] 118. None of the funds appropriated in this Act may be used for the design, construction, operation or maintenance of new family housing units in the Republic of Korea in connection with any increase in accompanied tours after June 6, 1988.

SEC. 119. During the five year period after appropriations available to the Department of Defense for military construction and family housing operation and maintenance and construction have expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations may be transferred into the appropriation "Foreign Currency Fluctuations, Construction, Defense" to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred: *Provided*, That the next to the last proviso of section 121 of the Military Construction Appropriations Act, 1987, (Public Law 99-500; 100 Stat. 1783-294 and Public Law 99-591; 100 Stat. 3341-294) is repealed.

SEC. 120. During fiscal year 1993, appropriations available to the Department of Defense for military construction shall be available for real property maintenance activities of the Department of Defense.

SEC. 121. During fiscal years 1992 and 1993 obligations may be incurred in the Defense Business Operating Fund for military construction projects, as authorized by law, in not to exceed the following amounts: For fiscal year 1992, \$420,230,000; For fiscal year 1993, \$74,110,000. (Military Construction Appropriations Act, 1991.)



# DEPARTMENT OF DEFENSE—CIVIL

## CEMETERIAL EXPENSES, ARMY

### Federal Funds

#### General and special funds:

#### SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of three passenger motor vehicles for replacement only, and not to exceed \$1,000 for official reception and representation expenses; **[\$12,236,000]** \$12,587,000, to remain available until expended. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991.)

#### Program and Financing (in thousands of dollars)

Identification code 21-1805-0-1-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>			
00.01 Operation and maintenance .....	7,084	7,438	7,337
00.02 Administration .....	355	455	430
00.03 Special construction, Arlington National Cemetery .....	5,394	4,778	4,820
10.00 Total obligations .....	12,833	12,671	12,587
<b>Financing:</b>			
17.00 Recovery of prior year obligations .....	-492		
21.40 Unobligated balance available, start of year .....	-402	-436	
24.40 Unobligated balance available, end of year .....	436		
40.00 Budget authority (appropriation) .....	12,374	12,236	12,587
<b>Relation of obligations to outlays:</b>			
71.00 Total obligations .....	12,833	12,671	12,587
72.40 Obligated balance, start of year .....	7,990	8,483	8,883
74.40 Obligated balance, end of year .....	-8,483	-8,883	-9,928
78.00 Adjustments in unexpired accounts .....	-492		
90.00 Outlays .....	11,848	12,271	12,542

*Operation and maintenance.*—Funds requested will provide for contractual services, necessary operating supplies and equipment, and personnel.

*Administration.*—Provision is made for determining eligibility for burial; management of Arlington and Soldiers' and Airmen's Home National Cemeteries; and administrative support.

*Special construction, Arlington National Cemetery.*—Funds requested will provide for repair of damage caused by rain-water leaks at the memorial amphitheater.

#### Object Classification (in thousands of dollars)

Identification code 21-1805-0-1-705	1990 actual	1991 est.	1992 est.
<b>Personnel compensation:</b>			
11.1 Full-time permanent .....	2,927	3,319	3,464
11.3 Other than full-time permanent .....	252	75	75
11.5 Other personnel compensation .....	101	60	60
11.9 Total personnel compensation .....	3,280	3,454	3,599
12.1 Civilian personnel benefits .....	892	782	831
21.0 Travel and transportation of persons .....	1	4	5
22.0 Transportation of things .....	2	3	3
23.3 Communications, utilities, and miscellaneous charges .....	283	284	308
24.0 Printing and reproduction .....	28	35	35
25.0 Other services .....	2,623	2,445	2,332
26.0 Supplies and materials .....	380	431	429
31.0 Equipment .....	212	430	193
32.0 Land and structures .....	5,132	4,803	4,852
99.9 Total obligations .....	12,833	12,671	12,587

### Personnel Summary

Total compensable workyears:			
Full-time equivalent employment .....	135	140	140
Full-time equivalent of overtime and holiday hours .....	3	2	2

**MILITARY RETIREMENT***Federal Funds***General and special funds:****PAYMENT TO MILITARY RETIREMENT FUND****Program and Financing (in thousands of dollars)**

Identification code 97-0040-0-1-054	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 13.0) .....	10,596,000	10,782,000	11,402,000	12,057,000
<b>Financing:</b>				
60.05 Budget authority (appropriation) (indefinite) .....	10,596,000	10,782,000	11,402,000	12,057,000
<b>Relation of obligations to outlays:</b>				
71.00 Total obligations .....	10,596,000	10,782,000	11,402,000	12,057,000
90.00 Outlays .....	10,596,000	10,782,000	11,402,000	12,057,000

The 1992 and 1993 payments to the military retirement fund include funds for the amortization of the unfunded liability for all retirement benefits earned by military personnel for service prior to 1985. The amortization schedule for the unfunded liability was determined by the DOD Retirement Board of Actuaries. Included in the unfunded liability are the consolidated requirements of the military depart-



ments to cover: (a) retired officers and enlisted personnel of the Army, Navy, Marine Corps, and Air Force; (b) retainer pay of enlisted personnel of the Fleet Reserve of the Navy and Marine Corps; and (c) survivors benefits.

## RETIRED PAY, DEFENSE

## Program and Financing (in thousands of dollars)

Identification code	97-0030-0-1-602	1990 actual	1991 est.	1992 est.
Relation of obligations to outlays:				
71.00	Total obligations			
72.10	Receivables in excess of obligations, start of year	-272	-603	-603
74.10	Receivables in excess of obligations, end of year	603	603	603
77.00	Adjustments in expired accounts	1,398		
90.00	Outlays	1,729		

## Trust Funds

## MILITARY RETIREMENT FUND

## Program and Financing (in thousands of dollars)

Identification code	97-8097-0-7-602	1990 actual	1991 est.	1992 est.
Program by activities:				
00.01	Nondisability	18,569,934	19,795,200	21,255,500
00.02	Temporary disability	99,296	105,700	113,500
00.03	Permanent disability	1,371,122	1,460,900	1,568,700
00.04	Fleet Reserve	696,402	742,600	797,300
00.05	Survivors' benefits	943,129	1,002,700	1,076,700
10.00	Total obligations (object class 42.0)	21,679,883	23,107,100	24,811,700
Financing:				
17.00	Recovery of prior year obligations	-15,313		
Unobligated balance available, start of year:				
21.40	Treasury balance	-8,223	-10,541	-3,000
U.S. securities:				
21.41	Par value	-51,843,743	-62,994,026	-80,250,767
21.42	Unamortized premium or discount, net	-11,597,957	-12,642,913	-8,000,000
21.42	Interest purchased	-53,923	-161,970	
Unobligated balance available, end of year:				
24.40	Treasury balance	10,541	3,000	3,000
U.S. securities:				
24.41	Par value	62,994,026	80,250,767	92,313,267
24.42	Unamortized premium or discount, net	12,642,913	8,000,000	8,000,000
24.42	Interest purchased	161,970		
60.05	Budget authority (appropriation) (indefinite)	33,970,174	35,551,417	36,874,200
Relation of obligations to outlays:				
71.00	Total obligations	21,679,883	23,107,100	24,811,700
Obligated balance available, start of year:				
U.S. securities:				
72.41	Par value	1,642,999	1,758,000	1,896,433
72.42	Unamortized premium or discount, net	84,058	90,033	83,000
72.42	Interest purchased	2,000	2,000	
Obligated balance available, end of year:				
U.S. securities:				
74.41	Par value	-1,758,000	-1,896,433	-2,035,333
74.42	Unamortized premium or discount, net	-90,033	-83,000	-83,000
74.42	Interest purchased	-2,000		
78.00	Adjustments in unexpired accounts	-15,313		
90.00	Outlays	21,543,594	22,977,700	24,672,800

Public Law 98-94 provided for accrual funding of the military retirement system and for the establishment of a Department of Defense Military Retirement Fund in 1985. The fund is financed through: (a) Federal contributions for retired pay and retirement pay of military personnel on the retired lists of the Army, Navy and Marine Corps, and Air Force, including the reserve components thereof, and retainer pay for personnel of the Inactive Fleet Reserve; (b) Government contributions consisting of a normal cost accrual percentage applied to

basic pay amounts contained in the military personnel appropriations; and (c) interest on investments.

The status of the fund is as follows:

## STATUS OF FUND

(In thousands of dollars)

	1990 actual	1991 est.	1992 est.
Unexpended balance, start of year:			
Cash	8,223	10,541	3,000
U.S. securities (par)	53,486,742	64,752,026	82,147,200
Unamortized premiums/discounts (-)	11,682,015	12,732,946	8,083,000
Interest purchased	55,923	163,970	
Balance of trust fund, start of year	65,232,903	77,659,483	90,233,200
Cash income for the year (intragovernmental receipts):			
Employer's contribution:			
Appropriation: DOD Military	16,314,727	16,245,000	16,151,400
Appropriation: Corps of Engineers	9,000	9,400	9,800
Total, employer's contribution	16,323,727	16,254,400	16,161,200
General fund payment (unfunded liability)	10,596,000	10,782,000	11,402,000
Earnings on investments	7,050,447	8,515,017	9,311,000
Total cash income	33,970,174	35,551,417	36,874,200
Cash outgo during the year: Payments to retirees—existing law	21,543,594	22,977,700	24,672,800
Net income or outgo (-)	12,426,580	12,573,717	12,201,400
Unexpended balance, end of year:			
Cash	10,541	3,000	3,000
U.S. securities (par)	64,752,026	82,147,200	94,348,600
Unamortized premiums/discounts (-)	12,732,946	8,083,000	8,083,000
Interest purchased	163,970		
Balance of trust fund, end of year	77,659,483	90,233,200	102,434,600

## EDUCATION BENEFITS

## Trust Funds

## EDUCATION BENEFITS FUND

## Program and Financing (in thousands of dollars)

Identification code	97-8098-0-7-702	1990 actual	1991 est.	1992 est.
Program by activities:				
00.01	Active duty program	42,710	51,700	52,400
00.02	Selected reserve program	87,334	95,000	101,300
10.00	Total obligations (object class 25.0)	130,044	146,700	153,700
Financing:				
Unobligated balance available, start of year:				
U.S. securities:				
21.41	Par value	-665,253	-686,439	-740,989
21.42	Unamortized premium or discount, net	-45,844	-52,865	
21.42	Interest purchased	-1,000	-785	
Unobligated balance available, end of year:				
U.S. securities:				
24.41	Par value	686,439	740,989	712,889
24.42	Unamortized premium or discount, net	52,865		
24.42	Interest purchased	785		
60.05	Budget authority (appropriation) (indefinite)	158,036	147,600	125,600
Relation of obligations to outlays:				
71.00	Total obligations	130,044	146,700	153,700
90.00	Outlays	130,044	146,700	153,700

The 1985 Defense Authorization Bill, Public Law 98-525, provided for the accrual funding of certain new education benefits to be provided to active duty military personnel under the authority of Chapter 30, Title 38 U.S.C., and to Selected Reserve personnel under the authority of Chapter 106, Title 10 U.S.C. Public Law 100-48 made this program permanent. The fund is financed through: (a) actuarially-determined Government contributions from the Department of Defense military personnel appropriations; and (b) interest on investments. Funds are transferred to the Veterans Adminis-



## EDUCATION BENEFITS FUND—Continued

tration to make benefit payments to eligible personnel. The status of the fund is as follows:

## STATUS OF FUND

(In thousands of dollars)

	1990 actual	1991 est.	1992 est.
Unexpended balance, start of year:			
U.S. securities (par) .....	665,253	686,439	740,989
Unamortized premiums/discounts (—) .....	45,844	52,865	
Interest purchased .....	1,000	785	
Balance of trust fund, start of year .....	712,097	740,089	740,989
Cash income for the year:			
Employer's contribution:			
Appropriation, DOD Military .....	100,427	95,824	81,209
Earnings on investments .....	57,609	51,776	44,391
Total cash income .....	158,036	147,600	125,600
Cash outgo during the year:			
Benefit payments .....	130,044	146,700	153,700
Net income or outgo (—) .....	27,992	900	—28,100
Unexpended balance, end of year:			
U.S. securities (par) .....	686,439	740,989	712,889
Unamortized premiums/discounts (—) .....	52,865		
Interest purchased .....	785		
Balance of trust fund, end of year .....	740,089	740,989	712,889

## SOLDIERS' AND AIRMEN'S HOME

## Trust Funds

## OPERATION AND MAINTENANCE

For maintenance and operation of the United States Soldiers' and Airmen's Home, to be paid from the [Soldiers' and Airmen's Home permanent fund] *Armed Forces Retirement Home Trust Fund*, [\$41,583,000] \$42,123,000: *Provided*, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army upon recommendation of the Board of Commissioners and the Surgeon General of the Army. (*Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1991.*)

## Program and Financing (in thousands of dollars)

Identification code 84-8931-0-7-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>			
00.01 Direct program .....	38,745	40,581	42,123
01.01 Reimbursable program .....	123	215	226
10.00 Total obligations .....	38,868	40,796	42,349
<b>Financing:</b>			
39.00 Budget authority (gross) .....	38,868	40,796	42,349
Budget authority:			
Current:			
40.00 Appropriation .....	38,745	41,583	42,123
40.75 Reduction pursuant to P.L. 101-519 .....		—1,002	
43.00 Appropriation (adjusted) .....	38,745	40,581	42,123
Permanent:			
68.00 Spending authority from offsetting collections .....	123	215	226
Relation of obligations to outlays:			
71.00 Total obligations .....	38,868	40,796	42,349
72.40 Obligated balance, start of year .....	4,339	4,463	4,648
74.40 Obligated balance, end of year .....	—4,463	—4,648	—4,804
77.00 Adjustments in expired accounts .....	—208		
87.00 Outlays (gross) .....	38,536	40,611	42,193

## Adjustments to budget authority and outlays:

Deductions for offsetting collections:			
88.40 Non-Federal sources .....	—123	—215	—226
88.90 Total, offsetting collections .....	—123	—215	—226
89.00 Budget authority (net) .....	38,745	40,749	43,750
90.00 Outlays (net) .....	38,413	40,396	41,967

The U.S. Soldiers' and Airmen's Home provides medical and domiciliary care and other authorized benefits for the relief and support of certain retired soldiers of the regular Army and airmen of the Air Force.

The average number of members receiving domiciliary and hospital care are shown below:

	1990 actual	1991 est.	1992 est.
Domiciliary care .....	1,577	1,650	1,700
Hospital care .....	346	350	357
Total members .....	1,923	2,000	2,057

## Object Classification (in thousands of dollars)

Identification code 84-8931-0-7-705	1990 actual	1991 est.	1992 est.
<b>Direct obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	21,138	21,845	22,761
11.3 Other than full-time permanent .....	1,690	1,758	1,831
11.5 Other personnel compensation .....	1,354	1,507	1,570
11.9 Total personnel compensation .....	24,182	25,110	26,162
12.1 Civilian personnel benefits .....	4,677	4,744	4,886
13.0 Benefits for former personnel .....	15	15	15
21.0 Travel and transportation of persons .....	3	7	7
22.0 Transportation of things .....	16		
23.2 Rental payments to others .....	46		
23.3 Communications, utilities, and miscellaneous charges .....	1,035	1,183	1,720
24.0 Printing and reproduction .....	32	30	36
25.0 Other services .....	2,915	3,516	3,209
26.0 Supplies and materials .....	5,211	5,392	5,808
31.0 Equipment .....	597	577	278
42.0 Insurance claims and indemnities .....	15	7	2
99.0 Subtotal, direct obligations .....	38,744	40,581	42,123
99.0 Reimbursable obligations .....	123	215	226
99.9 Total obligations .....	38,868	40,796	42,349

## Personnel Summary

## NONMEMBER EMPLOYEES

Total compensable workyears:			
Full-time equivalent employment .....	794	794	794
Full-time equivalent of overtime and holiday hours .....	16	16	16

## MEMBER EMPLOYEES

Total compensable workyears:			
Full-time equivalent employment .....	177	176	176
Full-time equivalent of overtime and holiday hours .....	3	3	3

## CAPITAL OUTLAY

For construction and renovation of the physical plant, to be paid from the [Soldiers' and Airmen's Home permanent fund] *Armed Forces Retirement Home Trust Fund*, [\$11,500,000] \$4,220,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1991.*)

## Program and Financing (in thousands of dollars)

Identification code 84-8932-0-7-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>			
10.00 Total obligations (object class 32.0) .....	36,362	13,912	6,470
<b>Financing:</b>			
21.40 Unobligated balance available, start of year .....	—32,676	—5,689	—3,000



24.40	Unobligated balance available, end of year.....	5,689	3,000	750
39.00	<b>Budget authority</b> .....	<b>9,375</b>	<b>11,223</b>	<b>4,220</b>
Budget authority:				
40.00	Appropriation.....	9,375	11,500	4,220
40.75	Reduction pursuant to P.L. 101-519.....		-277	
43.00	<b>Appropriation (adjusted)</b> .....	<b>9,375</b>	<b>11,223</b>	<b>4,220</b>
Relation of obligations to outlays:				
71.00	Total obligations.....	36,362	13,912	6,470
72.40	Obligated balance, start of year.....	23,064	38,823	31,239
74.40	Obligated balance, end of year.....	-38,823	-31,239	-13,676
90.00	Outlays.....	20,602	21,496	24,033

This appropriation finances renovation and construction of the physical plant of the U.S. Soldiers' and Airmen's Home.

## PAYMENT OF CLAIMS

## Program and Financing (in thousands of dollars)

Identification code	84-8930-0-7-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>				
10.00	Total obligations (object class 42.0).....		5	5
<b>Financing:</b>				
60.05	<b>Budget authority (appropriation) (indefinite)</b> .....		5	5
Relation of obligations to outlays:				
71.00	Total obligations.....		5	5
90.00	Outlays.....		5	5

Refunds are made from the permanent fund of amounts of courts-martial fines and other charges erroneously deducted from the pay of soldiers and airmen after adjudication of claims therefor by the General Accounting Office.

## ARMED FORCES RETIREMENT HOME TRUST FUND

## Amounts Available for Appropriation (in thousands of dollars)

Identification code	84-8930-0-7-705	1990 actual	1991 est.	1992 est.
<b>U.S. SOLDIER'S AND AIRMEN'S HOME</b>				
01.00	Unappropriated balance, start of year:.....			
	Treasury balance.....	160,354	151,754	146,024
Receipts:				
02.01	Interest.....	12,190	15,819	15,978
02.02	Fines, forfeitures, withheld pay, and contributions.....	22,434	25,321	24,056
02.03	Member fees and other receipts.....	4,896	4,939	6,814
02.99	Total receipts.....	39,520	46,079	46,507
04.00	Total: Available for appropriation.....	199,874	197,833	192,872
Appropriations:				
05.01	Operation and maintenance.....	-38,745	-40,581	-42,123
05.02	Capital outlay.....	-9,375	-11,223	-4,220
05.03	Payment of certified claims.....		-5	-5
05.99	Total appropriations.....	-48,120	-51,809	-46,348
Unappropriated balance, end of year:				
07.00	Treasury balance.....	151,754	146,024	146,524

## U.S. NAVAL HOME

01.00	Unappropriated balance, start of year:			
	Treasury balance.....			7,500
Receipts:				
02.01	Interest.....			545
02.02	Fines, forfeitures, withheld pay, and contributions.....		7,500	29,426
02.03	Member fees and other receipts.....			1,205
02.99	Total receipts.....		7,500	31,176
04.00	Total available for appropriation.....		7,500	38,676

Appropriations:				
05.01	Operation and maintenance.....			10,055
05.02	Capital program.....			1,253
05.99	Total appropriations.....			11,308
Unappropriated balance, end of year:				
07.00	Treasury balance.....		7,500	27,368

The 1991 Defense Authorization Act, P.L. 101-510, created an Armed Forces Retirement Home Trust Fund to finance the United States Soldier's and Airmen's Home and the United States Naval Home. The homes, which are currently in operation, will be financed by appropriations drawn from the trust fund. The homes will be administered by directors appointed by the Secretary of Defense with oversight provided by the Retirement Home Board.

## SOLDIERS' AND AIRMEN'S HOME REVOLVING FUND

## Program and Financing (in thousands of dollars)

Identification code	84-8463-0-8-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>				
10.00	Total obligations (object class 32.0).....	626	628	875
<b>Financing:</b>				
21.90	Unobligated balance available, start of year: Fund balance.....	-202	-272	-272
24.90	Unobligated balance available, end of year: Fund balance.....	272	272	272
68.00	<b>Budget authority (spending authority from off-setting collections)</b> .....	<b>696</b>	<b>628</b>	<b>875</b>
Relation of obligations to outlays:				
71.00	Total obligations.....	626	628	875
72.90	Obligated balance, start of year: Fund balance.....	54	70	70
74.90	Obligated balance, end of year: Fund balance.....	-70	-70	-70
87.00	Outlays (gross).....	611	628	875
Adjustments to budget authority and outlays:				
Deductions for offsetting collections:				
88.30	Trust funds.....	-696	-628	-875
88.90	Total, offsetting collections.....	-696	-628	-875
90.00	Outlays (net).....	-85		

This fund finances, on a reimbursable basis, inventories of supplies and equipment for use in the operating activities of the Soldiers' and Airmen's Home. The fund does not finance the acquisition of major items of equipment.

## UNITED STATES NAVAL HOME

## Trust Funds

## OPERATION AND MAINTENANCE

For operation and maintenance of the United States Naval Home, to be paid from funds available to the Naval Home in the Armed Forces Retirement Home Trust Fund, \$10,055,000.

## Program and Financing (in thousands of dollars)

Identification code	97-8332-0-7-705	1990 actual	1991 est.	1992 est.
<b>Program by activities:</b>				
10.00	Total obligations.....			10,055
<b>Financing:</b>				
40.00	<b>Budget authority (appropriation)</b> .....			<b>10,055</b>
Relation of obligations to outlays:				
71.00	Total obligations.....			10,055
74.40	Obligated balance, end of year.....			-80
90.00	Outlays.....			9,975

## OPERATION AND MAINTENANCE—Continued

## Object Classification (in thousands of dollars)

Identification code 97-8332-0-7-705	1990 actual	1991 est.	1992 est.
Personnel compensation:			
11.1 Full-time permanent.....			4,642
11.8 Special personal services payments.....			290
11.9 Total personnel compensation.....			4,932
12.1 Civilian personnel benefits.....			937
21.0 Travel and transportation of persons.....			80
23.3 Communications, utilities, and miscellaneous charges.....			743
24.0 Printing and reproduction.....			5
25.0 Other services.....			2,511
26.0 Supplies and materials.....			674
31.0 Equipment.....			173
99.9 Total obligations.....			10,055

## Personnel Summary

Total compensable workyears: Full-time equivalent employment.....	181
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## CAPITAL PROGRAM

For construction and renovation of the physical plant to be paid from funds available to the Naval Home in the Armed Forces Retirement Home Trust Fund, \$1,253,000, to remain available until expended.

## Program and Financing (in thousands of dollars)

Identification code 97-8331-0-7-705	1990 actual	1991 est.	1992 est.
Program by activities:			
10.00 Total obligations (object class 32.0).....			1,253
Financing:			
40.00 Budget authority (appropriation).....			1,253
Relation of obligations to outlays:			
71.00 Total obligations.....			1,253
74.40 Obligated balance, end of year.....			-682
90.00 Outlays.....			571

FOREST AND WILDLIFE CONSERVATION,  
MILITARY RESERVATIONS

## Federal Funds

## General and special funds:

## FOREST PRODUCTS PROGRAM RESERVE ACCOUNT

## Program and Financing (in thousands of dollars)

Identification code 21-5285-0-2-302	1990 actual	1991 est.	1992 est.
Financing:			
21.40 Unobligated balance available, start of year.....	-2,628	-1,505	-1,505
24.40 Unobligated balance available, end of year.....	1,505	1,505	1,505
60.25 Budget authority (appropriation) (indefinite).....	-1,123		
Relation of obligations to outlays:			
71.00 Total obligations.....			
90.00 Outlays.....			

Title 10 of United States Code 2665 authorizes the Department of Defense to retain all of its annual surplus forest products income. The funds may be used to reimburse unplanned expenses in forest management and forest improvement projects.

## WILDLIFE CONSERVATION

## Program and Financing (in thousands of dollars)

Identification code 97-5095-0-2-303	1990 actual	1991 est.	1992 est.
Program by activities:			
00.01 Department of the Army.....	1,426	1,900	1,750
00.02 Department of the Navy.....	213	350	375
00.03 Department of the Air Force.....	326	650	650
10.00 Total obligations.....	1,965	2,900	2,775
Financing:			
17.00 Recovery of prior year obligations.....	-23		
21.40 Unobligated balance available, start of year.....	-1,872	-1,932	-1,532
24.40 Unobligated balance available, end of year.....	1,932	1,532	1,357
60.25 Budget authority (appropriation) (indefinite).....	2,002	2,500	2,600
Relation of obligations to outlays:			
71.00 Total obligations.....	1,965	2,900	2,775
72.40 Obligated balance, start of year.....	622	887	1,087
74.40 Obligated balance, end of year.....	-887	-1,087	-1,362
78.00 Adjustments in unexpired accounts.....	-23		
90.00 Outlays.....	1,678	2,700	2,500
Distribution of budget authority by account:			
Department of the Army.....	1,253	1,500	1,575
Department of the Navy.....	252	350	375
Department of the Air Force.....	497	650	650
Distribution of outlays by account:			
Department of the Army.....	1,231	1,922	1,722
Department of the Navy.....	184	248	248
Department of the Air Force.....	263	530	530

These appropriations provide for a program of development and conservation of fish and wildlife and the development of recreational facilities on military reservations. Proceeds from the sale of fishing and hunting permits are used for these programs on the 51 Army, 20 Navy and Marine Corps, and 32 Air Force bases charging such fees. These programs are carried out through cooperative plans agreed upon by the local representatives of the Secretary of Defense, the Secretary of the Interior, and the appropriate agency of the State in which the reservation is located.

## Object Classification (in thousands of dollars)

Identification code 97-5095-0-2-303	1990 actual	1991 est.	1992 est.
11.1 Personnel compensation: Full-time permanent.....	53	106	106
12.1 Civilian personnel benefits.....	13	25	25
21.0 Travel and transportation of persons.....	39	69	69
22.0 Transportation of things.....	10	13	12
23.3 Communications, utilities, and miscellaneous charges.....	5	7	8
24.0 Printing and reproduction.....	26	38	38
25.0 Other services.....	752	1,082	981
26.0 Supplies and materials.....	699	1,025	1,032
31.0 Equipment.....	225	331	286
32.0 Land and structures.....	143	204	218
99.9 Total obligations.....	1,965	2,900	2,775

## Personnel Summary

Total compensable workyears: Full-time equivalent employment.....	4	4	4
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## THE MILDRED AND CLAUDE PEPPER FOUNDATION

## Program and Financing (in thousands of dollars)

Identification code 97-0826-0-1-552	1990 actual	1991 est.	1992 est.
Program by activities:			
10.00 Total obligations (object class 41.0).....	10,000		



Financing:			
40.00	Budget authority (appropriation) .....	10,000	.....
Relation of obligations to outlays:			
71.00	Total obligations .....	10,000	.....
90.00	Outlays .....	10,000	.....

The Department of Defense Appropriations Act, 1990, provided \$10,000,000 for a grant to the Mildred and Claude Pepper Foundation, a charitable foundation that will establish an entity dedicated to making advancements in the area of gerontology and aging research.

### XIII.B PROPOSED REVISIONS IN BUDGET AUTHORITY—INCLUDING SUPPLEMENTALS AND RESCISSIONS

This chapter presents additional information on proposals for the current fiscal year (1991), the budget year (1992), and beyond. Specifically, it includes:

- information on *proposed amendments to or revisions in budget authority* for 1991 that were transmitted to the Congress between the transmittal of the 1991 and 1992 Budgets, as required by the Congressional Budget Act of 1974 (31 U.S.C. 1105(d));
- detailed information on *proposed supplemental appropriations and rescission proposals* for 1991 that are transmitted for congressional consideration in this budget; and,
- information on:
  - accounts authorized to receive, in 1992, *advance appropriations* for 1993 or beyond, as required by the Congressional Budget Act of 1974 (31 U.S.C. 1105(a)(17));

—accounts for which this budget requests a special type of authority in order to avoid supplemental requests late in the fiscal year to meet higher than anticipated benefit payments in excess of the specific amount appropriated for the year. This type of authority is called *advance funding authority*, i.e., authority to charge 1992 or 1993 appropriations for payments to be made late in 1991 or 1992, respectively; and,

—accounts for which *forward funding* exists for 1992 or is requested for 1992 in this budget. Forward funding is budget authority that is made available for obligation beginning in the last quarter of the fiscal year in which it is appropriated for the financing of ongoing grant programs during the next succeeding fiscal year.

### STATEMENT OF AMENDMENTS TO AND REVISIONS IN BUDGET AUTHORITY FOR 1991

(Between the Transmittal of the 1991 and 1992 Budgets)

A statement of all amendments to or revisions in budget authority requested between transmittal of the 1991 budget and the 1992 budget is presented below. This statement is being included in the budget in accordance with the Congressional Budget Act of 1974 (31 U.S.C. 1105(d)).

The modifications to requests for 1991 budget authority that were made through the course of the past year took three forms. If the Congress had not yet acted on a pending request, the President sent amendments to the budget requests transmitted in January 1990. If appropriations had been enacted, the President proposed either supplemental budget authority or rescission of enacted appropriations.

Amendments and requests for supplemental appropriations are printed in the documents of the House of Representatives and the Senate that are identified on the following listing. The President's proposals for rescissions are included in special messages to the Congress under the Impoundment Control Act of 1974 (Public Law 93-344). Both the special messages and monthly cumulative reports on the items they cover are printed in the Federal Register. No rescission proposals were transmitted to the Congress between release of the 1991 and 1992 Budgets.

#### AMENDED AND SUPPLEMENTAL REQUESTS RELATING TO 1991 BUDGET AUTHORITY

Transmitted to Congress on	Agencies affected	Printed as
March 23, 1990.....	International Security Assistance.....	H. Doc. 101-164.
March 29, 1990.....	Department of State .....	H. Doc. 101-166.
	Department of the Treasury.	
	Department of Veterans Affairs.	
	General Service Administration.	
	Department of Agriculture.	
	Department of the Interior.	
	Legislative Branch.	
	Other Independent Agencies.	
April 23, 1990.....	Department of Agriculture.....	H. Doc. 101-176.
	Department of Commerce.	
	Department of Defense.	
	Department of Energy.	
	Department of Health and Human Services.	
	Department of Housing and Urban Development.	
	Department of Interior.	
	Department of Justice.	
	Department of Labor.	
	Department of State.	
	Department of Transportation.	

Part Four-1199



## AMENDED AND SUPPLEMENTAL REQUESTS RELATING TO 1991 BUDGET AUTHORITY—Continued

Transmitted to Congress on	Agencies affected	Printed as
	Department of Treasury. Department of Veterans Affairs. Environmental Protection Agency. General Service Administration. National Aeronautics and Space Administration. Other Independent Agencies. The Judiciary. Executive Office of the President.	
June 11, 1990 .....	International Development Assistance .....	H. Doc. 101-211.
	Department of Defense.	
June 29, 1990 .....	Legislative Branch .....	H. Doc. 101-211.
	The Judiciary. Department of Energy. Office of Personnel Management. Other Independent Agencies.	
September 10, 1990 .....	Department of Agriculture..... Department of Education. Department of Health and Human Services. Department of Labor. Department of Veterans Affairs. Other Independent Agencies. Legislative Branch.	H. Doc. 101-234.
September 10, 1990 .....	Department of Agriculture..... Department of the Treasury. Department of Veterans Affairs. General Services Administration. Department of Agriculture. Department of the Interior. Legislative Branch. Other Independent Agencies.	H. Doc. 101-233.

## PROPOSED REVISIONS IN BUDGET AUTHORITY

## Part Four-1201

## PROPOSED SUPPLEMENTAL APPROPRIATIONS AND RESCISSION PROPOSALS

The following information concerns supplemental appropriations requests for 1991 being proposed for congressional consideration in this budget. Information is also included on proposals to rescind budget authority and to rescind or otherwise reduce the availability of other budgetary resources.

## SUMMARY OF PROPOSED SUPPLEMENTALS AND RESCISSION PROPOSALS

	1991 requests	
	1991 budget authority	Associated requests not affecting budget authority
<b>PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR VARIOUS PROGRAMS</b>		
The Judiciary .....	79,874,000	.....
Funds Appropriated to the President .....		language
Department of Agriculture .....	221,000,000	language
Department of Education .....		language
Department of Energy .....	623,000,000	.....
Department of Health and Human Services .....	232,000,000	.....
Department of Housing and Urban Development .....	763,000,000	language
Department of Justice .....	9,203,000	.....
Department of Labor .....		language
Department of State .....		language
Department of Transportation .....	14,500,000	language
Other independent agencies .....	8,000,000	.....
Total, Section I .....	1,950,577,000	language
<b>RESCISSION PROPOSALS</b>		
Department of Agriculture .....	-10,000,000	.....
Department of Defense-Military .....	-3,432,500,000	.....
Department of Housing and Urban Development .....	-780,527,000	.....
Total, Section II .....	-4,223,027,000	.....
Grand total .....	-2,272,450,000	language

## Department of Defense—Military

## PROCUREMENT

## AIRCRAFT PROCUREMENT, ARMY

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	21-2031-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 31.0) .....		-38,160	-4,770	-4,770
<b>Financing:</b>					
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans .....			9,540	4,770
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans .....		-9,540	-4,770	
40.30	Budget authority (appropriation rescission proposal R91-2) .....		-47,700		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net .....		-38,160	-4,770	-4,770
72.40	Obligated balance, start of year .....			-32,913	-17,172
74.40	Obligated balance, end of year .....		32,913	17,172	9,874
90.00	Outlays .....		-5,247	-20,511	-12,068

## Budget Plan (in thousands of dollars)

(Amount for procurement actions programmed)

07.01	Aircraft—Total budget plan .....		-47,700		
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## PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	21-2033-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 31.0) .....		-38,400	-12,800	-12,800
<b>Financing:</b>					
	Unobligated balance available, start of year: For completion of prior year budget plans .....			25,600	12,800
24.40	Unobligated balance available, end of year: For completion of prior year budget plans .....		-25,600	-12,800	
40.30	Budget authority (appropriation rescission proposal R91-3) .....		-64,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net .....		-38,400	-12,800	-12,800
72.40	Obligated balance, start of year .....			-37,120	-23,360
74.40	Obligated balance, end of year .....		37,120	23,360	12,480
90.00	Outlays .....		-1,280	-26,560	-23,680

## Budget Plan (in thousands of dollars)

(Amount for procurement actions programmed)

07.01	Tracked combat vehicles—Total budget plan .....		-64,000		
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## RESCISSION PROPOSALS

Under the provisions of the Impoundment Control Act of 1974 (Public Law 93-344), whenever the President proposes rescission of enacted appropriations, a special message must be sent to the Congress giving details of the proposals. Included below are related budget schedules, references to the special message being sent to the Congress, and narrative explanations of the proposals.



**PROCUREMENT OF AMMUNITION, ARMY**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	21-2034-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 26.0)		-11,960	-390	-650
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans			1,040	650
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-1,040	-650	
40.30	<b>Budget authority (appropriation rescission proposal R91-4)</b>		<b>-13,000</b>		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-11,960	-390	-650
72.40	Obligated balance, start of year			-6,669	-6,318
74.40	Obligated balance, end of year		6,669	6,318	1,820
90.00	Outlays		-5,291	-741	-5,148

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.01	Ammunition—Total budget plan		-13,000		
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**AIRCRAFT PROCUREMENT, NAVY**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	17-1506-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.01	Combat aircraft		-1,310,873	-120,541	-75,338
00.06	Aircraft spares and repair parts		-78,952	-7,259	-4,537
10.00	Total obligations (object class 31.0)		-1,389,825	-127,800	-79,875
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans			207,675	79,875
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-207,675	-79,875	
40.30	<b>Budget authority (appropriation rescission proposal R91-5)</b>		<b>-1,597,500</b>		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-1,389,825	-127,800	-79,875
72.40	Obligated balance, start of year			-1,174,162	-789,164
74.40	Obligated balance, end of year		1,174,162	789,164	362,631
90.00	Outlays		-215,663	-512,798	-506,408

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.01	Combat Aircraft		-1,506,752		
07.06	Aircraft spares and repair parts		-90,748		
08.93	Total budget plan		-1,597,500		

**WEAPONS PROCUREMENT, NAVY**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	17-1507-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 26.0)		-50,600	-9,000	-3,000
<b>Financing:</b>					
<b>Unobligated balance available, start of year:</b>					
21.40	For completion of prior year budget plans		2,600	12,000	3,000
21.40	Available to finance new budget plans		-2,600		
<b>Unobligated balance available, end of year:</b>					
24.40	For completion of prior year budget plans	-2,600	-12,000	-3,000	
24.40	Available to finance subsequent year budget plans	2,600			
39.00	<b>Budget authority</b>		<b>-62,600</b>		
<b>Budget authority:</b>					
40.30	Appropriation (rescission proposal R91-6)		-60,000		
40.31	Appropriation rescission proposal (unobligated balance)		-2,600		
43.00	<b>Appropriation (adjusted)</b>		<b>-62,600</b>		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-50,600	-9,000	-3,000
72.40	Obligated balance, start of year			-44,528	-32,995
74.40	Obligated balance, end of year		44,528	32,995	12,082
90.00	Outlays		-6,072	-20,533	-23,913

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.02	Other missiles—Total budget plan		-60,000		
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**SHIPBUILDING AND CONVERSION, NAVY**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	17-1611-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 31.0)		-267,300	-64,800	-24,300
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans			137,700	72,900
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-137,700	-72,900	-48,600
40.30	<b>Budget authority (appropriation rescission proposal R91-7)</b>		<b>-405,000</b>		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-267,300	-64,800	-24,300
72.40	Obligated balance, start of year			-247,050	-251,100
74.40	Obligated balance, end of year		247,050	251,100	198,450
90.00	Outlays		-20,250	-60,750	-76,950

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.02	Other warships—Total budget plan		-405,000		
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**OTHER PROCUREMENT, NAVY**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code 17-1810-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 31.0)		-6,400	-700	-2,900
<b>Financing:</b>				
21.40 Unobligated balance available, start of year: For completion of prior year budget plans			3,600	2,900
24.40 Unobligated balance available, end of year: For completion of prior year budget plans		-3,600	-2,900	
40.30 <b>Budget authority (appropriation rescission proposal R91-8)</b>		-10,000		
<b>Relation of obligations to outlays:</b>				
71.00 Obligations incurred, net		-6,400	-700	-2,900
72.40 Obligated balance, start of year			-5,310	-3,810
74.40 Obligated balance, end of year		5,310	3,810	3,070
90.00 Outlays		-1,090	-2,200	-3,640

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.02 Communications and electronics equipment—Total budget plan		-10,000		
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**AIRCRAFT PROCUREMENT, AIR FORCE**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code 57-3010-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 31.0)		-52,460	-18,060	-15,480
<b>Financing:</b>				
21.40 Unobligated balance available, start of year: For completion of prior year budget plans			33,540	15,480
24.40 Unobligated balance available, end of year: For completion of prior year budget plans		-33,540	-15,480	
40.30 <b>Budget authority (appropriation rescission proposal R91-9)</b>		-86,000		
<b>Relation of obligations to outlays:</b>				
71.00 Obligations incurred, net		-52,460	-18,060	-15,480
72.40 Obligated balance, start of year			-48,590	-45,924
74.40 Obligated balance, end of year		48,590	45,924	29,498
90.00 Outlays		-3,870	-20,726	-31,906

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.03 Spares and repair parts—Total budget plan		-86,000		
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**MISSILE PROCUREMENT, AIR FORCE**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code 57-3020-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 31.0)		-42,391	-4,379	-3,330

**Program and Financing (in thousands of dollars)—Continued**

Identification code 57-3020-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Financing:</b>				
Unobligated balance available, start of year:				
21.40 For completion of prior year budget plans		16,800	7,709	3,330
21.40 Available to finance new budget plans		-16,800		
Unobligated balance available, end of year:				
24.40 For completion of prior year budget plans	-16,800	-7,709	-3,330	
24.40 Available to finance subsequent year budget plans	16,800			
39.00 <b>Budget authority</b>		-50,100		
<b>Budget authority:</b>				
40.30 Appropriation (rescission proposal R91-10)		-33,300		
40.31 Appropriation rescission proposal (unobligated balance)		-16,800		
43.00 <b>Appropriation (adjusted)</b>		-50,100		
<b>Relation of obligations to outlays:</b>				
71.00 Obligations incurred, net		-42,391	-4,379	-3,330
72.40 Obligated balance, start of year			-39,385	-32,742
74.40 Obligated balance, end of year		39,385	32,742	19,539
90.00 Outlays		-3,006	-11,022	-16,533

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.02 Other missiles—Total budget plan		-500	-33,300	
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**OTHER PROCUREMENT, AIR FORCE**  
(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code 57-3080-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>				
10.00 Total obligations (object class 31.0)		-12,950	-4,255	-1,295
<b>Financing:</b>				
21.40 Unobligated balance available, start of year: For completion of prior year budget plans			5,550	1,295
24.40 Unobligated balance available, end of year: For completion of prior year budget plans		-5,550	-1,295	
40.30 <b>Budget authority (appropriation rescission proposal R91-11)</b>		-18,500		
<b>Relation of obligations to outlays:</b>				
71.00 Obligations incurred, net		-12,950	-4,255	-1,295
72.40 Obligated balance, start of year			-9,805	-9,768
74.40 Obligated balance, end of year		9,805	9,768	6,012
90.00 Outlays		-3,145	-4,292	-5,051

**Budget Plan (in thousands of dollars)**

(Amount for procurement actions programmed)

07.03 Communications and electronics equipment—Total budget plan		-18,500		
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## PROCUREMENT, DEFENSE AGENCIES

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	97-0300-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 31.0)		-50,400	-7,800	-1,800
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans			9,600	1,800
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-9,600	-1,800	
40.30	Budget authority (appropriation rescission proposal R91-12)		-60,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-50,400	-7,800	-1,800
72.40	Obligated balance, start of year			-28,800	-9,600
74.40	Obligated balance, end of year		28,800	9,600	1,500
90.00	Outlays		-21,600	-27,000	-9,900

## Budget Plan (in thousands of dollars)

(Amount for procurement actions programmed)

07.01	Major equipment—Total budget plan		-60,000		
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## NATIONAL GUARD AND RESERVE EQUIPMENT

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	97-0350-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 31.0)		-8,000		
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans		8,000		
21.40	Available to finance new budget plans		-8,000		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-8,000		
24.40	Available to finance subsequent year budget plans		8,000		
40.31	Budget authority (appropriation rescission proposal R91-13)		-8,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-8,000		
72.40	Obligated balance, start of year			-7,600	-5,120
74.40	Obligated balance, end of year		7,600	5,120	2,640
90.00	Outlays		-400	-2,480	-2,480

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	21-2040-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.02	Advanced technology development		-24,000	-1,000	
00.04	Tactical programs		-40,992	-1,708	

## Program and Financing (in thousands of dollars)—Continued

Identification code	21-2040-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
00.06	Defense-wide mission support		-4,800	-200	
10.00	Total obligations (object class 25.0)		-69,792	-2,908	
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans			2,908	
24.40	Unobligated balance available, end of year: For completion of prior year budget plans		-2,908		
40.30	Budget authority (appropriation rescission proposal R91-14)		-72,700		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-69,792	-2,908	
72.40	Obligated balance, start of year			-29,807	-7,997
74.40	Obligated balance, end of year		29,807	7,997	2,690
90.00	Outlays		-39,985	-24,718	-5,307

## Budget Plan (in thousands of dollars)

(Amount for research, development, test, and evaluation actions programmed)

07.02	Advanced technology development		-25,000		
07.04	Tactical programs		-42,700		
07.06	Defense-wide mission support		-5,000		
08.93	Total budget plan		-72,700		

## RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

(Rescission proposal)

## Program and Financing (in thousands of dollars)

Identification code	17-1319-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
<b>Direct program:</b>					
00.02	Advanced technology development		-12,988	-612	
00.04	Tactical programs		-523,172	-24,228	
00.06	Defense-wide mission support		-34,380	-1,620	
10.00	Total obligations (object class 25.0)		-570,540	-26,460	
<b>Financing:</b>					
<b>Unobligated balance available, start of year:</b>					
21.40	For completion of prior year budget plans		9,000	26,460	
21.40	Available to finance new budget plans		-9,000		
<b>Unobligated balance available, end of year:</b>					
24.40	For completion of prior year budget plans		-9,000	-26,460	
24.40	Available to finance subsequent year budget plans		9,000		
39.00	Budget authority		-597,000		
<b>Budget authority:</b>					
40.30	Appropriation (rescission proposal R91-15)		-588,000		
40.31	Appropriation rescission proposal (unobligated balance)		-9,000		
43.00	Appropriation (adjusted)		-597,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net		-570,540	-26,460	
72.40	Obligated balance, start of year			-236,220	-69,849
74.40	Obligated balance, end of year		236,220	69,849	23,283
90.00	Outlays		-334,320	-192,831	-46,566

**Budget Plan (in thousands of dollars)**

(Amount for research, development, test, and evaluation actions programmed)

07.02	Advanced technology development.....	—13,600		
07.04	Tactical programs.....	—9,000	—538,400	
07.06	Defense-wide mission support.....		—36,000	
08.93	Total budget plan.....	—9,000	—588,000	

**RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE**  
 (Rescission proposal)
**Program and Financing (in thousands of dollars)**

Identification code	57-3600-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
Direct program:					
00.04	Tactical programs.....		—72,756	—4,644	
00.06	Defense-wide mission support.....		—28,200	—1,800	
10.00	Total obligations (object class 25.0).....		—100,956	—6,444	
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans.....			6,444	
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....		—6,444		
40.30	Budget authority (appropriation rescission proposal R91-16).....		—107,400		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net.....		—100,956	—6,444	
72.40	Obligated balance, start of year.....		—38,664	—13,962	
74.40	Obligated balance, end of year.....		38,664	13,962	4,296
90.00	Outlays.....		—62,292	—31,146	—9,666

**Budget Plan (in thousands of dollars)**

(Amount for research, development, test, and evaluation actions programmed)

07.04	Tactical programs.....	—77,400		
07.06	Defense-wide mission support.....	—30,000		
08.93	Total budget plan.....	—107,400		

**RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE AGENCIES**  
 (Rescission proposal)
**Program and Financing (in thousands of dollars)**

Identification code	97-0400-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
Direct program:					
00.01	Technology base.....		—84,351	—8,649	
00.04	Tactical programs.....		—4,535	—465	
00.06	Defense-wide mission support.....		—13,605	—1,395	
10.00	Total obligations (object class 25.0).....		—102,491	—10,509	
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans.....			10,509	
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....		—10,509		
40.30	Budget authority (appropriation rescission proposal R91-17).....		—113,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net.....		—102,491	—10,509	

**Program and Financing (in thousands of dollars)—Continued**

Identification code	97-0400-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
72.40	Obligated balance, start of year.....			—43,731	—10,735
74.40	Obligated balance, end of year.....		43,731	10,735	2,938
90.00	Outlays.....		—58,760	—43,505	—7,797

**Budget Plan (in thousands of dollars)**

(Amount for research, development, test, and evaluation actions programmed)

07.01	Technology base.....	—93,000		
07.04	Tactical programs.....	—5,000		
07.06	Defense-wide mission support.....	—15,000		
08.93	Total budget plan.....	—113,000		

**MILITARY CONSTRUCTION****MILITARY CONSTRUCTION, NAVY**

(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	17-1205-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 32.0).....		—16,650	—14,800	—4,440
<b>Financing:</b>					
21.40	Unobligated balance available, start of year: For completion of prior year budget plans.....			20,350	5,550
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....		—20,350	—5,550	—1,110
40.30	Budget authority (appropriation rescission proposal R91-18).....		—37,000		
<b>Relation of obligations to outlays:</b>					
71.00	Obligations incurred, net.....		—16,650	—14,800	—4,440
72.40	Obligated balance, start of year.....			—12,099	—8,140
74.40	Obligated balance, end of year.....		12,099	8,140	4,440
90.00	Outlays.....		—4,551	—18,759	—8,140

**Budget Plan (in thousands of dollars)**

(Amount for military construction actions programmed)

07.01	Major construction—Total budget plan.....	—37,000		
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**MILITARY CONSTRUCTION, AIR FORCE**

(Rescission proposal)

**Program and Financing (in thousands of dollars)**

Identification code	57-3300-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
<b>Program by activities:</b>					
10.00	Total obligations (object class 32.0).....		—58,100	—8,300	—8,300
<b>Financing:</b>					
Unobligated balance available, start of year:					
21.40	For completion of prior year budget plans.....		63,800	24,900	16,600
21.40	Available to finance new budget plans.....		—63,800		
Unobligated balance available, end of year:					
24.40	For completion of prior year budget plans.....		—63,800	—24,900	—16,600
24.40	Available to finance subsequent year budget plans.....		63,800		
39.00	Budget authority.....		—83,000		



## Program and Financing (in thousands of dollars)—Continued

Identification code	57-3300-5-1-051	1990 actual	1991 est.	1992 est.	1993 est.
Budget authority:					
40.30	Appropriation rescission proposal R91-19)		-19,200		
40.31	Appropriation rescission proposal (unobligated balance)		-63,800		
43.00	Appropriation (adjusted)		-83,000		
Relation of obligations to outlays:					
71.00	Obligations incurred, net		-58,100	-8,300	-8,300
72.40	Obligated balance, start of year			-51,626	-24,926
74.40	Obligated balance, end of year		51,626	24,926	11,626
90.00	Outlays		-6,474	-35,000	-21,600

## Budget Plan (in thousands of dollars)

(Amount for military construction actions programmed)

07.01	Major construction—Total budget plan	-63,800	-19,200		
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The Department of Defense will propose rescissions for investment programs that cannot be afforded within the defense discretionary totals of the Budget Summit Agreement.

## ADVANCE APPROPRIATIONS, ADVANCE FUNDING, AND FORWARD FUNDING FOR 1992

*I. An advance appropriation* is one made to become available one fiscal year or more beyond the fiscal year for which the appropriation act is passed. Advance appropriations in fiscal year 1992 appropriations acts will become available for programs in 1993 or beyond. Since these appropriations are not available until after fiscal year 1992, the amounts will not be included in fiscal year 1992 budget totals, but will be reflected in the budget totals for the fiscal year for which they are requested.

The Congressional Budget Act of 1974 (31 U.S.C. 1105(a)(17)) requires inclusion in the budget of "information on estimates of appropriations for the fiscal year following the fiscal year for which the budget is submitted for grants, contracts, and other payments under each program for which there is an authorization of appropriations for that following fiscal year when the appropriations are authorized to be included in an appropriation law for the fiscal year before the fiscal year in which the appropriation is to be available for obligation." In fulfillment of this requirement, the table below lists those accounts authorized to receive, in fiscal year 1992, advance appropriations for fiscal year 1993 and beyond and cites the authorizing statute. The listing is in two parts: Part A shows the amounts of advance appropriations included in the 1992 budget. Part B is a listing of accounts for which advance appropriations are authorized but not requested in the 1992 budget.

### A. Accounts for which advance appropriations are included in the 1992 budget:

#### Department of Agriculture:

Food stamp program (7 U.S.C. 2011-2027, 2029), \$4,750,000 thousand for 1993.

#### Department of Defense—Military:

All accounts (P.L. 99-145, sec. 1405) \$278,610,700 thousand for 1993.

#### Department of Energy:

Atomic energy defense activities (P.L. 99-145, sec. 1405) \$12,231,820 thousand for 1993.

Strategic Petroleum Reserves Petroleum Account (P.L. 94-163), \$196,188 thousand for 1992.

Clean coal technology (42 U.S.C. 5901 et seq.), \$465,000 thousand for 1992; \$475,000 thousand for 1993; and \$225,000 thousand for 1994.

#### Department of Health and Human Services, except Social Security:

Grants to States for Medicaid (42 U.S.C., sec. 1396) \$17,100,000 thousand for 1993.

Special benefits for disabled coal miners (30 U.S.C., sec. 921) \$198,000 thousand for 1993.

Supplemental security income program (42 U.S.C., sec. 1381) \$5,240,000 thousand for 1993.

Family support payments to States (42 U.S.C., secs. 601 and 651) \$4,000,000 thousand for 1993.

#### Department of Justice: Restitution payments for individuals of Japanese ancestry who were interned during World War II (P.L. 100-383), \$500,000 thousand for 1992, and \$250,000 thousand for 1993.

#### Central Intelligence Agency:

Payment to the Central Intelligence Agency retirement and disability fund (P.L. 99-145, sec. 1405) \$168,900 thousand for 1993.

#### Corporation for Public Broadcasting: Public broadcasting fund, \$327,280 thousand for 1992, \$326,505 thousand for 1993 and \$260,000 thousand for 1994.

#### Department of Transportation:

##### Coast Guard (P.L. 100-448):

Operating expenses, \$2,473,546 thousand for 1993.

Acquisition, construction and improvement, \$396,226 thousand for 1993.

Environmental compliance and restoration, \$25,000 thousand for 1993.

Alteration of bridges, \$10,200 thousand for 1993.

Retired pay, \$519,000 thousand for 1993.

Reserve training, \$77,300 thousand for 1993.

Research, development, test and evaluation, \$28,800 thousand for 1993.

Boat Safety, \$70,000 thousand for 1993.

Maritime Administration, Ready reserve force (P.L. 99-145, sec. 1405) \$234,000 thousand for 1993.

Defense Nuclear Facilities Safety Board: (P.L. 99-145, sec. 1405) \$13,679 thousand for 1993.

#### Federal Emergency Management Agency:

Salaries and expenses (P.L. 99-145, sec. 1405) \$76,200 thousand for 1993.

Emergency management planning and assistance \$223,724 thousand for 1993.

Intelligence Community Staff: (P.L. 99-145, sec. 1405) \$31,956 thousand for 1993.

Selective Service System: Salaries and expenses (P.L. 99-145, sec. 1405) \$28,316 thousand for 1993.

### B. Accounts authorized to receive advance appropriations but for which none are requested in the 1992 budget:

#### Department of Agriculture:

Food program administration (42 U.S.C., sec. 1752).

Food donations program (P.L. 93-29, sec. 209).

Child nutrition programs (42 U.S.C., sec. 1752).

#### Department of Education. The following activities are authorized to receive advance appropriations (20 U.S.C. 1223 and 29 U.S.C. 703):<sup>1</sup>

Compensatory education for the disadvantaged.

Impact aid.

School improvement programs.

Indian education.

Bilingual and immigrant education.

Special education.

American Printing House for the Blind.

National Technical Institute for the Deaf.

Gallaudet University.

Rehabilitation services and disability research.

Vocational and adult education.

Student financial assistance.

Guaranteed student loans.

Higher education.

Higher education facilities loans and insurance.

College housing and academic facilities loans.

Howard University.

Assessment, statistics, research, and improvement.

Libraries.

Education and research overseas (special foreign currency program).

#### Department of Health and Human Services:

Payments to States for foster care and adoption assistance (P.L. 96-272).

Human Development Services (P.L. 97-35, sec. 657, P.L. 89-73 as amended, sec. 209, P.L. 96-272).

#### Department of the Interior:

Miscellaneous payments to Indians (P.L. 101-512).

<sup>1</sup> These statutes erroneously refer to "advance funding". Since these statutes describe and clearly intend to provide advance appropriations, the affected accounts are listed here.

*II. Advance funding* is 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 fiscal year if necessary to meet higher than anticipated benefit payments in excess of the specific amount appropriated for the year. When such budget authority is used, an adjustment is made to increase the budget authority for the fiscal year in which it is used and to reduce the budget authority of the succeeding fiscal year. Essentially, this is a device for avoiding supplemental requests late in the fiscal year for certain programs, should the appropriations for the current year prove to be too low. The table below lists those accounts for which advance funding authority is requested in the 1992 Budget.



## Department of Labor:

- Special benefits.
- Black lung disability trust fund.
- Federal unemployment benefits and allowances.

## Department of Veterans Affairs:

- Burial benefits and miscellaneous assistance.
- Readjustment benefits.
- Veterans insurance and indemnities.
- Loan guaranty revolving fund.
- Compensation.
- Pensions.

## Department of Education:

- Compensatory education for the disadvantaged.
- School improvement programs.
- Special education.
- Vocational and adult education.
- Indian education.
- Student financial assistance.
- Assessment, statistics, research, and improvement.

## Department of the Interior:

- Indian education programs.

*III. Forward funding* is budget authority that is made available for obligation beginning in the last quarter of the fiscal year for the financing of ongoing grant programs during the next succeeding fiscal year. The budget authority for such programs is included in the budget totals for the year in which it is appropriated. This device is often used for education programs, so that grants can be made prior to the start of the school year. The language providing forward funding for education programs will specify that amounts appropriated will not be available until some time into the year of the appropriation (e.g., July 1, 1991) and in most cases will specify that such amounts will remain available until the end of the succeeding fiscal year. The table below lists those accounts for which forward funding exists or is requested in whole or in part in the 1992 Budget.

In the training and employment area, forward funding provides appropriations for a program year that starts on July 1st of the fiscal year of the appropriation. Financing extends through June 30th of the following fiscal year. Program years are authorized for training programs under the Job Training Partnership Act, operation of the State Employment Service under section 6 of the Wagner-Peyser Act, and senior citizen employment programs under Title V of the Older Americans Act. The table below lists accounts for which forward funding is requested in the 1992 Budget.

## Department of Labor:

- Training and employment services.
- Community service employment for older Americans.
- State unemployment insurance and employment service operations.

**PART FIVE**  
**BUDGET ENFORCEMENT**  
**ACT PREVIEW REPORT**  
**AND**  
**CURRENT SERVICES**  
**ESTIMATES**

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**XIV. BUDGET ENFORCEMENT ACT**  
**PREVIEW REPORT**

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## XIV. BUDGET ENFORCEMENT ACT PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA), which was enacted into law as part of the Omnibus Reconciliation Act of 1990 (OBRA 1990), contained procedures designed to enforce last year's deficit reduction agreement. The BEA extended and substantially revised the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as Gramm-Rudman-Hollings or G-R-H). In addition, it amended the Congressional Budget Act of 1974, altering the congressional budget process, and established scorekeeping guidelines for measuring compliance with the BEA's requirements.

The BEA divides the budget into two mutually exclusive categories—discretionary programs, on the one hand, and direct spending and receipts, on the other. For 1991 through 1995, the BEA limits discretionary spending and establishes a "pay-as-you-go" requirement that legislation changing direct spending and receipts must, in total, be at least deficit neutral. Deficit targets, which were the sole focus of the old G-R-H law, are retained under the BEA. To enforce its requirements, the BEA continues to rely on sequesters—automatic, across-the-board reductions of budgetary resources. But BEA sequesters would be limited to the category where the violation occurs.

As under the old G-R-H law, both OMB and the Congressional Budget Office (CBO) must independently prepare sequester reports on specified dates. CBO submits its reports to OMB and Congress. Five days after the CBO reports are transmitted, OMB submits its reports to the President and Congress. The OMB reports are used to determine if a sequester is required, and they serve as the basis for sequestration orders issued by the President. The schedule for the sequestration reports and Presidential orders are in the accompanying timetable.

The preview, update, and final sequestration reports are themselves composed of three reports, each relating to a different type of sequester: discretionary, pay-as-you-go, and deficit. In addition, the OMB reports must

include an explanation of the differences between the OMB and CBO estimates. The preview report must use the economic and technical assumptions underlying the President's budget submission. The OMB update and final reports must also use these same economic and technical assumptions. Estimates in the update and final reports can only be revised to reflect laws enacted since the preview report. Under the old G-R-H law, OMB initial and final reports used revised economic and technical assumptions, consistent with the updated assumptions in the *Mid-Session Review of the Budget*.

The BEA has made other changes in the process as well. For the current year, a "within-session" sequester report is now required if supplemental appropriations are enacted before July 1st and cause a breach of the current year discretionary limits. For the budget year, the initial Presidential sequester order is no longer required, and the final report and final Presidential order are submitted after the session of Congress has ended instead of on a fixed date.

Sequestration Report or Order	Date
Preview:	
CBO report .....	5 days before President's budget submission.
OMB report .....	President's budget submission.
Within-session:	
CBO report .....	Before July 10 (if required).
OMB report and Presidential order .....	Before July 15 (if required).
Update:	
CBO report .....	August 15.
OMB report .....	August 20.
Final:	
CBO report .....	10 days after end of session of Congress.
OMB report and Presidential order .....	15 days after end of session of Congress.

As required by the BEA, this OMB preview report includes estimates of discretionary, pay-as-you-go, and deficit sequestration based on current law. This information is presented below.

### Discretionary Sequestration Report

Discretionary programs are, in general, those that have their program levels established annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits budget authority and outlays available for discretionary programs each year through 1995. Appropriations that cause either the budget authority or outlay limits to be exceeded will trigger a sequester to eliminate any such breach. There

is no requirement that the full amount available under the discretionary limits be appropriated.

For 1991–1993, limits are specified for three categories of discretionary programs: defense, international, and domestic. The limits on each of these three categories are enforced independently. Thus savings in one category cannot be used to increase spending in another. Similarly, a breach of a category limit will result only in a sequester in the category where



the breach occurs. For 1994 and 1995, there are no separate categories for discretionary programs, and the caps apply to total discretionary budget authority and outlays.

**Adjustments to the limits: preview report.**—The BEA permits certain adjustments to the enacted discretionary limits—also known as caps. For each preview report submitted through 1995, the caps must be adjusted to reflect differences between actual and projected inflation and changes in concepts and definitions. Adjustments apply to the budget year and each outyear through 1995. Table XIV-1 shows the impact on the caps of these adjustments.

The enacted discretionary caps reflect assumptions about inflation, as measured by the gross national product implicit price deflator. These assumptions are presented in the law for 1990 through 1993. The BEA requires an inflation adjustment if the actual rate of inflation for a year is different from the rate identified in the law for that year. Because the actual rate of inflation for 1990 was 4.0 percent, slightly less than the estimated 4.1 percent, a downward adjustment has been made to all three of the discretionary caps for 1992 through 1995.

Changes in concepts and definitions since the BEA was enacted affect specific accounts, and they produce adjustments only to the category limits in which these accounts are included. One of these adjustments to the caps reflects new accounting for Federal credit programs, as required by the Federal Credit Reform Act of 1990, which was enacted as part of OBRA 1990. (See Chapter VIII.A., "Recognizing and Reducing Federal Underwriting Risks," for a discussion of credit reform.) Another adjustment is required by the BEA's new definition of budget authority, which changed the treatment of budget authority for specified trust funds. (See "Glossary of Budget Terms" in Part Eight for a discussion of the new definition of budget authority.) The outlay cap was adjusted to accommodate the new scoring guidelines as they apply to leases and lease-purchases that agencies may enter into under existing authority. The discretionary limits were further adjusted to reflect changes in the methodology for estimating social insurance administrative expenses as required by the BEA and as needed to make these estimates conform with the BEA baseline definitions.

Several cap adjustments reflect legislative action that caused a reclassification of certain programs, shifting them between the mandatory (i.e., direct spending) category and the discretionary category. For instance, the underlying authorizing statute of two commodity distribution programs—food donations to soup kitchens and temporary emergency food assistance—were amended to require annual appropriations, changing their status from mandatory to discretionary. In the case of interim assistance to States for legalization, the shift between categories was made to comply with the new scorekeeping guidelines that require the Appropriations Committees to be credited (or charged) for actions affecting mandatory programs. A Nuclear Regu-

latory Commission fee enacted as part of OBRA 1990 generates collections that finance discretionary activities. The enacted discretionary caps did not assume these collections, so an adjustment was made.

**Adjustments to the limits: after appropriations.**—The BEA identifies other adjustments to the discretionary caps that can be made only after appropriations have been enacted. Unless otherwise noted, these adjustments can be made to reflect appropriations action taken in all years from 1991 through 1995 to cover the following:

- Internal Revenue Service (IRS) funding.—Funding for the IRS compliance initiative above the CBO baseline levels estimated in June 1990. Adjustments are limited to the budget authority and outlay amounts specified in the law.
- Debt forgiveness.—For calendar years 1990 and 1991 only, the estimated cost of forgiving Egypt's foreign military sales debt to the United States and any part of Poland's debt to the United States.
- International Monetary Fund (IMF) funding.—Funding to cover the increase in the U.S. quota as part of the IMF Ninth General Review of Quotas.
- Emergency appropriations.—Funding for accounts that the President designates as emergency requirements and that the Congress so designates in statute. The BEA further specifies that the costs of Operation Desert Shield are to be treated as emergency funding requirements.

In addition, the BEA provides special allowances for budget authority in 1992 and 1993, and for outlays in 1991 through 1995. The outlay allowance is intended to provide a cushion for technical estimating differences between OMB and CBO. Thus an appropriation that meets both the budget authority and outlay caps under CBO scoring, but exceeds the outlay cap under OMB scoring, would not trigger a sequester if the excess is less than the available outlay allowance. The dollar amounts for the outlay allowances are specified in the BEA: In 1991 through 1993, the allowances are \$2.5 billion for defense, \$1.5 billion for international, \$2.5 billion for domestic; and, in 1994 and 1995, \$6.5 billion for total discretionary.

The special budget authority allowances apply primarily to the international and domestic discretionary categories. The budget authority allowances are based on a percentage of the total adjusted discretionary limits for budget authority in 1991 through 1993. The outlays associated with the budget authority allowances are calculated based on spendout rates contained in the law. These outlays are subtracted from the outlay allowance, reducing the amount available for technical estimating differences. In addition to the budget authority allowances for the international and domestic categories, there is a small budget authority allowance for technical estimating differences between OMB and CBO that can be applied to all three discretionary categories.



Table XIV-1. DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

		1991	1992	1993	1994	1995
<b>DEFENSE</b>						
Defense limits set in OBRA 1990 .....	BA	288,918	291,643	291,785	.....	.....
	OL	297,660	295,744	292,686	.....	.....
Adjustments included in November 1990 final sequester report:						
Previously enacted FY 1991 Operation Desert Shield supplemental .....	BA	1,000	.....	.....	.....	.....
	OL	1,188	238	87	16	-2
Additional adjustments required for preview report:						
Inflation .....	BA	.....	-282	-305	-318	-330
	OL	.....	-182	-250	-290	-315
Subtotal, defense adjustments required for preview report .....	BA	1,000	-282	-305	-318	-330
	OL	1,188	56	-163	-274	-317
Preview report defense limits .....	BA	289,918	291,361	291,480	.....	.....
	OL	298,848	295,800	292,523	.....	.....
Estimated end-of-session defense limits <sup>1</sup> .....	BA	289,918	291,361	291,480	.....	.....
	OL	298,848	295,800	292,523	.....	.....
<b>INTERNATIONAL</b>						
International limits set in OBRA 1990 .....	BA	20,100	20,500	21,400	.....	.....
	OL	18,600	19,100	19,600	.....	.....
Adjustments included in November 1990 final sequester report:						
Debt forgiveness .....	BA	.....	.....	.....	.....	.....
	OL	100	129	167	210	231
Special outlay allowance used .....	BA	.....	.....	.....	.....	.....
	OL	512	.....	.....	.....	.....
Additional adjustments required for preview report:						
Inflation .....	BA	.....	-20	-21	-22	-23
	OL	.....	-10	-15	-18	-21
Credit reform program costs .....	BA	.....	437	264	267	264
	OL	.....	-42	50	434	658
Subtotal, international adjustments required for preview report .....	BA	.....	417	243	245	241
	OL	612	77	202	626	868
Preview report international limits .....	BA	20,100	20,917	21,643	.....	.....
	OL	19,212	19,177	19,802	.....	.....
Further adjustments to reflect enactment of the President's budget proposals:						
IMF funding .....	BA	.....	12,158	.....	.....	.....
	OL	.....	.....	.....	.....	.....
Special allowances .....	BA	.....	950	969	.....	.....
	OL	.....	436	636	437	291
Subtotal, further international adjustments .....	BA	.....	13,108	969	.....	.....
	OL	.....	436	636	437	291
Estimated end-of-session international limits .....	BA	20,100	34,025	22,612	.....	.....
	OL	19,212	19,613	20,438	.....	.....
<b>DOMESTIC</b>						
Domestic limits set in OBRA 1990 .....	BA	182,700	191,300	198,300	.....	.....
	OL	198,100	210,100	221,700	.....	.....
Adjustments included in November 1990 final sequester report:						
IRS funding .....	BA	191	.....	.....	.....	.....
	OL	183	8	.....	.....	.....
Special outlay allowance used .....	BA	.....	.....	.....	.....	.....
	OL	1,580	.....	.....	.....	.....
Additional adjustments required for preview report:						
Inflation .....	BA	.....	-187	-189	-191	-195
	OL	.....	-111	-166	-190	-204
Credit reform:						
Credit reform program costs .....	BA	.....	1,317	1,344	1,376	1,416
	OL	.....	-8	413	625	769
FmHA administrative expenses .....	BA	.....	297	312	327	343
	OL	.....	297	312	327	343
Other conceptual:						
Lease purchase .....	BA	.....	.....	.....	.....	.....
	OL	.....	405	650	450	82
Statutory requirements and other changes for social insurance accounts .....	BA	.....	6,384	6,158	5,996	5,949
	OL	.....	550	442	300	317
Statutory and other shifts between categories .....	BA	.....	-711	-134	-141	-149

Table XIV-1. DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

		1991	1992	1993	1994	1995
	OL	.....	-171	-135	-142	-150
Subtotal, domestic adjustments required for preview report .....	BA	191	7,100	7,491	7,337	7,364
	OL	1,763	970	1,516	1,370	1,157
Preview report domestic limits .....	BA	182,891	198,400	205,791	.....	.....
	OL	199,863	211,070	223,216	.....	.....
Further adjustments to reflect enactment of the President's proposals:						
IRS funding .....	BA	.....	172	183	187	188
	OL	.....	169	182	187	188
Special allowances .....	BA	.....	1,535	1,535	.....	.....
	OL	.....	814	1,289	660	215
Subtotal, further domestic adjustments .....	BA	.....	1,707	1,718	187	188
	OL	.....	983	1,471	847	403
Estimated end-of-session domestic limits .....	BA	182,891	200,107	207,509	.....	.....
	OL	199,863	212,053	224,687	.....	.....
<b>TOTAL DISCRETIONARY</b>						
Discretionary limits set in OBRA 1990 .....	BA	491,718	503,443	511,485	510,800	517,700
	OL	514,360	524,944	533,986	534,800	540,800
Adjustments required for preview report:						
Defense .....	BA	1,000	-282	-305	-318	-330
	OL	1,188	56	-163	-274	-317
International .....	BA	.....	417	243	245	241
	OL	612	77	202	626	868
Domestic .....	BA	191	7,100	7,491	7,337	7,364
	OL	1,763	970	1,516	1,370	1,157
Subtotal, discretionary adjustments required for preview report .....	BA	1,191	7,235	7,428	7,264	7,276
	OL	3,563	1,102	1,555	1,721	1,709
Preview report discretionary limits .....	BA	492,909	510,678	518,913	518,064	524,976
	OL	517,923	526,046	535,541	536,521	542,509
Further adjustments to reflect enactment of the President's proposals:						
International .....	BA	.....	13,108	969	.....	.....
	OL	.....	436	636	437	291
Domestic .....	BA	.....	1,707	1,718	187	188
	OL	.....	983	1,471	847	403
Subtotal, further adjustments .....	BA	.....	14,815	2,687	187	188
	OL	.....	1,419	2,108	1,284	694
Estimated end-of-session discretionary limits <sup>1</sup> .....	BA	492,909	525,493	521,600	518,251	525,164
	OL	517,923	527,465	537,648	537,805	543,203

<sup>1</sup> End-of-session estimates do not include the Operation Desert Shield placeholder.

Several of these adjustments were made to the 1991 and subsequent caps following enactment of the 1991 appropriations bills, as reported in the *Final Sequester Report to the President and the Congress*, issued November 9, 1990. As shown in Table XIV-1, adjustments were made for Operation Desert Shield, debt forgiveness, and IRS funding. In addition, a portion of the outlay allowance was used for the international and domestic categories.

The actual adjustments to the discretionary caps to be included in the final sequester report at the end of this year's session of Congress cannot be determined until appropriations have been enacted. Table XIV-1 shows the end-of-session adjustments that would result if the President's discretionary proposals were enacted. The President's request includes funding in 1992 to cover the increase in the U.S. quota to the IMF and additional funding for the IRS compliance initiative. Although the President's budget includes a placeholder

for 1991 supplemental appropriations for Operation Desert Shield, no adjustment was made to the caps. As noted above, funding for Operation Desert Shield (including Desert Storm) cannot trigger a sequester.

Consistent with the BEA, the President's request assumes an increase in budget authority and outlays for the international and domestic categories based on the special allowance formulas. For international affairs programs, the adjustment in 1992 would increase budget authority by \$1.0 billion and outlays by \$0.4 billion. For domestic programs, the adjustment in 1992 would be \$1.5 billion in budget authority and \$0.8 billion in outlays. The remaining outlay allowance available for technical estimating differences in 1992 would be \$2.5 billion for defense, \$1.1 billion for international affairs, and \$1.7 billion for domestic.

The President's budget proposals for discretionary programs are below the adjusted caps, as currently estimated, in all years through 1995 and in all three discre-



tionary categories in 1992 and 1993. Table XIV-2 compares the President's proposals with the adjusted discretionary caps.

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

Compliance with the discretionary caps is monitored throughout the fiscal year. The first determination of whether a sequester is necessary for a given fiscal year occurs when the final sequestration report is issued after Congress adjourns to end a session—near the beginning of the fiscal year. The monitoring process begins again after Congress reconvenes for a new session. Appropriations for the fiscal year in progress that cause a breach in any of the category caps would, if enacted before July 1st, trigger a sequester in that category. When such a breach is estimated, a "within-session" sequestration report and Presidential order are issued.

For a breach that results from appropriations enacted on or after July 1st, reductions necessary to eliminate the breach are not applied to current year funds. However, the corresponding caps for the following fiscal year are reduced by the amount of the breach.

A within-session sequester can only be caused by newly enacted appropriations. Reestimates of budget authority and outlays for already enacted funds cannot trigger a sequester. A within-session sequester for any of the three discretionary categories for 1991 is possible only if additional appropriations for 1991 are enacted. OMB reported in the *Final Sequester Report to the President and the Congress* that enacted defense and domestic appropriations for 1991 were within the prescribed spending limits. The enacted 1991 appropriations for international affairs exceeded the category limit because of an unintended error in legislative drafting. A Presidential sequester order was issued requiring across-the-board reductions in the international category to eliminate the breach.

**Composition of discretionary outlays.**—Approximately 60 percent of total discretionary outlays are associated with budgetary resources subject to sequester in 1992. Those outlays exempt from sequester are primarily associated with obligations made in prior years. The law exempts relatively few discretionary programs from sequester, although it limits the sequester on certain discretionary health programs.

Table XIV-2. PRESIDENT'S BUDGET COMPARED TO THE ADJUSTED DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

		1992	1993	1994	1995
<b>PRESIDENT'S DISCRETIONARY PROPOSALS:</b>					
Defense <sup>1</sup> .....	BA	291,351	291,450	292,486	295,688
	OL	295,800	292,521	287,220	289,179
International .....	BA	34,022	22,612	22,098	22,343
	OL	19,613	20,437	21,477	21,755
Domestic .....	BA	197,370	201,497	202,713	205,519
	OL	212,032	223,171	228,939	231,743
Total discretionary .....	BA	522,744	515,559	517,298	523,550
	OL	527,445	536,129	537,636	542,677
<b>ADJUSTED DISCRETIONARY LIMITS:<sup>2</sup></b>					
Defense .....	BA	291,361	291,480	.....	.....
	OL	295,800	292,523	.....	.....
International .....	BA	34,025	22,612	.....	.....
	OL	19,613	20,438	.....	.....
Domestic .....	BA	200,107	207,509	.....	.....
	OL	212,053	224,687	.....	.....
Total discretionary .....	BA	525,493	521,600	518,251	525,164
	OL	527,465	537,648	537,805	543,203
<b>PRESIDENT'S DISCRETIONARY PROPOSALS BELOW (-) THE ADJUSTED DISCRETIONARY LIMITS:</b>					
Defense .....	BA	-10	-30	.....	.....
	OL	—	-2	.....	.....
International .....	BA	-3	—	.....	.....
	OL	—	-1	.....	.....
Domestic .....	BA	-2,737	-6,012	.....	.....
	OL	-21	-1,516	.....	.....
Total discretionary .....	BA	-2,749	-6,041	-954	-1,614
	OL	-21	-1,519	-169	-526

<sup>1</sup> The President's request does not reflect the Operation Desert Shield placeholder.

<sup>2</sup> The discretionary limits include adjustments to be made following enactment of appropriations proposed in the President's budget. See Table XIV-1 for details.



The President has the authority to exempt any military personnel account from sequester or provide for a lower uniform percentage reduction than would otherwise apply. Presidential notification to Congress concerning the treatment of military personnel is not required until August 10th of each year. An estimated 65 percent of 1992 outlays for defense discretionary programs are associated with budgetary resources subject to an across-the-board percentage reduction. If the military personnel accounts were exempted by the President, about 40 percent of defense discretionary outlays would be associated with sequestrable resources.

Approximately 55 percent of international discretionary outlays are associated with sequestrable budgetary resources in 1992. For domestic discretionary programs in 1992, nearly 55 percent of outlays are associated with sequestrable budgetary resources. About 5 percent of domestic discretionary outlays are associated with certain discretionary special rule programs, the largest of which is veterans medical care. The law limits spending reductions for these programs to 2 percent.

A sequester does not reduce outlays directly; rather it permanently cancels budget authority and other authority to obligate and expend funds (except that special rules apply to amounts sequestered in special and trust funds). For defense discretionary programs, sequestrable budgetary resources for 1992 are defined to be new budget authority provided in appropriations for 1992 and unobligated balances of budget authority provided in previous years. For international and domestic discretionary programs, sequestrable budgetary resources for 1992 are new budget authority and obligation limitations provided by appropriations action.

Federal administrative expenses for most programs and activities are sequestrable, including social security

and otherwise exempt programs that are self-supporting. Although budgetary resources available for Federal pay are subject to sequestration, the law provides that rates of pay for civilian employees (and rates of pay, basic subsistence allowances, and basic quarters allowances for members of the uniformed services), or any scheduled pay increases, may not be reduced pursuant to a sequestration order. For discretionary credit programs, the subsidy budget authority provided in the credit program accounts is sequestrable. Direct loan obligations and guaranteed loan commitments are no longer sequestrable resources beginning in 1992. Nevertheless, they would be reduced indirectly by a sequester of budget authority in the credit program account, which is required in order to make new loans and commitments.

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

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

## Pay-As-You-Go Sequestration Report

This section discusses the enforcement procedures that apply to the remainder of the budget—direct spending and receipts. The BEA defines direct spending as budget authority provided by law other than appropriations acts, entitlement authority, and the food stamp program. Social security and the Postal Service are not subject to pay-as-you-go enforcement, nor is legislation specifically designated as an emergency requirement.

The BEA requires that all direct spending and receipts legislation enacted beginning with the 102nd Congress must, in total, be deficit neutral or reduce the deficit in every year through 1995. Although the pay-as-you-go requirements are generally enforced on a year-to-year basis, there are certain tradeoffs between the budget year and the prior year, as explained below. Savings in the outyears, however, cannot offset costs in the budget year. Deficit neutrality is enforced by sequester.

**Sequester determinations.**—The BEA requires that, five days after enactment of each piece of direct spending or receipts legislation, OMB submit a report to Congress estimating the change in outlays or receipts for each fiscal year through 1995 resulting from that legislation. The estimates must use the economic and technical assumptions underlying the most recent President's budget. Changes are measured relative to the baseline estimates for direct spending and receipts included in that budget. In addition, the report must include CBO estimates and an explanation of differences between the OMB and CBO estimates. Under the BEA, the OMB estimates are used to determine if the pay-as-you-go requirements have been met.

The cumulative nature of the pay-as-you-go process requires maintaining a "scorecard" that shows, beginning with the 102nd Congress, the deficit impact of enacted direct spending and receipts legislation and required pay-as-you-go sequesters. The preview reports



Table XIV-3. DEFICIT IMPACT OF ADMINISTRATION PAY-AS-YOU-GO PROPOSALS

(in billions of dollars)

	1991	1992	1993	1994	1995	1991-95
Deficit impact of Administration pay-as-you-go proposals:						
Direct spending (see Table II-8) .....	-0.1	-6.3	-9.3	-9.0	-11.0	-35.8
Receipts:						
Extenders (selected) .....	*	1.1	1.8	1.7	2.0	6.6
Long-term investment incentive <sup>1</sup> .....	-0.4	-3.0	-1.7	-0.9	-1.8	-7.8
All other .....	*	-0.8	-0.6	0.2	0.9	-0.3
Total, receipts .....	-0.4	-2.7	-0.4	0.9	1.0	-1.5
Total, receipts with long-term investment incentive at zero .....	*	0.3	1.3	1.8	2.8	6.3
Total, net deficit impact .....	-0.5	-9.0	-9.8	-8.1	-9.9	-37.3
Total, net deficit impact with long-term investment incentive at zero .....	-0.1	-6.0	-8.1	-7.2	-8.1	-29.5

<sup>1</sup> The proposal to enhance long-term investment is shown as estimated by the Treasury Department's Office of Tax Analysis (OTA). Because the methodological differences among OTA, Congressional estimators, and outside experts have not yet been resolved, totals are presented with the Administration's estimates and with a zero (neutral) entry for this proposal.

are intended to show how these past actions affect the upcoming fiscal year. Because the process begins with this session of Congress, there are no pay-as-you-go estimates of legislation or sequesters from previous years to include in this preview report.

The pay-as-you-go requirements are enforced only once a year—at the time the final sequestration report is issued. (There are no within-session sequestration reports for pay-as-you-go enforcement.) The final report presents the “scorecard” of all direct spending and receipts legislation enacted and sequesters implemented beginning with the 102nd Congress. The report estimates the cumulative net impact on the deficit of those actions for the fiscal year that just ended and the fiscal year just beginning. If any deficit increase is estimated for these fiscal years, a reduction of sequestrable mandatory resources in the budget year would be required to offset the amount of the combined increase.

A pay-as-you-go sequester is not currently estimated for this year. Such a sequester would be required at the end of the session only if enacted direct spending and receipts legislation increase the combined 1991 and 1992 deficits. Only the action taken during this session will have an impact on this year's final sequester estimates. In future years, however, estimates of action taken in prior years and the impact of prior-year sequesters will be combined with the estimates of newly enacted legislation to determine whether the pay-as-you-go requirements have been met.

The President's budget includes a variety of proposals affecting direct spending and receipts. As shown in Table XIV-3, enactment of these proposals would yield net deficit reduction in each fiscal year, 1991 through 1995. If the President's proposals were enacted, significant pay-as-you-go savings would be created through 1995, and no sequester would be required. For additional details on the Administration's direct spending and receipt proposals, see Chapter II, “Director's Introduction and Overview Tables,” and Chapter X, “Receipts, User Fees, and Other Collections.”

If the net of all legislation enacted during this year's session of Congress increased the deficit in each fiscal

year, 1992 through 1995, a sequester would be required at the end of the session to eliminate the increase in the 1992 deficit. But a sequester of direct spending resources primarily yields one-year savings. Thus the 1992 sequester would not eliminate the deficit increase for 1993-1995 caused by the enacted legislation. The preview report accompanying the 1993 budget would, therefore, show that a sequester would be required in 1993. To avoid another sequester, Congress would have to enact new legislation to offset the estimated increase in the 1993 deficit caused by the legislation enacted during the previous session.

**Composition of direct spending outlays.**—For all direct spending, including social security benefits, more than 80 percent of outlays are associated with budgetary resources exempt from sequestration in 1992. The burden of sequester falls on programs that comprise the remaining 20 percent of direct spending outlays. Of the total estimated 1992 direct spending outlays, about 15 percent are associated with programs subject to certain special rules, and less than 5 percent are associated with budgetary resources subject to an across-the-board percentage reduction.

Most direct spending programs are exempt from sequestration. Social security benefits, net interest, certain low-income programs, most Federal retirement and disability benefits, regular State unemployment insurance benefits, veterans compensation and pensions, and the Postal Service are all exempt from sequestration. The Federal Deposit Insurance Corporation, Resolution Trust Corporation, and other deposit insurance programs are exempt from sequester.

Certain programs and activities, while not exempt, are subject to special rules that limit the amount of the spending reduction. For medicare, a pay-as-you-go sequester reduction is limited to 4 percent annually. For three programs specified in the law, the total amount of the automatic spending increase is sequestrable, but the program base is exempt. The Federal share of extended unemployment benefits is sequestrable, but if States act to increase their share by the amount of the reduction in the Federal share,



total budget outlays, which include both the Federal and State shares, will not be changed by the sequester.

**Sequester calculations.**—If a pay-as-you-go sequester were required, sequester reductions would be calculated as follows: First, savings from eliminating automatic spending increases in three specific programs—the National Wool Act, the special milk program, and vocational rehabilitation basic State grants—would be applied to the required reduction in direct spending outlays.

Second, if further reductions were required, the maximum permissible reductions to the guaranteed student loan and foster care and adoption assistance programs would be made.

Third, any reductions in direct spending programs still required would be applied to sequestrable budg-

etary resources on a uniform percentage basis. Once the 4 percent limit on medicare reductions is reached, the uniform percentage reduction of all other sequestrable direct spending resources would be increased to a level sufficient to achieve the required reduction in direct spending.

The law requires special calculations to achieve the uniform percentage reduction for child support enforcement and for the JOBS portion of aid to families with dependent children. Sequester savings from the Commodity Credit Corporation (CCC) would include savings from both the budget year and the following year. If a pay-as-you-go sequester were required in 1992, for instance, CCC outlay reductions in 1993 resulting from contract adjustments made in 1992 because of the sequester would be credited to the overall direct spending outlay reduction required for 1992.

### Deficit Sequestration Report

The BEA specifies maximum deficit amounts for 1991 through 1995. These deficit amounts reflect economic and technical assumptions current at the time the BEA was enacted. For the 1992 and 1993 budgets, the BEA requires adjusting the maximum deficit amounts for all years through 1995 to reflect up-to-date economic and technical assumptions. For the 1994 and 1995 budgets, the President has the option of whether to continue making these economic and technical adjustments to the maximum deficit amounts.

As specified in the BEA, the current maximum deficit amount reflects the on-budget current law levels for

direct spending and receipts, and the cap levels for discretionary programs. Table XIV-4 shows the current maximum deficit amounts and the current estimated deficits calculated under BEA rules. It also shows the maximum deficit amounts as specified in OBRA 1990. A deficit sequester would be required if the estimated deficit were to exceed the maximum deficit amount by more than the allowed margin—zero in 1992 and 1993, and \$15 billion in 1994 and 1995. The current maximum deficit amounts and estimated deficits are identical. There is no excess deficit, and thus no sequester, estimated for 1992.

Table XIV-4. MAXIMUM DEFICIT AMOUNTS, 1992-1995

(In billions of dollars)

	1992	1993	1994	1995
Current maximum deficit amounts .....	349.8	285.2	157.5	117.3
Current estimated deficit .....	349.8	285.2	157.5	117.3
Excess deficit .....	0	0	0	0
<b>ADDENDUM</b>				
Margin .....	0	0	15.0	15.0
OBRA 1990 maximum deficit amounts .....	317.0	236.0	102.0	83.0

### Comparison of OMB and CBO Estimates

In its preview report, CBO estimates a maximum deficit amount for 1992 of \$352.6 billion, \$2.8 billion above the OMB estimate. As presented in Table XIV-5, these differences are the result of the different economic and technical assumptions used by OMB and CBO. The Administration and CBO have similar forecasts of GNP, but CBO's is somewhat lower than the Administration's in 1994 and 1995, contributing to CBO's lower receipts estimates. In addition, CBO has slightly lower corporate profits and taxable personal income as a percentage of GNP. CBO's interest rate assumptions are somewhat higher than the Administration's, resulting in

higher interest costs, which are the primary economic reason for the different outlay estimates.

For discretionary programs, OMB and CBO estimates of the discretionary spending caps differ primarily due to the different treatment of social security administrative expenses. OMB interprets the BEA's definition of the discretionary category as requiring social security administrative expenses to be included in the discretionary category. CBO interprets the law as requiring that all of social security, including the administrative expenses, be excluded from all BEA calculations. The remaining outlay differences and the budget authority differences are due in part to differences in the credit



Table XIV-5. DIFFERENCES BETWEEN OMB AND CBO MAXIMUM DEFICIT AMOUNTS

(In billions of dollars)

	1992	1993	1994	1995
OMB maximum deficit amounts .....	349.8	285.2	157.5	117.3
Differences:				
Economic:				
Receipts .....	-6.6	1.2	14.7	24.1
Outlays .....	4.6	11.0	16.2	22.2
Subtotal, economic .....	-2.0	12.2	30.9	46.3
Technical:				
Receipts .....	-0.8	-0.1	19.5	28.2
Outlays:				
Discretionary .....	-3.7	-4.2	-4.1	-4.8
Mandatory:				
Deposit insurance .....	9.6	3.5	63.0	-4.4
Medicare .....	0.1	-0.5	-1.8	-3.0
Medicaid .....	-3.1	-4.7	-6.5	-8.8
Other .....	2.8	0.4	-2.5	-2.2
Subtotal, outlays .....	5.6	-5.6	48.1	-23.2
Subtotal, technical .....	4.8	-5.7	67.5	5.0
Total, differences .....	2.8	6.5	98.4	51.3
CBO maximum deficit amounts .....	352.6	291.7	256.0	168.6
<b>ADDENDUM</b>				
OMB discretionary budget authority .....	510.7	518.9	518.1	525.0
Differences .....	-2.1	-1.8	-1.3	-0.9
CBO discretionary budget authority .....	508.6	517.1	516.7	524.1

reform adjustments OMB and CBO made to the discretionary caps.

The OMB and CBO estimates for deposit insurance differ primarily due to assumptions about the Resolution Trust Corporation's (RTC) working capital needs. Although OMB and CBO have nearly identical estimates of thrift losses in 1992 and 1993, CBO generally estimates higher RTC outlays for resolving these cases. The large difference in 1994 reflects the CBO assumption that RTC will continue covering the losses of failed thrifts in that year. OMB assumes that by 1994 RTC will no longer be resolving cases. CBO's higher estimates for RTC are slightly offset by lower estimates than OMB for the Bank Insurance Fund (BIF). Compared to OMB, CBO assumes that BIF will collect more bank premiums and that, consistent with its economic assumptions, there will be fewer bank failures.

OMB estimates for medicaid are higher than CBO's due largely to different assumptions about program

growth. Recently, States have misestimated budget year medicaid expenditures, resulting in low Federal estimates. OMB estimates rely on statistical models to adjust for these estimating problems. However, as discussed in Chapter IX.A., "Strengthening Management and Accountability," there remains a significant gap in medicaid program information, which leads to a great uncertainty about the magnitude of expenditure growth. In the coming year, OMB will work closely with the Department of Health and Human Services and CBO to develop better systems for estimating medicaid expenditures. For medicare, the differences between OMB and CBO are primarily due to different assumptions about growth utilization and health care services. Here again, gaps in medicare financial reporting compromise the reliability of both OMB and CBO data.

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## XV. CURRENT SERVICES ESTIMATES

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## XV. CURRENT SERVICES ESTIMATES

The Congressional Budget Act of 1974, as amended, requires that the President submit current services estimates to Congress. These estimates provide a base against which the Administration's budget proposals, or other proposals, may be compared. In general, current services estimates are designed to show what outlays, receipts, and budget authority would be if no policy changes were made. Enacted last year as part of the Omnibus Reconciliation Act of 1990 (OBRA 1990), the Budget Enforcement Act (BEA) set limits on discretionary spending and requires that direct spending and receipts legislation must, in total, be at least deficit neutral (see Chapter XIV, "Budget Enforcement Act Preview Report"). The BEA covers 1991 through 1995. The current services estimates presented in this chapter are consistent with the discretionary totals that will be enforced by the BEA and current law estimates for direct spending and receipts.

The current services estimates are shown on a consolidated basis. The off-budget outlays and receipts of the social security trust funds and the Postal Service Fund are combined with on-budget amounts to calculate the budget totals. The concepts used in developing the current services estimates are described below.

Table XV-1 compares the current services and Administration outlay, receipt, and deficit estimates for 1990 through 1996. The Administration's proposals would reduce the current services deficit by \$4.0 billion in 1992. Between 1992 and 1996, the cumulative deficit reduction proposed by the Administration totals \$35.5 billion. Pay-as-you-go proposals for direct spending and

receipts would reduce the deficit by \$0.5 billion and \$9.0 billion in 1991 and 1992, respectively. The Administration's request for discretionary programs, in total, is slightly under the 1992 discretionary cap. The Administration's budget also includes a placeholder for 1991 supplemental appropriations to fund Operation Desert Shield (including Desert Storm) that, combined with anticipated contributions from other countries, increases the deficit by \$8.2 billion and \$4.6 billion in 1991 and 1992, respectively. Finally, other primarily technical changes, such as accrual adjustments for Defense Department and Public Health Service retirement, and debt service would increase the deficit by \$0.4 billion in 1992.

**Direct spending and receipts.**—The current services estimates for direct spending programs and receipts reflect the future implications of current law, including the impact of final and proposed regulations. The current services estimates assume that expiring provisions providing revenues and spending authority will terminate as scheduled. Expiring provisions affecting excise taxes dedicated to trust funds, however, are assumed to be extended at current rates.

The current services estimates are based on the same technical assumptions, such as beneficiary levels and crop forecasts, and economic projections used in developing the President's policy estimates. In addition, the policy and current services estimates for deposit insurance are identical, reflecting amounts sufficient to address insolvencies in the thrift and banking industries.

Table XV-1. CURRENT SERVICES AND ADMINISTRATION BUDGET TOTALS, 1990-1996

(In billions of dollars)

	1990 actual	Estimate					
		1991	1992	1993	1994	1995	1996
Current services estimates:							
Receipts .....	1,031.3	1,091.1	1,162.3	1,252.1	1,366.0	1,468.2	1,565.1
Outlays .....	1,251.7	1,401.4	1,447.2	1,464.4	1,433.5	1,480.3	1,551.0
Deficit or surplus (-) .....	220.4	310.3	284.9	212.3	67.5	12.1	-14.1
Deficit impact of Administration proposals:							
Pay-as-you-go direct spending proposals .....		-0.1	-6.3	-9.3	-9.0	-11.0	-11.0
Pay-as-you-go receipt proposals .....		-0.4	-2.7	-0.4	0.9	1.0	4.5
Discretionary proposals (relative to the caps) .....			-*	-1.5	-0.2	-0.5	
Operation Desert Shield placeholder .....		8.2	4.6	0.8	0.4		
Other changes and debt service .....		0.1	0.4	-0.2	2.1	1.3	0.7
Total deficit impact .....		7.8	-4.0	-10.8	-5.7	-9.2	-5.8
Administration budget:							
Receipts .....	1,031.3	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3	1,560.7
Outlays .....	1,251.7	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
Deficit or surplus (-) .....	220.4	318.1	280.9	201.5	61.8	2.9	-19.9

\* \$50 million or less.

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 through 1996 use credit reform accounting.



**Discretionary programs.**—The current services estimates for both defense and nondefense discretionary programs are, in general, based on the enacted 1991 appropriations level. Resources are inflated to reflect year-to-year changes in the discretionary caps.

The 1991 estimates are the current estimates of enacted 1991 appropriations. For 1992 through 1995, the current services estimates match the adjusted discretionary caps. As discussed in the BEA preview report, the discretionary caps are to be adjusted following the enactment of appropriations. For purposes of estimating these adjusted caps, enactment of the President's proposals are assumed. Estimates of the end-of-session adjusted caps are shown in Table XIV-1 in the previous chapter. There are no discretionary caps for 1996, so the current services estimates for that year reflect the President's request for discretionary programs. Because the Administration's proposals for 1992 through 1995 are consistent with the discretionary caps, the 1996 proposals provide a reasonable approximation of an "extension" of the caps.

**Credit programs.**—The Federal Credit Reform Act of 1990 requires, beginning in 1992, new accounting for credit programs. Under credit reform, credit transactions are recorded in three types of accounts: program, financing, and liquidating accounts. Program accounts include the subsidy and administrative costs. The subsidy reflects the net present value of the cost to the Government over the life of the loan measured in the year the action is taken. Most program accounts are classified as discretionary. Financing accounts receive the subsidy from the program accounts and reflect all cash flows of the credit transactions, including the disbursement of direct loans and guarantee claims and the collection of loan repayments and fees. Financing accounts are scored as a means of financing and therefore excluded from the budget totals. Finally, the costs associated with pre-1992 loan obligations and commitments are displayed in liquidating accounts. All liquidating accounts are classified as mandatory.

The current services concepts for mandatory and discretionary programs discussed above apply to credit programs. Estimates for mandatory credit programs reflect subsidies for new credit activity permitted under current law. For discretionary credit programs, subsidy

amounts and administrative costs are inflated to reflect year-to-year changes in the discretionary caps. Because no subsidy amounts were appropriated in 1991, an estimate of the subsidy implied by the enacted program level was used as the base to estimate the current services levels for 1992 through 1996.

The shift in accounting techniques creates a mismatch when current services estimates from 1990 and 1991, presented on a pre-credit reform basis, are compared with those from 1992 through 1996, which follow the new credit accounting rules. In total, the mismatch is rather small; however, large discrepancies can appear for particular programs.

For a more detailed discussion of credit reform, see Chapter VIII.A., "Recognizing and Reducing Federal Underwriting Risks."

**Economic assumptions.**—The current services estimates are based on the same economic assumptions as the President's budget proposals. The economic assumptions assume that the President's budget proposals will be adopted. Continuation of all programs and tax laws unchanged would result in different economic conditions than would occur under the budget proposals.

Changes in economic conditions significantly affect budget estimates because of their effects on tax receipts, unemployment benefits, interest on the federal debt, and other programs where spending is sensitive to economic factors. As a result, if different economic assumptions were used in developing the current services and policy estimates, it would be very difficult to separate the effects of policy differences from the effects of differences in the economic assumptions.

The economic assumptions common to the budget and the current services estimates are summarized in Table XV-2. They are discussed in more detail in Chapter III, "Economic Assumptions and Sensitivities."

### Current Services Receipts

Table XV-3 shows current services receipts by major source. Current services receipts are projected to increase by \$71.2 billion from 1991 to 1992 and by \$402.8 billion from 1992 to 1996, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Table XV-2. SUMMARY OF ECONOMIC ASSUMPTIONS, 1990-1996

(Fiscal years)

	1990	1991	1992	1993	1994	1995	1996
Gross national product (in billions of current dollars) .....	5,406	5,616	5,986	6,424	6,876	7,334	7,809
Constant dollar GNP (percent change) .....	1.3	-0.5	2.4	3.5	3.3	3.1	3.0
Inflation measures (percent change):							
GNP deflator .....	4.0	4.4	4.1	3.7	3.6	3.5	3.4
Consumer Price Index .....	4.8	5.7	4.1	3.8	3.5	3.5	3.4
Unemployment rate (percent) .....	5.3	6.5	6.6	6.3	5.9	5.5	5.1
Interest rate, 91-day Treasury bills (percent) .....	7.7	6.6	6.1	5.8	5.7	5.4	5.3
Interest rate, 10-year Treasury notes (percent) .....	8.4	7.8	7.3	6.9	6.6	6.5	6.3



Table XV-3. CURRENT SERVICES RECEIPTS BY SOURCE

(In billions of dollars)

	1990 actual	Current services		1992 Administration proposals	Proposed 1992 less 1991
		1991 estimate	1992 estimate		
Individual income taxes .....	466.9	492.3	527.2	529.5	37.2
Corporation income taxes .....	93.5	95.9	102.8	101.9	6.0
Social insurance taxes and contributions .....	380.0	402.0	428.1	429.4	27.4
On-budget .....	(98.4)	(103.7)	(112.9)	(114.1)	(10.4)
Off-budget .....	(281.7)	(298.3)	(315.3)	(315.3)	(17.0)
Excise taxes .....	35.3	44.8	47.7	47.8	3.0
Other .....	55.5	56.2	56.5	56.5	0.3
<b>Total .....</b>	<b>1,031.3</b>	<b>1,091.1</b>	<b>1,162.3</b>	<b>1,165.0</b>	<b>73.9</b>
On-budget .....	(749.7)	(792.8)	(847.1)	(849.8)	(57.0)
Off-budget .....	(281.7)	(298.3)	(315.3)	(315.3)	(17.0)

Individual income taxes are estimated to increase by \$35.0 billion from 1991 to 1992 under current law. This growth of 7.1 percent is the effect of increased collections resulting from rising personal incomes, the changes in individual income tax rates and the limitations on personal exemptions and itemized deductions provided in OBRA 1990, and the expiration of several credits and exclusions from tax on December 31, 1991. These expiring provisions include the exclusion for employer-provided educational assistance and the low income housing tax credit. Individual income taxes are projected to grow at an average annual rate of 9.0 percent between 1992 and 1996. The estimates for 1996 reflect expiration of the limitations on personal exemptions and itemized deductions on December 31, 1995.

Corporation income taxes under current law are estimated to grow by \$6.9 billion or 7.2 percent from 1991 to 1992, in large part due to higher corporate profits. These estimates also reflect the expiration of the research and experimentation (R&E) credit, the R&E allocation rules, the targeted jobs credit, and several other credits and exclusions from tax that expire on December 31, 1991. Corporation income taxes are projected to increase at an average annual rate of 8.1 percent from 1992 to 1996.

Social insurance taxes and contributions are estimated to increase by \$26.2 billion between 1991 and 1992, and by an additional \$138.7 billion between 1992 and 1996. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$53,400 in 1991 to \$69,000 in 1996, and increases in the medicare taxable earnings base from \$125,000 in 1991 to \$162,600 in 1996.

Current services excise taxes are estimated to increase by \$2.9 billion from 1991 to 1992, in large part due to legislated increases in excise taxes provided in OBRA 1990. Excise taxes are estimated to increase by \$3.6 billion from 1992 to 1996. The estimates for 1992

through 1996 assume extension of the following taxes, which are scheduled to expire in 1995: the highway fuels taxes and other highway user taxes deposited in the Highway Trust Fund, the motor boat fuels taxes and certain other taxes deposited in the Aquatic Resources Trust Fund, the Hazardous Substance Superfund Trust Fund taxes, and the Airport and Airway Trust Fund taxes. The estimates also reflect extension of the Oil Spill Liability Trust Fund taxes and the Vaccine Injury Compensation Trust Fund taxes that are scheduled to expire December 31, 1994, and December 31, 1992, respectively.

Other current services receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$7.6 billion from 1991 to 1996.

### Current Services Outlays

Current services outlays are estimated to total \$1,447.2 billion in 1992. The increase in current services outlays from 1991 to 1992 is \$45.8 billion, or 3.3 percent. Between 1992 and 1996 current services outlays are projected to increase at an average annual rate of 1.7 percent.

Changes in current services outlays from 1991 to 1992 for entitlements and other mandatory programs are largely due to changes in the number of beneficiaries, to cost-of-living adjustments, and to revised estimates of commercial bank and savings and loan association insolvency costs. In the case of annually appropriated programs, the change reflects year-to-year growth permitted under the discretionary caps.

Table XV-4 shows outlay estimates for current services and Administration budget proposals by function. These same estimates, arrayed by agency, are presented in Table XV-5. A more detailed comparison (by function, subfunction, and program) of current services and Administration policy outlay estimates appears in Table XV-11 at the end of the chapter.



Table XV-4. CURRENT SERVICES OUTLAYS BY FUNCTION

(In billions of dollars)

	1990 actual	Current Services		1992 Administration proposals	Proposed 1992 less 1991
		1991 estimate	1992 estimate		
National defense:					
Department of Defense—Military .....	289.8	288.2	283.6	283.0	-5.2
Other .....	9.6	11.3	11.6	12.2	0.9
International affairs .....	13.8	16.8	17.8	17.8	1.0
General science, space, and technology .....	14.4	15.8	16.1	17.5	1.7
Energy .....	2.4	2.7	4.2	3.7	1.0
Natural resources and environment .....	17.1	18.8	19.5	19.5	0.7
Agriculture .....	12.0	15.8	15.3	15.3	-0.6
Commerce and housing credit .....	67.1	119.5	94.7	92.8	-26.7
On-budget .....	(65.5)	(119.4)	(96.0)	(93.9)	(-25.5)
Off-budget .....	(1.6)	(0.1)	(-1.3)	(-1.1)	(-1.2)
Transportation .....	29.5	31.5	33.2	32.7	1.2
Community and regional development .....	8.5	7.8	6.7	6.5	-1.3
Education, training, employment, and social services .....	38.5	42.8	46.4	45.5	2.7
Health .....	57.7	71.2	81.8	81.3	10.1
Medicare .....	98.1	104.4	116.9	113.7	9.3
Income security .....	147.3	173.0	185.2	184.8	11.9
Social security .....	248.6	269.0	288.4	288.6	19.7
On-budget .....	(3.6)	(5.1)	(5.8)	(5.8)	(0.7)
Off-budget .....	(245.0)	(263.8)	(282.5)	(282.8)	(18.9)
Veterans benefits and services .....	29.1	31.5	33.3	33.0	1.5
Administration of justice .....	10.0	12.5	13.2	14.5	1.9
General government .....	10.7	11.2	13.1	13.2	2.0
Net interest .....	184.2	196.7	205.3	206.3	9.6
On-budget .....	(200.2)	(216.9)	(229.1)	(230.1)	(13.2)
Off-budget .....	(-16.0)	(-20.2)	(-23.7)	(-23.7)	(-3.6)
Allowances:					
Proposed agency contributions for PHS retirement .....				0.1	0.1
Operation Desert Shield placeholder .....				4.6	4.6
Undistributed offsetting receipts:					
Employer share, employee retirement (on-budget) .....	-28.0	-29.5	-30.4	-30.6	-1.0
Employer share, employee retirement (off-budget) .....	-5.6	-5.8	-6.2	-6.2	-0.4
Rents and royalties on the Outer Continental Shelf .....	-3.0	-3.7	-2.7	-2.7	1.0
Sale of major assets .....				-0.1	-0.1
Other undistributed offsetting receipts .....				-1.2	-1.2
Total undistributed offsetting receipts .....	-36.6	-39.1	-39.3	-40.8	-1.7
On-budget .....	(-31.0)	(-33.3)	(-33.0)	(-34.5)	(-1.3)
Off-budget .....	(-5.6)	(-5.8)	(-6.2)	(-6.2)	(-0.4)
<b>Total outlays .....</b>	<b>1,251.7</b>	<b>1,401.4</b>	<b>1,447.2</b>	<b>1,445.9</b>	<b>44.5</b>
On-budget .....	(1,026.6)	(1,163.5)	(1,196.0)	(1,194.2)	(30.7)
Off-budget .....	(225.1)	(237.9)	(251.3)	(251.7)	(13.8)

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 use credit reform accounting.

Current services outlays for social security are estimated to increase by \$19.4 billion between 1991 and 1992, from \$269.0 billion in 1991 to \$288.4 billion in 1992. Medicare outlays are estimated to increase by \$12.5 billion, from \$104.4 billion in 1991 to \$116.9 billion in 1992. Outlays for medicaid grants are estimated to increase by \$8.3 billion, from \$51.6 billion in 1991 to \$59.9 billion in 1992. These increases in medicare and medicaid outlays are largely the result of increases in medical care prices and utilization. Table XV-6 shows caseload projections for these and other major benefit programs and other selected programmatic assumptions.

Defense (050) outlays are estimated to decrease by \$4.3 billion between 1991 and 1992, from \$299.5 billion to \$295.2 billion, consistent with the defense discretionary spending limits. These defense estimates do not reflect the placeholder for Operation Desert Shield, which includes Desert Storm.

Outlays for deposit insurance decrease by \$23.4 billion, from \$111.5 billion in 1991 to \$88.1 billion in 1992. Spending by the Resolution Trust Corporation (RTC) to resolve savings and loan insolvencies, and out-

lays by the Bank Insurance Fund (BIF) of the Federal Deposit Insurance Corporation (FDIC) to resolve bank insolvencies, decline between 1991 and 1992 by \$8.5 billion and \$6.2 billion, respectively. This estimated decline primarily reflects increased receipts in 1992 from the sale of assets of past failed thrifts and banks. These estimates assume present RTC funding and BIF obligation constraints are raised. A decrease of \$7.8 billion in outlays between 1991 and 1992 for the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund is due to the completed restructuring of expensive pre-1989 contracts of the former FSLIC in 1991.

#### Current Services Budget Authority

Current services budget authority is estimated to total \$1,585.6 billion in 1992. Table XV-7 shows budget authority estimates for current services and Administration policy by function. These estimates, arrayed by agency, are presented in Table XV-8. A more detailed comparison (by function, subfunction, and program) of current services and Administration policy budget au-



Table XV-5. CURRENT SERVICES OUTLAYS BY AGENCY

(In billions of dollars)

	1990 actual	Current Services		1992 Administration proposals	Proposed 1992 less 1991
		1991 estimate	1992 estimate		
Legislative Branch .....	2.2	2.5	2.7	3.0	0.4
The Judiciary .....	1.6	2.0	1.9	2.3	0.3
Executive Office of the President .....	0.2	0.3	0.3	0.3	—*
Funds Appropriated to the President .....	10.1	11.2	12.0	12.0	0.8
Department of Agriculture .....	46.0	55.4	55.9	55.7	0.3
Department of Commerce .....	3.7	2.8	2.8	2.8	—*
Department of Defense—Military .....	289.8	288.2	283.6	283.0	-5.2
Department of Defense—Civil .....	25.0	26.4	28.2	28.2	1.8
Department of Education .....	23.1	24.8	27.6	27.5	2.7
Department of Energy .....	12.0	13.5	14.3	14.9	1.4
Department of Health and Human Services, except Social Security .....	193.7	222.3	247.2	242.5	20.2
Department of Health and Human Services, Social Security .....	245.0	263.8	282.5	282.8	18.9
Department of Housing and Urban Development .....	20.2	23.5	25.4	24.3	0.8
Department of the Interior .....	5.8	6.4	7.0	6.5	0.1
Department of Justice .....	6.5	8.7	9.3	10.0	1.4
Department of Labor .....	25.3	34.4	35.0	34.8	0.4
Department of State .....	4.0	4.2	4.4	4.5	0.3
Department of Transportation .....	28.6	30.8	32.6	31.9	1.1
Department of the Treasury .....	255.3	276.7	297.5	298.6	21.9
Department of Veterans Affairs .....	29.0	31.3	33.1	32.8	1.5
Environmental Protection Agency .....	5.1	5.8	5.8	5.9	0.1
General Services Administration .....	-0.1	0.8	0.6	0.7	—*
National Aeronautics and Space Administration .....	12.4	13.5	13.8	14.7	1.2
Office of Personnel Management .....	31.9	35.2	37.1	37.0	1.9
Small Business Administration .....	0.7	0.5	0.6	0.3	-0.2
Other independent agencies .....	73.6	125.7	102.3	102.1	-23.6
Allowances:					
Proposed agency contributions for PHS retirement .....				0.1	0.1
Operation Desert Shield placeholder .....				4.6	4.6
Undistributed offsetting receipts .....	-99.0	-109.4	-116.4	-118.0	-8.6
<b>Total outlays .....</b>	<b>1,251.7</b>	<b>1,401.4</b>	<b>1,447.2</b>	<b>1,445.9</b>	<b>44.5</b>
On-budget .....	(1,026.6)	(1,163.5)	(1,196.0)	(1,194.2)	(30.7)
Off-budget .....	(225.1)	(237.9)	(251.3)	(251.7)	(13.8)

\* \$50 million or less.

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 use credit reform accounting.

Table XV-6. PROGRAMMATIC ASSUMPTIONS 1991-1996

	Fiscal years					
	1991	1992	1993	1994	1995	1996
Beneficiaries (annual average, in thousands):						
Social security (OASDI) .....	40,033	40,593	41,107	41,565	41,988	42,388
Railroad retirement .....	939	931	912	891	868	843
Federal civil service retirement .....	2,202	2,239	2,301	2,363	2,425	2,487
Military retirement .....	1,668	1,702	1,736	1,769	1,801	1,832
Veterans compensation .....	2,493	2,473	2,455	2,438	2,424	2,412
Veterans pensions .....	1,050	999	960	925	895	870
Disabled coal miners programs .....	285	267	250	233	217	202
Supplemental security income .....	4,850	5,051	5,257	5,468	5,687	5,908
Maintenance assistance (AFDC) .....	12,367	12,741	12,856	12,906	12,959	13,001
Food stamps <sup>1</sup> .....	21,775	22,368	22,589	22,422	22,142	21,809
Medicaid .....	27,333	28,880	30,136	31,051	31,883	32,715
Medicare:						
Hospital insurance .....	33,777	34,326	34,862	35,381	35,874	36,412
Supplementary medical insurance .....	32,732	33,141	33,544	33,966	34,395	34,808
Automatic benefit increases (percent):						
Social security and veterans pensions (January) .....	4.1	4.2	4.7	4.3	4.1	4.0
Federal employee retirement (January) .....	4.1	4.2	4.7	4.3	4.1	4.0
Food stamps (October) .....	5.2	5.3	3.9	3.7	3.6	3.5
Unemployment rate (percent, annual average):						
Total (civilian and military) .....	6.7	6.6	6.2	5.8	5.4	5.1
Insured <sup>2</sup> .....	3.1	3.0	2.8	2.5	2.4	2.2

<sup>1</sup> Average monthly participation.<sup>2</sup> This measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

thority estimates appears in Table XV-11 at the end of the chapter.

Increases in current services budget authority between 1991 and 1992 generally reflect year-to-year increases permitted under the discretionary caps for dis-

cretionary programs and the higher funding levels that would be necessary to maintain current law program levels for mandatory programs. In the case of most trust funds, the funds' receipts automatically become budget authority; thus increases in budget authority

for these funds simply reflect year-to-year growth in expected receipts. As defined in the BEA, however, budget authority for the medicare, unemployment, and railroad retirement trust funds is equal to estimated obligations to be incurred during the fiscal year for benefit, administrative, and other expenses.

### Current Services Outlays and Budget Authority by Function and Program

Table XV-9 presents the current services estimates and the Administration's proposed budget by category. Table XV-10 presents outlay estimates of mandatory and related programs for 1990 through 1996. Table XV-11 presents current services and Administration budget authority and outlay estimates in function order, with subfunction and program level detail.

Table XV-7. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

	1990 actual	Current Services		1992 Administration proposals	Proposed 1992 less 1991
		1991 estimate	1992 estimate		
National defense:					
Department of Defense—Military .....	293.0	276.4	279.0	278.3	1.9
Other .....	10.3	12.0	11.8	12.5	0.5
International affairs .....	18.8	19.8	35.7	35.7	15.9
General science, space, and technology .....	14.6	16.5	16.8	18.9	2.5
Energy .....	4.9	5.2	4.9	4.1	-1.1
Natural resources and environment .....	18.1	18.8	20.0	19.7	0.9
Agriculture .....	14.5	20.7	20.6	20.2	-0.5
Commerce and housing credit .....	62.3	122.1	107.0	105.8	-16.3
On-budget .....	(59.3)	(119.4)	(106.2)	(104.0)	(-15.4)
Off-budget .....	(3.1)	(2.7)	(0.8)	(1.8)	(-0.9)
Transportation .....	30.9	31.2	32.7	34.3	3.2
Community and regional development .....	9.8	7.8	6.6	5.8	-2.0
Education, training, employment, and social services .....	40.3	45.3	48.6	46.9	1.7
Health .....	60.9	73.6	81.9	81.3	7.7
Medicare .....	98.8	104.5	117.0	113.8	9.3
Income security .....	179.8	210.7	221.3	222.7	12.0
Social security .....	307.0	329.5	351.1	351.1	21.7
On-budget .....	(3.8)	(5.1)	(5.8)	(5.8)	(0.7)
Off-budget .....	(303.2)	(324.3)	(345.3)	(345.3)	(20.9)
Veterans benefits and services .....	30.6	32.2	33.6	33.4	1.2
Administration of justice .....	12.4	12.7	13.4	14.8	2.1
General government .....	13.2	12.3	14.1	12.7	0.4
Net interest .....	184.7	196.3	205.3	206.3	10.1
On-budget .....	(200.7)	(216.4)	(229.1)	(230.1)	(13.6)
Off-budget .....	(-16.0)	(-20.2)	(-23.7)	(-23.7)	(-3.6)
Allowances:					
Proposed agency contributions for PHS retirement .....				0.1	0.1
Budget authority to reach domestic discretionary cap .....			3.4		
Undistributed offsetting receipts:					
Employer share, employee retirement (on-budget) .....	-28.0	-29.5	-30.4	-30.6	-1.0
Employer share, employee retirement (off-budget) .....	-5.6	-5.8	-6.2	-6.2	-0.4
Rents and royalties on the Outer Continental Shelf .....	-3.0	-3.7	-2.7	-2.7	1.0
Sale of major assets .....				-0.1	-0.1
Other undistributed offsetting receipts .....				-1.2	-1.2
Total undistributed offsetting receipts .....	-36.6	-39.1	-39.3	-40.8	-1.7
On-budget .....	(-31.0)	(-33.3)	(-33.0)	(-34.5)	(-1.3)
Off-budget .....	(-5.6)	(-5.8)	(-6.2)	(-6.2)	(-0.4)
<b>Total budget authority .....</b>	<b>1,368.5</b>	<b>1,508.3</b>	<b>1,585.6</b>	<b>1,577.8</b>	<b>69.5</b>
On-budget .....	(1,083.8)	(1,207.3)	(1,269.5)	(1,260.7)	(53.4)
Off-budget .....	(284.7)	(301.1)	(316.1)	(317.1)	(16.1)

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 use credit reform accounting.



Table XV-8. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

	1990 actual	Current Services		1992 Administration proposals	Proposed 1992 less 1991
		1991 estimate	1992 estimate		
Legislative Branch .....	2.2	2.5	2.6	3.0	0.5
The Judiciary .....	1.7	2.0	2.1	2.6	0.6
Executive Office of the President .....	0.3	0.3	0.3	0.2	—*
Funds Appropriated to the President .....	12.4	13.2	25.6	25.4	12.2
Department of Agriculture .....	55.3	64.4	62.9	62.1	-2.2
Department of Commerce .....	3.7	2.7	2.8	2.6	-0.1
Department of Defense—Military .....	293.0	276.4	279.0	278.3	1.9
Department of Defense—Civil .....	37.3	38.9	40.4	40.5	1.5
Department of Education .....	24.7	27.1	29.2	29.6	2.5
Department of Energy .....	14.0	15.4	15.5	16.1	0.7
Department of Health and Human Services, except Social Security .....	195.9	224.9	248.8	242.8	17.8
Department of Health and Human Services, Social Security .....	303.2	324.3	345.3	345.3	20.9
Department of Housing and Urban Development .....	17.3	27.0	25.3	25.6	-1.5
Department of the Interior .....	6.7	6.7	7.2	6.5	-0.3
Department of Justice .....	8.6	8.9	9.3	10.2	1.3
Department of Labor .....	26.6	32.3	33.5	33.2	0.9
Department of State .....	4.4	4.6	4.9	5.7	1.1
Department of Transportation .....	30.2	30.7	32.2	33.5	2.8
Department of the Treasury .....	259.1	278.1	298.9	300.0	21.9
Department of Veterans Affairs .....	30.5	32.1	33.5	33.2	1.2
Environmental Protection Agency .....	5.4	5.9	6.0	6.0	—
General Services Administration .....	2.2	1.9	1.7	0.3	-1.6
National Aeronautics and Space Administration .....	12.3	14.0	14.2	15.7	1.7
Office of Personnel Management .....	55.9	59.2	61.1	61.2	2.0
Small Business Administration .....	0.9	0.5	1.1	0.8	0.3
Other independent agencies .....	63.7	123.7	114.9	115.5	-8.3
Allowances:					
Proposed agency contributions for PHS retirement .....				0.1	0.1
Budget authority to reach international discretionary cap .....			0.3		
Budget authority to reach domestic discretionary cap .....			3.4		
Undistributed offsetting receipts .....	-99.0	-109.4	-116.4	-118.0	-8.6
<b>Total budget authority .....</b>	<b>1,368.5</b>	<b>1,508.3</b>	<b>1,585.6</b>	<b>1,577.8</b>	<b>69.5</b>
On-budget .....	(1,083.8)	(1,207.3)	(1,269.5)	(1,260.7)	(53.4)
Off-budget .....	(284.7)	(301.1)	(316.1)	(317.1)	(16.1)

\* \$50 million or less.

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 use credit reform accounting.

Table XV-9. CURRENT SERVICES AND BUDGET CATEGORY TOTALS, 1991-1996

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
<b>CURRENT SERVICES ESTIMATES:</b>						
Discretionary .....	518.4	527.5	537.6	537.8	543.2	554.2
Mandatory:						
Social Security benefits .....	266.7	286.0	303.8	320.3	336.9	354.0
Remaining mandatory .....	458.7	467.7	452.6	402.9	430.4	477.3
Subtotal, mandatory .....	725.4	753.7	756.4	723.2	767.3	831.3
Undistributed offsetting receipts .....	-39.1	-39.3	-41.2	-43.0	-44.5	-46.3
Net Interest .....	196.7	205.3	211.6	215.5	214.3	211.8
Total Outlays .....	1,401.4	1,447.2	1,464.4	1,433.5	1,480.3	1,551.0
Total Receipts .....	1,091.1	1,162.3	1,252.1	1,366.0	1,468.2	1,565.1
Deficit or surplus (-) .....	310.3	284.9	212.3	67.5	12.1	-14.1
<b>ADMINISTRATION PROPOSED BUDGET:</b>						
Discretionary <sup>1</sup> .....	526.3	532.1	536.9	538.0	542.7	554.2
Mandatory:						
Social Security benefits .....	266.7	286.2	303.9	320.4	336.9	354.0
Remaining mandatory .....	458.6	460.8	442.8	393.4	418.8	465.7
Subtotal, mandatory .....	725.3	747.0	746.7	713.8	755.8	819.6
Undistributed offsetting receipts .....	-39.1	-39.5	-41.4	-40.2	-42.0	-44.0
Net Interest .....	197.0	206.3	212.0	215.5	213.8	211.0
Total Outlays .....	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
Total Receipts .....	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3	1,560.7
Deficit or surplus (-) .....	318.1	280.9	201.5	61.8	2.9	-19.9
<b>DIFFERENCE:</b>						
Discretionary .....	7.9	4.6	-0.8	0.2	-0.5	.....
Mandatory:						
Social Security benefits .....	.....	0.1	0.1	*	.....	.....
Remaining mandatory .....	-0.1	-6.8	-9.8	-9.5	-11.6	-11.7
Subtotal, mandatory .....	-0.1	-6.7	-9.7	-9.5	-11.6	-11.7
Undistributed offsetting receipts .....	.....	-0.2	-0.2	2.8	2.5	2.3
Net Interest .....	0.3	1.0	0.5	-0.1	-0.5	-0.8
Total Outlays .....	8.1	-1.3	-10.2	-6.4	-10.0	-10.2
Total Receipts .....	0.4	2.7	0.6	-0.7	-0.9	-4.3
Deficit or surplus (-) .....	7.8	-4.0	-10.8	-5.7	-9.2	-5.8

\* \$50 million or less.

Note: Estimates for 1991 are presented on a pre-credit reform basis. The estimates for 1992 through 1996 use credit reform accounting.

<sup>1</sup> Includes Operation Desert Shield placeholder.



Table XV-10. OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

	Actual 1990	Estimate					
		1991	1992	1993	1994	1995	1996
Mandatory programs:							
Human resources programs:							
Education, training, employment, and social services .....	10.9	12.3	13.3	13.1	12.0	11.6	7.6
Health:							
Medicaid .....	41.1	51.6	59.9	68.5	78.3	88.7	99.8
Other .....	1.7	2.8	3.9	4.6	5.2	5.5	6.7
Subtotal, health .....	42.9	54.3	63.8	73.1	83.5	94.2	106.5
Medicare .....	95.8	101.9	114.2	126.3	141.4	158.2	179.1
Income security:							
Retirement and disability .....	56.6	60.8	64.3	67.2	71.1	75.0	80.8
Unemployment compensation .....	17.1	25.0	25.0	24.7	23.8	23.7	23.1
Food and nutrition assistance .....	21.3	25.3	27.1	28.7	30.1	31.2	32.3
Other .....	28.7	35.5	39.2	42.3	46.9	50.7	51.7
Subtotal, income security .....	123.8	146.6	155.7	162.9	171.8	180.7	188.0
Social Security .....	246.5	266.7	286.0	303.8	320.3	336.9	354.0
Veterans benefits and services:							
Income security for veterans .....	15.2	17.0	17.3	17.9	19.9	19.0	17.9
Other .....	0.7	0.5	1.2	1.1	1.2	1.0	1.0
Subtotal, veterans benefits and services .....	15.9	17.5	18.5	19.0	21.1	20.0	18.9
Subtotal, mandatory human resources programs .....	535.8	599.5	651.5	698.2	750.2	801.7	854.0
Other mandatory programs:							
Agriculture .....	9.3	12.9	12.0	11.0	10.3	8.9	9.2
Commerce and housing credit .....	63.3	115.9	91.0	48.9	-34.4	-39.4	-28.1
Other functions .....	-3.5	-2.9	-0.8	-1.7	-2.9	-3.8	-3.8
Subtotal, other mandatory programs .....	69.2	126.0	102.2	58.2	-27.0	-34.3	-22.7
Subtotal, mandatory programs .....	604.9	725.4	753.7	756.4	723.2	767.3	831.3
Net interest:							
Interest on the public debt .....	264.8	286.0	303.5	319.8	330.3	334.9	339.2
Interest received by trust funds .....	-62.4	-70.3	-77.2	-84.9	-93.0	-102.0	-112.1
Other interest .....	-18.2	-18.9	-21.0	-23.4	-21.8	-18.7	-15.3
Subtotal, net interest .....	184.2	196.7	205.3	211.6	215.5	214.3	211.8
Undistributed offsetting receipts:							
Employer share, employee retirement .....	-33.6	-35.4	-36.6	-37.9	-39.8	-41.3	-42.8
Rents and royalties on the Outer Continental Shelf .....	-3.0	-3.7	-2.7	-3.3	-3.3	-3.2	-3.5
Subtotal, undistributed offsetting receipts .....	-36.6	-39.1	-39.3	-41.2	-43.0	-44.5	-46.3
Total Outlays for Mandatory and Related Programs Under Current Law .....	752.5	883.0	919.8	926.7	895.7	937.1	996.8

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 through 1996 use credit reform accounting.

Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
<b>050 NATIONAL DEFENSE</b>								
<b>051 Department of Defense-Military:</b>								
Military personnel .....	78,876	79,021	78,773	78,017	75,622	78,938	78,560	77,848
Operation and maintenance .....	88,309	86,019	86,732	86,452	88,340	86,192	86,427	85,723
Procurement .....	81,376	66,521	65,521	63,404	80,972	79,385	74,488	74,300
Research, development, test and evaluation .....	36,459	35,440	35,013	39,918	37,458	36,038	35,386	37,841
Military construction .....	5,130	5,115	5,061	4,537	5,080	4,603	5,035	4,948
Family housing .....	3,143	3,296	3,254	3,611	3,501	3,336	3,272	3,419
Revolving and management funds .....	604	1,784	1,683	3,435	-321	564	1,192	1,841
Offsetting receipts and other .....	-897	-812	-756	-756	-897	-812	-756	-756
Allowances: Savings from reform of Davis-Bacon Act (proposed) .....				-150				-81
Allowances: general transfer authority .....								420
Allowances: Retirement accrual and other legislation (proposed) .....				-186				-2,457
Allowances: Budget authority to reach defense discretionary cap .....			3,708					
Subtotal, Department of Defense-Military .....	292,999	276,386	278,989	278,282	289,755	288,244	283,606	283,045
<b>053 Atomic energy defense activities</b> .....	9,656	10,955	10,802	11,780	8,988	10,355	10,641	11,443
<b>054 Defense-related activities</b> .....	609	1,053	1,039	757	587	947	998	756
Total .....	303,263	288,394	290,829	290,820	299,331	299,546	295,244	295,245
<b>150 INTERNATIONAL AFFAIRS</b>								
<b>151 International development and humanitarian assistance:</b>								
Agency for International Development .....	2,587	3,172	3,382	3,311	2,586	2,489	2,834	2,868
Enterprise for the Americas Initiative:								
Existing law .....			103	101			103	16
Proposed legislation .....				309				309
Multilateral development banks:								
Existing law .....	1,469	1,588	1,686	1,500	1,429	1,303	1,480	1,474
Proposed legislation .....				185				10
Food aid .....	978	981	1,534	1,301	978	1,097	731	585
Refugee programs .....	513	511	543	511	544	455	538	520
Voluntary contributions to international organizations .....	274	279	297	250	265	270	304	257
State Department narcotics assistance .....	130	147	156	172	111	127	140	146
Peace Corps .....	166	182	197	200	156	179	195	198
Other programs .....	61	77	98	97	-90	-69	-67	-64
Offsetting receipts .....	-483	-464	-483	-480	-483	-464	-483	-480
Allowances: Budget authority to reach international discretionary cap .....			337					
Subtotal, International development and humanitarian assistance .....	5,696	6,473	7,851	7,456	5,498	5,387	5,776	5,838
<b>152 International security assistance:</b>								
Foreign military financing .....	4,407	4,620	4,966	4,650	4,059	4,179	4,385	4,223
Economic support fund .....	3,957	3,085	3,274	3,240	3,719	3,229	3,411	3,394
Other programs .....	261	535	-111	-111	1,106	1,271	526	527
Offsetting receipts .....	-232	-231	-384	-384	-232	-231	-384	-384
Subtotal, International security assistance .....	8,393	8,009	7,745	7,395	8,652	8,448	7,938	7,759
<b>153 Conduct of foreign affairs:</b>								
State Department salaries and expenses .....	1,792	1,825	1,980	2,050	1,822	1,861	1,948	2,005
Foreign buildings .....	293	223	240	570	356	376	333	399
United Nations programs .....	702	893	948	1,327	727	923	948	956
Other programs .....	144	154	166	174	145	177	164	173
Subtotal, Conduct of foreign affairs .....	2,933	3,095	3,334	4,121	3,050	3,336	3,391	3,532
<b>154 Foreign information and exchange activities:</b>								
U.S. Information Agency .....	927	987	1,053	1,059	887	1,021	1,045	1,056
Board for International Broadcasting .....	373	194	206	218	208	270	302	314
Other programs .....	17	28	25	26	8	35	27	27
Subtotal, Foreign information and exchange activities .....	1,317	1,209	1,285	1,303	1,103	1,326	1,375	1,398
<b>155 International financial programs:</b>								
Export-Import Bank .....	56	170	2,429	2,360	357	542	644	590
International Monetary Fund .....			12,158	12,158	-741			
Exchange stabilization fund .....					-2,947	-1,800	-1,500	-1,500
Foreign military sales trust fund (net) .....	373	931	965	965	-985	-245	255	255
Other programs:								
Existing law .....	139	10	11		-129	-93	31	31
Proposed legislation .....				20				9
Offsetting receipts .....	-94	-96	-98	-98	-94	-96	-98	-98



Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Subtotal, International financial programs .....	473	1,015	15,465	15,405	-4,539	-1,692	-668	-713
Total .....	18,811	19,802	35,680	35,679	13,764	16,806	17,811	17,814
<b>250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY</b>								
<b>251 General science and basic research:</b>								
National Science Foundation programs .....	2,100	2,335	2,389	2,743	1,838	2,123	2,289	2,436
Department of Energy general science programs .....	1,084	1,149	1,173	1,549	997	1,137	1,059	1,343
Subtotal, General science and basic research .....	3,184	3,483	3,563	4,292	2,835	3,259	3,348	3,779
<b>253 Space flight .....</b>	<b>7,164</b>	<b>7,992</b>	<b>8,196</b>	<b>8,898</b>	<b>7,401</b>	<b>7,931</b>	<b>7,857</b>	<b>8,249</b>
<b>254 Space science, applications, and technology .....</b>	<b>3,141</b>	<b>3,744</b>	<b>3,849</b>	<b>4,517</b>	<b>3,068</b>	<b>3,519</b>	<b>3,771</b>	<b>4,188</b>
<b>255 Supporting space activities .....</b>	<b>1,155</b>	<b>1,259</b>	<b>1,179</b>	<b>1,227</b>	<b>1,140</b>	<b>1,072</b>	<b>1,173</b>	<b>1,237</b>
Total .....	14,644	16,479	16,787	18,934	14,444	15,781	16,149	17,452
<b>270 ENERGY</b>								
<b>271 Energy supply:</b>								
Research and development .....	3,171	3,377	3,510	3,363	2,521	2,691	3,120	3,130
Petroleum reserves .....	-386	-431	-295	-301	-393	-447	-303	-307
Federal power marketing:								
Existing law .....	-377	-285	-372	-321	-719	-664	-537	-500
Proposed legislation .....				-377				-393
Tennessee Valley Authority .....	174	260	982	982	-410	-59	702	702
Uranium enrichment:								
Existing law .....					-140	-104	-145	-145
Proposed legislation .....								145
Uranium Supply and Enrichment Revolving Fund (proposed) ..								-145
Nuclear waste disposal fund .....	-277	-320	-315	-256	-233	-281	-310	-279
Subsidies for nonconventional fuel production .....					95	136	149	149
Rural electric and telephone:								
Existing law .....	1,073	1,322	169	159	265	389	491	492
Proposed legislation .....				-91				-13
Isotopes .....	16			8	6		8	8
Subtotal, Energy supply .....	3,394	3,923	3,680	3,167	992	1,662	3,176	2,846
<b>272 Energy conservation:</b>								
Energy conservation grants and R&D .....	366	465	476	296	364	393	442	406
Solar Energy and Energy Conservation Bank .....								
Subtotal, Energy conservation .....	366	465	476	296	365	394	442	406
<b>274 Emergency energy preparedness:</b>								
Existing law .....	571	439	405	390	442	342	246	236
Proposed legislation .....								
Subtotal, Emergency energy preparedness .....	571	439	405	390	442	342	246	236
<b>276 Energy information, policy, and regulation:</b>								
Nuclear Regulatory Commission .....	266	23	20	20	221	21	16	7
Other energy programs .....	329	329	348	256	338	322	327	215
Subtotal, Energy information, policy, and regulation .....	595	353	368	276	559	343	343	223
Total .....	4,926	5,180	4,929	4,129	2,358	2,740	4,207	3,710
<b>300 NATURAL RESOURCES AND ENVIRONMENT</b>								
<b>301 Water resources:</b>								
Corps of Engineers .....	3,306	3,465	3,679	3,750	3,466	3,499	3,643	3,667
Bureau of Reclamation .....	1,066	1,082	1,108	1,016	1,029	1,163	1,109	1,033
Other .....	305	234	243	199	250	257	239	207
Offsetting receipts .....	-344	-422	-468	-468	-344	-422	-468	-468
Subtotal, Water resources .....	4,332	4,360	4,562	4,497	4,401	4,496	4,522	4,439
<b>302 Conservation and land management:</b>								
Management of national forests, cooperative forestry, and for-								
estry research (Forest Service) .....	3,043	2,828	2,883	2,891	2,500	2,806	2,735	2,735
Management of public lands (BLM) .....	1,005	813	856	922	785	866	845	877
Mining reclamation and enforcement .....	295	310	321	272	327	255	328	314
Conservation reserve program .....	1,011	1,315	1,643	1,643	1,513	1,815	1,791	1,791
Wetlands reserve program .....			124	124			80	80
Other conservation of agricultural lands:								
Existing law .....	733	780	797	844	740	774	795	844
Proposed legislation .....								
Other resources management .....	262	349	365	379	256	319	359	367
Offsetting receipts:								
Existing law .....	-2,567	-2,835	-2,810	-2,893	-2,567	-2,835	-2,810	-2,893

Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Proposed legislation .....				-2				-2
Subtotal, Conservation and land management .....	3,783	3,560	4,179	4,179	3,553	3,999	4,124	4,112
<b>303 Recreational resources:</b>								
Federal land acquisition .....	311	358	399	338	238	325	367	349
Urban park and historic preservation funds .....	33	54	56	36	33	35	41	39
Operation of recreational resources:								
Existing law .....	2,134	2,183	2,313	2,176	1,689	1,949	2,196	2,218
Proposed legislation .....				8				6
Corps of Engineers recreational fee (proposed) .....				-20				-20
Forest Service recreational fee (proposed) .....				-8				-8
Offsetting receipts .....	-84	-107	-106	-106	-84	-107	-106	-106
Subtotal, Recreational resources .....	2,395	2,488	2,661	2,424	1,876	2,202	2,498	2,478
<b>304 Pollution control and abatement:</b>								
Regulatory, enforcement, and research programs:								
Existing law .....	1,969	2,353	2,414	2,509	1,744	2,179	2,294	2,356
Proposed legislation .....				5				3
Hazardous substance response fund .....	1,530	1,616	1,659	1,750	1,144	1,361	1,495	1,514
Oil pollution funds (gross) .....	149	113	114	133	44	55	116	132
Sewage treatment plant construction grants .....	1,948	2,102	2,145	1,900	2,290	2,354	2,199	2,194
Leaking underground storage tank trust fund .....	74	65	67	85	59	69	83	91
Offsetting receipts .....	-125	-150	-237	-237	-125	-150	-237	-237
Subtotal, Pollution control and abatement .....	5,545	6,098	6,162	6,145	5,156	5,869	5,949	6,051
<b>306 Other natural resources:</b>								
Program activities .....	2,093	2,318	2,433	2,482	2,095	2,283	2,460	2,483
Offsetting receipts .....	-16	-19	-19	-19	-16	-19	-19	-19
Subtotal, Other natural resources .....	2,077	2,298	2,413	2,463	2,080	2,263	2,441	2,464
Total .....	18,132	18,805	19,978	19,708	17,067	18,829	19,535	19,545
<b>350 AGRICULTURE</b>								
<b>351 Farm income stabilization:</b>								
Commodity Credit Corporation:								
Existing law .....	6,273	11,327	10,773	10,773	6,380	10,844	11,000	11,079
Proposed legislation .....				-36				-36
Crop insurance:								
Existing law .....	401	663	644	632	979	884	943	936
Proposed legislation .....				-157				-77
Agricultural credit insurance .....	5,459	6,018	6,302	6,278	2,241	1,715	858	835
State mediation grants .....			4	2			2	1
Farm Credit System assistance .....					-23	-170	-104	-103
Temporary emergency food assistance program .....	169	170	174	147	167	170	173	155
Other .....	11				17	11		
Subtotal, Farm income stabilization .....	12,313	18,179	17,896	17,638	9,761	13,453	12,872	12,790
<b>352 Agricultural research and services:</b>								
Research programs:								
Existing law .....	946	1,064	1,106	1,104	953	1,028	1,046	1,046
Proposed legislation .....				-3				-3
Extension programs .....	369	398	407	411	364	388	404	407
Marketing programs:								
Existing law .....	146	171	174	195	151	171	173	191
Proposed legislation .....								
Marketing and inspection fees (proposed) .....				-12				-12
Animal and plant health programs .....	375	418	547	441	371	408	411	410
Economic intelligence .....	221	239	251	262	216	233	248	257
Other programs and unallocated overhead .....	277	313	324	297	248	275	279	287
Offsetting receipts .....	-106	-112	-113	-113	-106	-112	-113	-113
Subtotal, Agricultural research and services .....	2,229	2,493	2,697	2,581	2,197	2,391	2,448	2,470
Total .....	14,542	20,671	20,593	20,219	11,958	15,844	15,321	15,261
<b>370 COMMERCE AND HOUSING CREDIT</b>								
<b>371 Mortgage credit:</b>								
Mortgage-backed securities (GNMA) .....					-462	-142	-282	-327
Mortgage purchase activities (GNMA) .....					-6	-3	-5	-5
Mortgage credit (FHA) .....	2,504	3,610	2,394	1,188	988	1,533	1,782	590
Housing for the elderly or handicapped .....	399	75			313	645	741	741
Rural housing programs (FmHA) .....	6,943	6,143	4,236	3,983	3,014	3,219	2,797	2,652
Other .....					-2	10	-	-
Subtotal, Mortgage credit .....	9,847	9,829	6,631	5,171	3,845	5,263	5,034	3,652



Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
<b>372 Postal service:</b>								
Payments to the Postal Service fund:								
Existing law	490	511	523	601	490	511	523	601
Proposed legislation				-378				-378
Postal Service:								
Existing law	3,083	2,722	814	814	1,626	59	-1,322	-1,322
Proposed legislation				990				198
Subtotal, Postal service	3,573	3,233	1,337	2,027	2,116	570	-799	-900
<b>373 Deposit Insurance:</b>								
Resolution Trust Corporation:								
Existing law	41,507	80,416	76,055		46,547	84,568	76,055	-11,849
Proposed legislation				76,055				87,904
Bank Insurance Fund	3,453	11,718	20,411	20,411	6,429	15,881	9,731	9,731
FSLIC Resolution Fund	664	14,775			5,213	11,067	3,262	3,262
Savings Association Insurance Fund					87	13	-847	-847
National Credit Union Administration					-101	-37	-156	-156
Other bank and thrift regulation	*	11	11	30	-94	-1	8	27
Subtotal, Deposit insurance	45,624	106,920	96,477	96,496	58,081	111,491	88,053	88,073
<b>376 Other advancement of commerce:</b>								
Small and minority business assistance:								
Existing law	626	612	946	851	386	506	784	714
Proposed legislation				-160				-144
Science and technology	273	292	298	279	296	310	304	293
Economic and demographic statistics	1,556	419	445	351	1,602	588	448	361
International trade and other:								
Existing law	845	796	858	774	822	781	835	748
Proposed legislation				-9				-9
Subtotal, Other advancement of commerce	3,299	2,119	2,547	2,086	3,105	2,184	2,370	1,963
Total	62,342	122,100	106,991	105,780	67,147	119,508	94,659	92,788
On-budget	(59,259)	(119,378)	(106,177)	(103,976)	(65,522)	(119,449)	(95,981)	(93,912)
Off-budget	(3,083)	(2,722)	(814)	(1,804)	(1,626)	(59)	(-1,322)	(-1,124)
<b>400 TRANSPORTATION</b>								
<b>401 Ground transportation:</b>								
Highways	15,164	14,483	15,079	15,824	14,181	14,364	15,726	15,146
Highway safety	338	360	375	437	362	359	373	395
Mass transit	3,245	3,310	3,409	3,381	3,830	4,107	3,830	3,571
Railroads	579	840	886	525	537	750	881	605
Regulation:								
Existing law	44	44	47	41	43	44	47	42
Proposed legislation				-11				-12
Subtotal, Ground transportation	19,369	19,037	19,796	20,197	18,954	19,623	20,856	19,746
<b>402 Air transportation:</b>								
Airports and airways (FAA)	7,367	7,938	8,541	9,267	6,390	7,419	7,700	7,970
Aeronautical research and technology	862	980	1,014	1,079	819	976	1,007	1,046
Air carrier subsidies and other	31	27	27	39	24	29	27	34
Subtotal, Air transportation	8,260	8,944	9,582	10,385	7,234	8,424	8,733	9,050
<b>403 Water transportation:</b>								
Marine safety and transportation	3,060	2,837	2,995	3,386	2,977	2,809	3,044	3,387
Ocean shipping	108	85	83	83	189	362	348	349
Panama Canal Commission		6	5	5	-15	-		
Subtotal, Water transportation	3,168	2,927	3,082	3,474	3,151	3,171	3,393	3,736
<b>407 Other transportation</b>	143	251	261	256	146	252	256	175
Total	30,940	31,160	32,722	34,312	29,485	31,469	33,239	32,707
<b>450 COMMUNITY AND REGIONAL DEVELOPMENT</b>								
<b>451 Community development:</b>								
Community development block grants	2,915	3,200	3,267	2,920	2,818	3,073	3,111	3,097
Urban homesteading	13	13	13		13	14	13	
Rental housing assistance for the homeless	11			57	3	4	5	14
Rental rehabilitation and rental development	128	70	71		37	72	118	93
Pennsylvania Avenue Development Corporation	744	12	12	22	31	97	134	144
Other:								
Existing law	249	375	391	388	630	650	569	506
Proposed legislation								-1
Subtotal, Community development	4,060	3,670	3,755	3,387	3,530	3,910	3,950	3,853

Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(in millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
<b>452 Area and regional development:</b>								
Rural development:								
Existing law	2,236	2,554	915	812	1,407	1,417	1,100	1,102
Proposed legislation				-3				-
Economic development assistance	217	236	242	20	169	201	208	179
Indian programs	1,607	1,311	1,444	1,390	1,362	1,306	1,391	1,326
Regional commissions	152	175	179	105	134	121	137	134
Tennessee Valley Authority	119	135	143	91	98	113	133	120
Other	-5	-7			-8			
Offsetting receipts	-294	-321	-448	-492	-294	-321	-448	-492
Subtotal, Area and regional development	4,033	4,082	2,475	1,924	2,868	2,836	2,521	2,369
<b>453 Disaster relief and insurance:</b>								
Small business disaster loans:								
Existing law	342	-107	200	200	344	63	-171	-171
Proposed legislation				-56				-33
Disaster relief	1,251			184	1,333	822	282	356
Other	134	131	137	129	424	131	90	84
Subtotal, Disaster relief and insurance	1,728	24	337	457	2,100	1,016	200	236
Total	9,820	7,776	6,567	5,768	8,498	7,762	6,671	6,457
<b>500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES</b>								
<b>501 Elementary, secondary, and vocational education:</b>								
School improvement programs	1,418	1,583	1,616	1,501	1,179	1,541	1,611	1,597
Compensatory education:								
Existing law	5,368	6,225	6,355	6,224	4,482	5,335	6,052	6,037
Proposed legislation				200				24
Special education	2,055	2,467	2,519	2,730	1,617	2,317	2,607	2,632
Impact aid	795	781	797	620	816	815	822	695
Vocational and adult education	1,130	1,253	1,279	1,262	1,307	906	1,043	1,041
Educational excellence (proposed)				490				59
Other	528	824	853	703	518	681	830	671
Subtotal, Elementary, secondary, and vocational education	11,293	13,132	13,418	13,729	9,918	11,596	12,965	12,756
<b>502 Higher education:</b>								
Student financial assistance:								
Existing law	6,082	6,714	6,607		5,920	5,970	6,489	5,278
Proposed legislation				6,714				1,262
Guaranteed student loan program:								
Existing law	4,348	4,210	6,020	3,122	4,372	4,201	5,110	3,282
Proposed legislation				2,770				1,736
Higher education:								
Existing law	625	763	779	6	659	599	640	527
Proposed legislation				778				108
Other:								
Existing law	257	292	267	248	155	336	333	328
Proposed legislation								
Subtotal, Higher education	11,311	11,978	13,673	13,639	11,107	11,107	12,572	12,522
<b>503 Research and general education aids:</b>								
Existing law	1,633	1,896	1,946	1,982	1,577	1,820	1,967	1,957
Proposed legislation				20				2
Subtotal, Research and general education aids	1,633	1,896	1,946	2,002	1,577	1,820	1,967	1,959
<b>504 Training and employment:</b>								
Training and employment services:								
Existing law	3,929	4,079	4,170	4,052	3,837	3,897	4,052	4,049
Proposed legislation								25
TAA training assistance:								
Existing law	79	71	72	72	3	54	70	70
Proposed legislation				-72				-22
Older Americans employment	367	390	399	343	345	360	390	380
Federal-State employment service	1,123	1,157	1,184	1,061	1,103	1,136	1,169	1,122
Other	65	70	74	75	74	85	69	70
Subtotal, Training and employment	5,563	5,767	5,899	5,531	5,361	5,532	5,750	5,693
<b>505 Other labor services</b>	817	864	913	980	810	846	890	946
<b>506 Social services:</b>								
Social services block grant	2,762	2,800	2,800	2,800	2,749	2,802	2,801	2,801
Grants to States for special services	389	436	445	11	351	444	443	148
Rehabilitation services:								
Existing law	1,780	1,889	2,003	27	1,780	1,921	1,972	451



Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Proposed legislation .....				1,976				1,522
Payments to States for foster care and adoption assistance:								
Existing law .....	1,375	2,584	2,614	2,614	1,579	2,444	2,520	2,520
Proposed legislation .....				-247				-210
Human development services:								
Existing law .....	2,936	3,462	3,536	3,577	2,550	3,157	3,538	3,555
Proposed legislation .....				90				72
Domestic volunteer programs .....	176	191	196	199	169	179	188	189
Interim assistance to States for legalization .....	303	273	1,123		546	942	827	585
Points of Light Initiative .....		5	5	8		2	7	9
Other social services .....	7	11	12	7	-*	8	10	10
Subtotal, Social services .....	9,727	11,652	12,734	11,062	9,723	11,899	12,305	11,652
Total .....	40,344	45,289	48,582	46,943	38,497	42,800	46,450	45,530
<b>550 HEALTH</b>								
<b>551 Health care services:</b>								
Medicaid grants:								
Existing law .....	40,690	51,555	59,899	59,808	41,103	51,555	59,899	59,808
Proposed legislation .....				25				25
Health insurance tax credit .....			507	507			507	507
Federal employees' health benefits:								
Existing law .....	3,727	3,510	2,504	2,504	1,640	2,354	3,010	3,012
Proposed legislation .....				-66				-66
PHS retirement transfer (proposed) .....				-111				-111
Other health care services:								
Existing law .....	6,003	6,945	7,069	6,812	4,894	6,423	6,800	6,776
Proposed legislation .....								
Subtotal, Health care services .....	50,420	62,009	69,979	69,478	47,637	60,331	70,216	69,951
<b>552 Health research:</b>								
National Institutes of Health research .....	7,216	7,890	8,085	8,373	7,145	7,419	7,870	7,872
Other research programs .....	1,109	1,297	1,334	1,297	882	1,118	1,262	1,237
Subtotal, Health research .....	8,324	9,187	9,419	9,670	8,027	8,538	9,132	9,109
<b>553 Education and training of health care work force:</b>								
National Institutes of Health research training .....	361	387	397	402	347	364	386	382
Clinical training .....	238	260	328	147	198	281	341	234
Other .....	71	77	79	68	44	65	74	72
Subtotal, Education and training of health care work force .....	670	725	803	616	589	709	800	687
<b>554 Consumer and occupational health and safety:</b>								
Consumer safety:								
Existing law .....	1,057	1,168	1,240	1,085	1,008	1,140	1,181	1,071
Proposed legislation .....				-50				-50
Occupational safety and health .....	445	469	492	500	454	462	485	491
Subtotal, Consumer and occupational health and safety .....	1,503	1,638	1,732	1,535	1,462	1,602	1,666	1,512
Total .....	60,917	73,558	81,933	81,300	57,716	71,180	81,814	81,260
<b>570 MEDICARE</b>								
<b>571 Medicare:</b>								
Hospital insurance (HI):								
Existing law .....	64,415	70,264	77,805	77,494	66,687	70,211	77,711	77,437
Proposed legislation .....				-2,035				-2,035
Supplementary medical insurance (SMI):								
Existing law .....	43,272	46,071	52,189	52,129	43,022	46,056	52,188	52,096
Proposed legislation .....				-795				-795
Medicare premiums and collections:								
Existing law .....	-8,891	-11,834	-12,958	-12,938	-11,607	-11,834	-12,958	-12,938
Proposed legislation .....				-44				-44
Total .....	98,796	104,501	117,037	113,811	98,102	104,433	116,941	113,720
<b>600 INCOME SECURITY</b>								
<b>601 General retirement and disability insurance (excluding social security):</b>								
Railroad retirement:								
Existing law .....	4,161	4,648	4,890	4,742	4,249	4,064	4,617	4,540
Proposed legislation .....				-108				74
Special benefits for disabled coal miners .....	1,549	1,425	1,385	1,302	1,486	1,437	1,442	1,441
Pension Benefit Guaranty Corporation .....					-680	-605	-555	-551
Other .....	106	109	119	119	93	101	113	113

Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Subtotal, General retirement and disability insurance (excluding social security) .....	5,815	6,182	6,394	6,055	5,148	4,996	5,617	5,617
<b>602 Federal employee retirement and disability:</b>								
Civilian retirement and disability programs:								
Existing law .....	52,986	56,477	59,428	59,428	31,451	34,007	35,325	35,328
Proposed legislation .....				132				
PHS retirement transfer (proposed) .....				164				111
Military retirement .....	33,970	35,551	36,874	36,874	21,545	22,978	24,673	24,673
Federal employees workers' compensation (FECA) .....	166	319	189	189	-93	276	178	178
Federal employees life insurance fund .....	3	9	14	14	-923	-934	-951	-951
Subtotal, Federal employee retirement and disability .....	87,125	92,356	96,506	96,801	51,981	56,327	59,225	59,338
<b>603 Unemployment compensation:</b>								
Existing law .....	18,960	24,040	25,294	25,491	18,889	27,033	27,511	27,329
Proposed legislation .....				-90				-92
Subtotal, Unemployment compensation .....	18,960	24,040	25,294	25,400	18,889	27,033	27,511	27,237
<b>604 Housing assistance:</b>								
Subsidized housing .....	7,302	8,522	8,700	9,029	12,751	13,662	14,299	14,244
Renewal of Section 8 contracts .....	1,164	7,735	6,882	7,025	3	564	1,470	1,499
HOPE grants .....				865				41
Public housing operating subsidies .....	1,865	2,100	2,144	2,156	1,759	2,013	2,145	2,150
Low-rent public housing loans .....	350	200	100	100	413	282	176	176
Transitional housing and emergency shelter for the homeless .....	200	223	228	221	79	124	154	154
Other housing assistance .....	254	981	1,471	2,093	886	1,087	1,525	1,668
Subtotal, Housing assistance .....	11,135	19,761	19,525	21,488	15,891	17,731	19,768	19,933
<b>605 Food and nutrition assistance:</b>								
Food stamps .....	15,970	18,277	19,650	19,650	14,992	18,312	19,638	19,638
Aid to Puerto Rico .....	937	963	1,013	1,013	931	963	1,013	1,013
Child nutrition and other programs:								
Existing law .....	8,148	8,895	9,500	9,654	8,040	8,941	9,466	9,604
Proposed legislation .....				1				-8
Subtotal, Food and nutrition assistance .....	25,054	28,135	30,163	30,318	23,964	28,216	30,116	30,247
<b>609 Other income security:</b>								
Supplemental security income (SSI):								
Existing law .....	12,576	17,409	17,376	17,476	12,568	16,786	17,376	17,599
Proposed legislation .....				-96				-96
Family support payments:								
Existing law .....	12,165	14,008	15,162	15,162	12,246	14,110	15,237	15,237
Proposed legislation .....				-120				-120
JOBS training program for welfare recipients .....	531	1,000	1,000	1,000	258	636	868	868
Earned income tax credit (EITC) .....	4,354	4,857	6,772	6,772	4,354	4,857	6,772	6,772
Refugee assistance .....	390	411	419	411	441	386	414	408
Low income home energy assistance .....	1,443	1,610	1,644	1,025	1,314	1,669	1,458	991
Payments to states for day-care assistance .....		732	760	745		22	568	567
Other:								
Existing law .....	220	224	237	248	222	208	228	239
Proposed legislation .....				5				2
Subtotal, Other income security .....	31,679	40,251	43,370	42,628	31,404	38,675	42,921	42,467
Total .....	179,768	210,724	221,251	222,691	147,277	172,977	185,159	184,839
<b>650 SOCIAL SECURITY</b>								
<b>651 Social security:</b>								
Old-age and survivors insurance (OASI):								
Existing law .....	278,557	298,932	318,720	318,720	223,432	241,604	258,795	258,872
Proposed legislation .....								130
Disability insurance (DI) .....	28,282	30,515	32,389	32,389	25,191	27,361	29,594	29,630
Interfund transactions .....	141	3						
Total .....	306,980	329,451	351,109	351,109	248,623	268,965	288,388	288,632
On-budget .....	(3,766)	(5,131)	(5,847)	(5,847)	(3,625)	(5,127)	(5,847)	(5,847)
Off-budget .....	(303,214)	(324,320)	(345,262)	(345,262)	(244,998)	(263,837)	(282,541)	(282,785)
<b>700 VETERANS BENEFITS AND SERVICES</b>								
<b>701 Income security for veterans:</b>								
Service-connected compensation:								
Existing law .....	11,566	11,627	11,181	11,181	10,715	11,671	11,217	11,217
Proposed legislation .....		303	1,146	1,131		412	1,097	1,082
Non-service-connected pensions:								
Existing law .....	3,884	3,936	3,897	3,897	3,594	3,955	3,900	3,900



Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Proposed legislation .....				-2				-2
Burial and other benefits .....	140	122	131	131	145	129	131	131
National service life insurance trust fund .....	1,442	1,459	1,428	1,428	1,223	1,301	1,323	1,323
All other insurance programs .....	28	28	36	36	-36	-19	-6	-6
Insurance program receipts .....	-400	-403	-373	-373	-400	-403	-373	-373
Subtotal, Income security for veterans .....	16,660	17,071	17,447	17,431	15,241	17,046	17,290	17,273
<b>702 Veterans education, training, and rehabilitation:</b>								
Readjustment benefits (GI Bill and related programs):								
Existing law .....	473	538	635	635	486	541	633	633
Proposed legislation .....				-12				-12
Post-Vietnam era education .....					15	67	46	46
All-volunteer force educational assistance trust fund .....	-193	-198	-206	-206	-221	-199	-178	-178
Veterans jobs program .....					2			
Other:								
Existing law .....		1	1	1	-4	-3	-3	-3
Proposed legislation .....				-				-
Subtotal, Veterans education, training, and rehabilitation .....	279	341	431	419	278	406	497	485
<b>703 Hospital and medical care for veterans:</b>								
Medical care and hospital services:								
Existing law .....	11,436	12,310	12,999	13,287	11,330	12,101	12,842	13,037
Proposed legislation .....				-27				-27
Medical administration, research, and other:								
Existing law .....	261	269	285	268	253	262	276	263
Proposed legislation .....				1				1
Construction .....	619	810	829	739	699	585	632	639
Third-party medical recoveries .....		-293	-379	-379		-306	-381	-381
Fees and other charges for medical services .....	-148	-45	-10	-135	-148	-45	-10	-135
Subtotal, Hospital and medical care for veterans .....	12,168	13,051	13,724	13,754	12,134	12,597	13,359	13,397
<b>704 Veterans housing:</b>								
Loan guaranty revolving fund:								
Existing law .....	548	635	586	588	649	629	617	619
Proposed legislation .....				-100				-106
Direct loan revolving fund:								
Existing law .....			1	1	-16	-15	-4	-4
Proposed legislation .....				-1				4
Guaranty and indemnity:								
Existing law .....		83	481	482	-116	-216	569	570
Proposed legislation .....				-193				-207
Subtotal, Veterans housing .....	548	718	1,068	777	517	398	1,182	876
<b>705 Other veterans benefits and services:</b>								
Cemeteries, administration of veterans benefits, and other .....	863	957	877	909	858	942	828	856
Non-VA support programs .....	77	91	85	91	84	95	103	114
Subtotal, Other veterans benefits and services .....	940	1,048	962	999	943	1,036	930	970
Total .....	30,595	32,229	33,632	33,380	29,112	31,483	33,258	33,001
<b>750 ADMINISTRATION OF JUSTICE</b>								
<b>751 Federal law enforcement activities:</b>								
Criminal investigations (DEA, FBI, FCEN, OCDE) .....	2,448	2,738	2,893	3,189	2,122	2,762	2,717	2,952
Alcohol, tobacco, and firearms investigation (ATF) .....	264	306	323	317	255	302	320	314
Border enforcement activities (Customs and INS) .....	2,488	2,429	2,536	2,652	2,247	2,380	2,455	2,550
Customs user fee .....	-892	-699	-696	-696	-892	-699	-696	-696
Protection activities (Secret Service) .....	384	425	449	495	386	424	439	477
Other enforcement .....	507	536	566	608	529	546	565	613
Subtotal, Federal law enforcement activities .....	5,200	5,734	6,070	6,566	4,648	5,714	5,799	6,211
<b>752 Federal litigative and judicial activities:</b>								
Civil and criminal prosecution and representation:								
Existing law .....	1,740	2,084	2,201	2,401	1,608	2,093	2,152	2,329
Proposed legislation .....				1				1
Federal judicial activities .....	1,773	2,015	2,130	2,585	1,680	2,073	1,952	2,385
Representation of indigents in civil cases .....	317	327	334	327	291	325	333	327
Subtotal, Federal litigative and judicial activities .....	3,829	4,427	4,666	5,314	3,579	4,491	4,437	5,042
<b>753 Federal correctional activities</b> .....	2,578	1,732	1,822	2,195	1,291	1,575	2,272	2,557
<b>754 Criminal justice assistance</b> .....	774	821	863	767	477	759	698	677
Total .....	12,381	12,714	13,421	14,842	9,995	12,539	13,206	14,486

Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
<b>800 GENERAL GOVERNMENT</b>								
801 Legislative functions .....	1,800	2,021	2,144	2,468	1,752	2,085	2,198	2,466
802 Executive direction and management .....	296	270	281	243	160	259	281	248
803 Central fiscal operations:								
Collection of taxes .....	5,500	6,111	6,733	6,733	5,370	5,993	6,561	6,561
Other fiscal operations:								
Existing law .....	715	-1,079	25	47	634	-1,042	11	30
Proposed legislation .....				-94				-94
Subtotal, Central fiscal operations .....	6,215	5,032	6,758	6,687	6,004	4,951	6,572	6,497
804 General property and records management:								
Federal buildings fund .....	1,967	1,870	1,619	233	-220	655	540	626
Property receipts .....	-61	-169	-171	-171	-61	-169	-171	-171
Records management .....	126	139	145	153	157	241	250	255
Other .....	282	203	215	212	155	268	259	261
Subtotal, General property and records management .....	2,313	2,042	1,808	426	31	995	878	971
805 Central personnel management:								
Existing law .....	156	164	174	172	176	160	165	163
Proposed legislation .....				1				1
Subtotal, Central personnel management .....	156	164	174	173	176	160	165	164
806 General purpose fiscal assistance:								
Payments and loans to the District of Columbia .....	515	533	544	499	548	540	544	499
Payments to States and counties from Forest Service receipts:								
Existing law .....	365	355	367	367	369	356	364	364
Proposed legislation .....				2				2
Payments to States from receipts under the Mineral Leasing Act .....	451	515	522	473	451	515	522	473
Payments to States and counties from Federal land management activities .....	132	124	130	133	230	119	129	132
Payments in lieu of taxes .....	105	104	107	105	103	104	107	105
Payments to territories and Puerto Rico .....	177	210	220	220	175	210	220	220
Other .....	288	287	287	288	285	288	287	288
Subtotal, General purpose fiscal assistance .....	2,033	2,128	2,176	2,087	2,161	2,133	2,172	2,083
808 Other general government:								
Compacts of free association .....	136	177	157	150	179	177	157	150
Territories .....	109	154	156	87	119	146	150	95
Treasury claims .....	485	427	468	468	485	427	468	468
Civil liberties public education fund .....		500	500	500		500	500	500
Presidential election campaign fund .....	32	33	33	33	-	21	158	158
Other .....	-13	143	163	92	17	97	160	109
Subtotal, Other general government .....	750	1,433	1,477	1,330	800	1,367	1,593	1,479
809 Deductions for offsetting receipts .....	-361	-780	-725	-725	-361	-780	-725	-725
Total .....	13,202	12,310	14,092	12,688	10,724	11,169	13,133	13,183
<b>900 NET INTEREST</b>								
901 Interest on the public debt:								
Existing law .....	264,820	285,958	303,482	303,894	264,820	285,958	303,482	303,894
Proposed legislation .....				84				84
Subtotal, Interest on the public debt .....	264,820	285,958	303,482	303,978	264,820	285,958	303,482	303,978
902 Interest received by on-budget trust funds:								
Existing law .....	-46,416	-50,178	-53,432	-53,432	-46,416	-50,178	-53,432	-53,432
Proposed legislation .....				-84				-84
Subtotal, Interest received by on-budget trust funds .....	-46,416	-50,178	-53,432	-53,516	-46,416	-50,178	-53,432	-53,516
903 Interest received by off-budget trust funds .....	-15,991	-20,164	-23,733	-23,733	-15,991	-20,164	-23,733	-23,733
908 Other interest:								
Interest on loans to Federal Financing Bank .....	-13,731	-16,137	-18,552	-18,552	-13,731	-16,137	-18,552	-18,552
Interest on refunds of tax collections .....	2,329	2,265	2,248	2,248	2,329	2,265	2,248	2,248
Interest on loans to FHA .....	-395	-534	-606	-	-395	-534	-606	-
Other .....	-5,904	-4,937	-4,081	-4,082	-6,394	-4,511	-4,081	-4,082
Subtotal, Other interest .....	-17,701	-19,344	-20,991	-20,386	-18,191	-18,918	-20,991	-20,386
Total .....	184,711	196,273	205,325	206,343	184,221	196,699	205,325	206,343
On-budget .....	(200,702)	(216,437)	(229,058)	(230,076)	(200,212)	(216,863)	(229,058)	(230,076)



Table XV-11. CURRENT SERVICES BUDGET AUTHORITY AND OUTLAYS BY FUNCTION AND PROGRAM—Continued

(In millions of dollars)

Major missions and programs	Budget Authority				Outlays			
	1990 actual	Current Services		1992 Administration proposals	1990 actual	Current Services		1992 Administration proposals
		1991 estimate	1992 estimate			1991 estimate	1992 estimate	
Off-budget .....	(-15,991)	(-20,164)	(-23,733)	(-23,733)	(-15,991)	(-20,164)	(-23,733)	(-23,733)
<b>920 ALLOWANCES</b>								
925 Budget authority to reach domestic discretionary cap .....			3,441					
926 Proposed agency contributions for PHS retirement .....				97				97
929 Operation Desert Shield placeholder .....								4,611
Total .....			3,441	97				4,708
<b>950 UNDISTRIBUTED OFFSETTING RECEIPTS</b>								
951 Employer share, employee retirement (on-budget):								
Military retired contributions .....	-16,324	-16,254	-16,161	-16,161	-16,324	-16,254	-16,161	-16,161
Contributions to HI trust fund .....	-2,153	-2,209	-2,346	-2,346	-2,153	-2,209	-2,346	-2,346
Contributions from Postal Service:								
Existing law .....	-3,536	-4,584	-4,871	-4,871	-3,536	-4,584	-4,871	-4,871
Proposed legislation .....				-132				-132
Contributions from other civilian agencies:								
Existing law .....	-6,032	-6,490	-6,979	-6,979	-6,032	-6,490	-6,979	-6,979
Proposed legislation .....				-97				-97
Subtotal, Employer share, employee retirement (on-budget)	-28,044	-29,537	-30,357	-30,586	-28,044	-29,537	-30,357	-30,586
952 Employer share, employee retirement (off-budget) .....	-5,567	-5,827	-6,231	-6,231	-5,567	-5,827	-6,231	-6,231
953 Rents and royalties on the Outer Continental Shelf .....	-3,004	-3,729	-2,687	-2,687	-3,004	-3,729	-2,687	-2,687
954 Sale of major assets .....				-85				-85
959 Other undistributed offsetting receipts .....				-1,191				-1,191
Total .....	-36,615	-39,093	-39,275	-40,780	-36,615	-39,093	-39,275	-40,780
On-budget .....	(-31,048)	(-33,266)	(-33,044)	(-34,549)	(-31,048)	(-33,266)	(-33,044)	(-34,549)
Off-budget .....	(-5,567)	(-5,827)	(-6,231)	(-6,231)	(-5,567)	(-5,827)	(-6,231)	(-6,231)
Total .....	1,368,500	1,508,322	1,585,624	1,577,773	1,251,703	1,401,436	1,447,233	1,445,902
On-budget .....	(1,083,762)	(1,207,271)	(1,269,512)	(1,260,671)	(1,026,638)	(1,163,531)	(1,195,978)	(1,194,205)
Off-budget .....	(284,738)	(301,051)	(316,112)	(317,102)	(225,065)	(237,905)	(251,256)	(251,697)

Note: Estimates for 1990 and 1991 are presented on a pre-credit reform basis. The estimates for 1992 use credit reform accounting.

\* \$500 thousand or less.

**PART SIX**  
**ALTERNATIVE BUDGET**  
**PRESENTATIONS**

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**XVII. TRUST FUNDS AND FEDERAL FUNDS**  
**PRESENTATION**

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## XVII. TRUST FUNDS AND FEDERAL FUNDS PRESENTATION

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

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

The Federal funds group also includes special funds and revolving funds. Special funds are financed by earmarked receipts. Where the law requires that Federal fund receipts from a specified source be earmarked to finance a particular program, such as the license fees deposited into the land and water conservation fund, the receipts and associated outlays are recorded in special receipt and expenditure accounts. Revolving funds, such as the Postal Service fund, conduct continuing cycles of business-type activity. They charge for the sale of products or services and use the proceeds to finance their spending. The proceeds are credited to the fund that makes the expenditure.

Trust funds are accounts that are financed by taxes and other receipts earmarked by law for specific purposes and that are designated by law as "trust funds." The predominant trust fund activity is social insurance, such as social security, medicare, and unemployment compensation. Other major trust funds are for Federal employee retirement, highway construction, and airport and airway development. These programs are not trust funds in the private sector meaning of assets held in a fiduciary capacity for someone else. The Federal Government owns the assets and, by enacting a law, can change the future receipts and the terms under which a fund's resources are spent. Trust funds are like special funds (or, in a few cases, like revolving funds) except that they are designated a "trust fund" by law.

Table XVII-1 shows the receipts, outlays, and surplus or deficit by fund group and whether the transactions are on-budget or off-budget. The total on-budget receipts and outlays are the sum of the on-budget Federal fund and trust fund receipts and outlays, respectively, minus a deduction for the interfund transactions between the two groups. Interfund transactions are outlays of a fund in one group and receipts of a fund in another group, such as the payment of interest by the general fund to the hospital insurance trust fund on its holdings of Treasury debt. Since the receipts

from interfund transactions are not receipts from the public and the outlays are not outlays to the public, these transactions must be subtracted when Federal fund and trust fund amounts are added so that the budget totals for receipts and outlays will record only transactions with the public.

The off-budget Federal entities, discussed in the previous section, consist of the social security trust funds and the Postal Service fund (which is a Federal fund). Total off-budget receipts and outlays are added together in the same way as on-budget receipts and outlays. The on-budget and off-budget totals may themselves be added together, as shown in table XVII-1, to arrive at the total receipts, outlays, and surplus or deficit of the Federal Government. The latter totals generally represent the net fiscal transactions of the Federal Government with the public.

The on-budget and off-budget amounts are added without any adjustment for interfund transactions. This is because the interfund transactions between on-budget and off-budget are treated in a special way so that the on-budget and off-budget amounts can be added into a consolidated total without any further adjustment. Interfund payments from on-budget to off-budget, such as the interest paid to social security on its holdings of Treasury debt, are not included in off-budget receipts; instead they are subtracted in deriving off-budget outlays. Interfund payments from off-budget to on-budget are treated symmetrically.

This treatment is displayed in the bottom panel of table XVII-2. The first line shows the cash income and outgo of the social security trust funds. The next line shows the interfund receipts from on-budget: interest, a transfer from the general fund equal to the income tax collected on social security benefits, the employer share of the social security contribution for Federal employees, and a small amount from other sources. The final line shows receipts and outlays, both net of these interfund transactions. These are the off-budget trust fund receipts and outlays in table XVII-1. Social Security outlays are considerably less than cash outgo: an estimated \$35.8 billion in 1992. More detail and more years are shown in Part Seven, "Historical Tables," table 13.1, where the estimated difference is shown to grow to \$61.2 billion in 1996.

Table XVII-2, besides its detail on social security, displays the receipts, outlays, and balances of the major trust funds or groups of closely related trust funds. The trust fund balances are primarily invested in Treasury securities.

Table XVII-1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

	1990 actual	1991 estimate	1992 estimate	1993 estimate	1994 estimate	1995 estimate	1996 estimate
<b>Receipts:</b>							
On-budget:							
Federal funds .....	634.1	667.9	712.4	764.4	838.8	906.6	968.0
Trust funds .....	255.2	273.1	293.4	313.2	333.5	359.1	380.5
Interfund transactions .....	-139.6	-147.8	-156.0	-163.6	-172.5	-188.2	-204.9
Total, on-budget receipts .....	749.7	793.2	849.8	914.0	999.8	1,077.5	1,143.5
Off-budget:							
Federal funds .....							
Trust funds .....	281.7	298.3	315.3	338.7	365.5	389.8	417.2
Total, off-budget receipts .....	281.7	298.3	315.3	338.7	365.5	389.8	417.2
Total, Federal Government receipts .....	1,031.3	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3	1,560.7
<b>Outlays:</b>							
On-budget:							
Federal funds .....	973.2	1,104.2	1,119.1	1,104.8	1,058.5	1,087.9	1,139.1
Trust funds .....	193.1	215.3	231.1	246.6	264.3	284.1	311.9
Interfund transactions .....	-139.6	-147.8	-156.0	-163.6	-172.5	-188.2	-204.9
Total, on-budget outlays .....	1,026.6	1,171.7	1,194.2	1,187.8	1,150.2	1,183.8	1,246.1
Off-budget:							
Federal funds .....	1.6	0.1	-1.1	1.0	0.7	0.5	-0.7
Trust funds .....	223.4	237.8	252.8	265.4	276.2	286.0	295.4
Total, off-budget outlays .....	225.1	237.9	251.7	266.4	276.8	286.5	294.7
Total, Federal Government outlays .....	1,251.7	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
<b>Surplus or deficit (-):</b>							
On-budget:							
Federal funds .....	-339.0	-436.3	-406.8	-340.4	-219.7	-181.3	-171.1
Trust funds .....	62.1	57.8	62.3	66.5	69.2	75.0	68.6
Total, on-budget surplus or deficit (-) .....	-277.0	-378.5	-344.4	-273.8	-150.4	-106.3	-102.6
Off-budget:							
Federal funds .....	-1.6	-0.1	1.1	-1.0	-0.7	-0.5	0.7
Trust funds .....	58.2	60.4	62.4	73.3	89.3	103.9	121.8
Total, off-budget surplus .....	56.6	60.4	63.6	72.3	88.7	103.4	122.5
Total, Federal Government surplus or deficit (-) .....	-220.4	-318.1	-280.9	-201.5	-61.8	-2.9	19.9



Table XVII-2. RECEIPTS, OUTLAYS, AND BALANCES OF TRUST FUNDS

(In billions of dollars)

Description	Receipts			Outlays			Balances <sup>1</sup>		
	1990 actual	1991 estimate	1992 estimate	1990 actual	1991 estimate	1992 estimate	1990 actual	1991 estimate	1992 estimate
On-budget:									
Airport and airway trust fund .....	4.9	6.3	6.9	3.5	5.4	5.8	14.4	15.3	16.4
Federal employees retirement funds .....	53.0	56.5	59.8	31.5	34.0	35.5	240.7	263.1	287.4
Foreign military sales trust fund .....	10.3	10.3	10.0	9.3	10.1	10.3	5.7	6.0	5.7
Health insurance trust funds .....	125.2	134.1	148.4	109.7	116.3	126.7	92.7	92.7	92.8
Highway trust funds .....	15.4	18.3	19.4	15.3	15.6	16.8	16.3	18.9	21.2
Military retirement fund .....	34.0	35.6	36.9	21.5	23.0	24.7	77.7	90.2	102.4
Railroad retirement trust funds .....	10.3	11.3	11.3	9.7	10.1	10.7	8.5	9.0	9.0
Unemployment trust fund .....	25.9	25.3	26.8	20.3	28.4	28.7	45.1	42.0	40.1
Veterans life insurance trust funds .....	1.5	1.5	1.4	1.2	1.3	1.3	12.4	12.6	12.7
Other trust funds .....	5.2	6.4	6.1	1.6	3.5	4.4	25.5	28.8	30.9
Subtotal .....	285.7	305.5	327.1	223.6	247.7	264.8	539.0	578.6	618.8
Intrafund receipts from on-budget .....	-0.1	-*	-*	-0.1	-*	-*			
Intrafund receipts from off-budget .....	-3.0	-3.6	-3.3	-3.0	-3.6	-3.3			
Interfund from off-budget .....	-3.9	-5.0	-5.4	-3.9	-5.0	-5.4			
Proprietary receipts from the public .....	-23.5	-23.9	-24.9	-23.5	-23.9	-24.9			
Total, on-budget .....	255.2	273.1	293.4	193.1	215.3	231.1	539.0	578.6	618.8
Off-budget:									
Social security trust funds:									
Cash income and outgo .....	307.9	329.8	351.1	249.7	269.4	288.6	214.9	272.5	335.0
Interfund receipts from on-budget .....	-26.3	-31.5	-35.8	-26.3	-31.5	-35.8			
Proprietary receipts from the public .....	-*			-*					
Total, off-budget (social security) .....	281.7	298.3	315.3	223.4	237.8	252.8	214.9	272.5	335.0
Total .....	536.8	571.3	608.7	416.6	453.1	483.9	753.9	851.1	953.8

<sup>\*</sup> \$50 million or less.<sup>1</sup> Balances available on a cash basis (rather than an authorization basis) at the end of the year. Balances are primarily invested in Federal debt securities.

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## XVIII. PHYSICAL CAPITAL PRESENTATION

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## **XVIII. PHYSICAL CAPITAL PRESENTATION**

### **FEDERAL PHYSICAL CAPITAL AND OTHER CAPITAL OUTLAYS**

The importance and role of Federal and private investment for the future of the Nation are discussed broadly in Chapter IV, "Investing in the Future." In contrast this section classifies Federal outlays into several more technically defined categories of physical and other capital. As noted in the introduction to Part Six, this presentation is an alternative way of dividing up the unified budget totals, as opposed to a replacement of the existing structure. This presentation has been a part of the budget for a number of years.

The major categories for physical and other capital are: major public physical capital, conduct of research and development, conduct of education and training, financial capital outlays, and other capital. The technical presentation in this section provides continuity with previously published analyses, is consistent with physical capital and research and development data extending back to the 1940s that appear in Part Seven, "Historical Tables," presents detailed data by program, and estimates nondefense physical capital net of depreciation.

The section that follows this one, "Supplemental Physical Capital Information," is provided in accordance with the requirements of the Federal Capital Investment Program Information Act of 1984. It uses definitions specified in the Act, which are different from those in this section or elsewhere in the budget.

Capital outlays are outlays that yield long-term benefits. They take several forms and are made for many purposes. They are in the form of grants to State and local governments and direct Federal outlays. They can be for physical capital, which yields a stream of services over a period of years; and for research, development, education, and training, which is less tangible but also provides long-term benefits. They can also be for loans, which yield monetary returns, although the loans usually provide subsidies to the borrowers as well and therefore the face amount of the loans overstates the value of these assets.

Inherent in the classification of these data are two problems, one involving grants to others, and one involving spending that could be shown in more than one category.

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

block grants are classified as physical capital, although some may be spent for current purposes.

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

This section is organized in three parts:

- the composition of Federal capital outlays;
- nondefense physical capital outlays net of depreciation; and
- detailed tables.

#### **Composition of Federal Capital Outlays**

The composition of Federal capital outlays consistent with the Administration's 1992 budget is shown in Table XVIII-1. These outlays are estimated to be \$241.1 billion in 1992, \$1.4 billion or 0.6 percent more than the 1991 estimate. This section initially discusses physical capital, such as construction, rehabilitation, and the acquisition of major equipment, and discusses the more marginal categories (in terms of classification) at the end, such as purchases of agricultural commodities and international development activities.

Outlays for major public physical capital (hereafter referred to as physical capital in the text) are estimated to be \$129.6 billion in 1992, \$0.8 billion less than the 1991 estimate of \$130.4 billion. This capital includes primarily outlays for construction, rehabilitation, and major equipment. Direct physical capital outlays by the Federal Government are estimated to be \$102.4 billion in 1992, and grants to State and local governments for physical capital are estimated to be \$27.2 billion.

Direct physical capital outlays by the Federal Government are primarily for national defense, estimated to be \$82.3 billion in 1992. Almost all of this, or an estimated \$75.2 billion, is for the procurement of weapons and other military equipment, and the remainder, \$7.1 billion, is primarily for construction of military bases and family housing for military personnel.

Outlays for direct physical capital for nondefense purposes are estimated to be \$20.1 billion in 1992, \$2.5 billion more than the 1991 estimate. The 1992 outlays



Table XVIII-1. COMPOSITION OF FEDERAL CAPITAL OUTLAYS

(In billions of dollars)

	1990 actual	1991 estimate	1992 estimate
<b>Major public physical capital:</b>			
Direct:			
National defense .....	87.7	85.8	82.3
Nondefense .....	15.1	17.6	20.1
Subtotal, major public direct physical capital .....	102.8	103.5	102.4
Grants to State and local governments .....	25.8	26.9	27.2
<b>Subtotal, major public physical capital .....</b>	<b>128.6</b>	<b>130.4</b>	<b>129.6</b>
Other physical capital (nondefense, direct) .....	3.7	6.5	8.1
Conduct of research and development:			
National defense .....	41.1	39.1	41.6
Nondefense .....	22.7	24.6	27.0
Subtotal, conduct of research and development .....	63.8	63.8	68.6
Conduct of education and training:			
Direct .....	12.2	14.8	17.2
Grants to State and local governments .....	14.9	16.7	17.9
Subtotal, conduct of education and training .....	27.1	31.4	35.1
Loans and other financial capital .....	2.7	1.9	-5.9
Commodity inventories .....	-1.3	-0.1	-0.6
Other .....	7.0	5.9	6.3
<b>Total, Federal capital outlays .....</b>	<b>231.6</b>	<b>239.7</b>	<b>241.1</b>
<b>MEMORANDUM</b>			
National defense .....	129.5	125.5	124.3
Nondefense .....	102.1	114.2	116.8

include \$12.9 billion for construction and rehabilitation. These outlays are largely for water, power, and natural resources projects of the Corps of Engineers, the Department of Interior, the Tennessee Valley Authority and the power administrations in the Department of Energy, and the construction and rehabilitation of veterans hospitals and Postal Service facilities. Outlays for the acquisition of major equipment are estimated to be \$7.2 billion in 1992. The largest items are for the space program, the air traffic control system, and the Postal Service.

Grants to State and local governments for physical capital are estimated to be \$27.2 billion in 1992, \$0.3 billion more than the 1991 estimate. More than half of these outlays, or \$14.8 billion in 1992, are grants to assist with construction of the Interstate Highway System and other major highways. Other major grants for physical capital are for sewage treatment plants, community development, airports, and mass transit. Information on total grants to State and local governments, both for capital and for other purposes, is available in this volume in Chapter VI.C, "Providing Federal Aid to State and Local Governments."

Outlays for other physical capital (nondefense, direct) are estimated to be \$8.1 billion in 1992. This category includes conservation programs for the improvement of land, the purchase and sale of assets, and other activities.

Outlays for the conduct of research and development are estimated to be \$68.6 billion in 1992, \$4.8 billion more than the 1991 estimate. These outlays are devoted to increasing our basic scientific knowledge and promot-

ing related research and development activities. They increase our national security, improve the marginal productivity of capital and labor for both public and private purposes, and enhance the quality of life. More than three-fifths of the outlays for the conduct of research and development, an estimated \$41.6 billion in 1992, are for national defense.

Physical capital for research and development is included in the physical capital category.

Nondefense outlays for the conduct of research and development are estimated to be \$27.0 billion in 1992, \$2.4 billion or 10 percent more than the 1991 estimate. This is almost entirely direct spending by the Federal Government, and is largely for the space programs, the National Science Foundation, health research, and research for nuclear and non-nuclear energy facilities. These programs as well as others are discussed in Chapter IV.C., "Enhancing Research and Development and Expanding the Human Frontier."

Outlays for the conduct of education and training are estimated to be \$35.1 billion in 1992, \$3.7 billion more than the 1991 estimate. 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 \$17.9 billion in 1992, more than half of the total. They are primarily for the disadvantaged and the handicapped, and for vocational and adult education. Direct education and training outlays by the Federal Government are estimated to be \$17.2 billion in 1992, \$2.4 billion more than the 1991 estimate. Programs in this category are primarily aid for higher education through student fi-



nancial assistance, guaranteed student 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. Physical capital for education and training is included in the physical capital category.

Loans<sup>1</sup> and other financial capital include direct loan disbursements for new loans, repayments of previous loans, the sale of loan assets, and related activities. Because of new credit reform legislation, loan data in this category include activity only for loans obligated in 1991 or earlier. Repayments, sales, and other adjustments are expected to exceed disbursements by \$5.9 billion in 1992. The major loan activities are for the sale of military equipment to foreign countries, promotion of exports and housing, and assistance to farmers and college students. The Federal Credit Reform Act of 1990 has changed the treatment of loans obligated or guarantees committed in 1992 or later. For these direct and guaranteed loans, only the estimated subsidy value of the assistance is included as budget outlays. The subsidies are not classified in this loan category but are classified according to their program purpose, such as for construction, education and training, or non-capital outlays. The unsubsidized cash flows are not included in the budget. More information on the new credit reform concepts is available in Chapter VIII.A., "Recognizing and Reducing Federal Underwriting Risks".

Sales of commodity inventories are estimated to exceed purchases by \$0.6 billion in 1992. These are entirely for direct Federal nondefense purposes. Almost all outlays in this category are for the purchase or sale of agricultural products pursuant to farm price support programs. Net sales of these commodities in 1992 are estimated to be \$0.7 billion. Other outlays in the category are for purchases of oil for the strategic petroleum reserve.

Other capital outlays are for the collection of information, such as by the Bureau of the Census, and for foreign economic assistance grants for general economic development or humanitarian needs. These outlays are estimated to be \$6.3 billion in 1992.

### Nondefense Physical Capital Outlays Net of Depreciation

This section presents data on physical capital assets and estimates of the depreciation on these assets, which is the reduction in value due to wear and tear, obsolescence, and other factors. The difference between total (or gross) capital formation and depreciation is net capital formation. These data are presented in constant fiscal year 1982 dollars. Estimates have not been made of net defense capital formation.

For many years, current and constant-dollar data on the value of most forms of both public and private physical capital—e.g., roads, factories, and housing—have been estimated by the Department of Commerce

and published in the *Survey of Current Business*. (See pp. 31–32 of the October 1990 issue and the references therein.) These data include estimates of depreciation of defense capital. However, the Commerce data are not directly linked to the Federal budget and do not include estimates for the years covered by the budget. For budgetary purposes, OMB had to prepare separate estimates.

The estimates were developed first of all from the OMB historical data base for Federal nondefense physical capital outlays and grants to State and local governments for physical capital. These are the same nondefense physical capital outlays presented in the previous section. This data base extends back to 1940 and was supplemented by rough estimates of such spending during 1915–1939.

The resulting series of physical capital outlays in current dollars was adjusted to constant fiscal year 1982 dollars using price deflators for Federal nondefense capital purchases. The resulting constant dollar series is shown as gross capital formation in Table XVIII-2. These constant dollar historical data were then depreciated on a straight-line basis over the following assumed useful lives: 40 years for capital financed by grants (primarily highways); 46 years for water and power projects; 30 years for other nondefense construction and rehabilitation; and 16 years for major equipment. The difference between gross capital formation and depreciation is shown as net capital formation.

These data should be viewed as rough approximations. They have substantial margins of estimating error and provide only a basis for broad generalization. The sources of error include:

- *The extended historical outlay series.*—The historical data series was extended back from 1940 to 1915 using data from selected sources. There are no consistent outlay data on nondefense physical capital for this period, and the estimates are approximations.
- *Price adjustments.*—The replacement cost of the Federal stock of nondefense physical capital has increased through time, but the rate of increase is not known exactly. An estimate of replacement costs in fiscal year 1982 prices was made through the application of the National Income and Product Accounts deflator series for Federal, State, and local purchases of durables and structures indexed to fiscal year 1982 prices. There are no specific price indices for public purchases of durables and structures for 1915 through 1939, and estimates were made on the basis of Census Bureau historical statistics on constant price public capital formation.
- *Depreciation estimates.*—The useful lives of nondefense physical capital are very uncertain. This is compounded by using estimated lives for broad classes of assets, which do not apply uniformly to all the components of each group. The depreciation rate is also very uncertain, and straight-line depreciation may not be the most accurate method.

<sup>1</sup>Includes offsets for writeoffs of defaulted loans, which do not directly affect outlays. In such cases, there is an offsetting adjustment in the category that is not for capital outlays.



The data in Table XVIII-2 show that net physical capital outlays, measured in constant dollars, generally increased between 1960 and 1970. It also generally increased during the 1970s, when depreciation was largely based on the relatively low physical capital spending of the 1940s and 1950s, so gross capital outlays primarily added to the capital stock rather than replaced capital. However, with the passage of time, the capital stock became larger, and consequently depreciation grew. More and more gross physical capital outlays were required just to maintain the size of the capital stock. Since the early 1980s, gross physical capital outlays have remained relatively constant. Depreciation continued to rise because of capital outlays in earlier years. As a result, net capital outlays declined in the 1980s.

The composition of nondefense public physical capital outlays—on both a gross and a net basis—has changed substantially. Before the mid-1950s, direct nondefense physical capital outlays exceeded grants for physical

capital outlays, on both a gross and a net basis. However, by the end of the 1950s, after construction of the Interstate Highway System had begun, grants for physical capital substantially exceeded direct physical capital outlays. This relationship has continued on a gross basis, but the trend on a net basis has changed. With increasingly higher depreciation relative to gross physical capital outlays for assets financed by grants, net physical capital outlays for grants are estimated to be less than net direct physical capital outlays in 1992.

### Detailed Tables

Tables XVIII-3 and XVIII-4 provide detail on the composition of physical and other capital outlays. They provide two basic displays. Table XVIII-3 shows data on national defense and nondefense capital outlays, and Table XVIII-4 shows data on capital grants for State and local governments and for direct Federal capital outlays.

Table XVIII-2. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL CAPITAL OUTLAYS IN CONSTANT (1982) PRICES

(In billions of dollars)

Year	Total nondefense capital			Direct Federal capital					Capital financed by Federal grants						
	Gross	Deprecia- tion	Net	Gross	Deprecia- tion	Net	Composition of net capital		Gross	Deprecia- tion	Net	Composition of net capital			
							Water and power	Other				Transporta- tion (mainly highways)	Communi- ty and regional develop- ment	Natural resources and environ- ment	Other
Five-year intervals:															
1960 .....	18.1	7.5	10.6	5.9	4.1	1.8	1.2	0.6	12.2	3.4	8.8	9.0	-0.3	-0.2	0.3
1965 .....	26.0	9.8	16.2	8.7	4.7	4.0	1.9	2.1	17.3	5.1	12.2	10.8	1.2	—*	0.2
1970 .....	25.4	12.1	13.3	6.1	4.9	1.2	0.9	0.2	19.3	7.2	12.1	7.5	3.3	0.3	1.0
1975 .....	26.4	14.9	11.5	8.2	5.7	2.5	2.1	0.5	18.2	9.3	8.9	3.3	2.5	2.9	0.3
1980 .....	33.6	17.8	15.8	9.1	6.6	2.6	1.7	0.9	24.5	11.3	13.2	5.3	4.2	4.2	-0.5
Annual data:															
1985 .....	34.3	21.3	13.0	11.4	7.5	3.9	0.6	3.3	22.9	13.8	9.1	5.8	2.0	1.7	-0.4
1986 .....	34.5	22.1	12.4	11.0	7.8	3.2	0.3	2.9	23.5	14.4	9.1	6.5	1.4	1.7	-0.4
1987 .....	33.4	22.8	10.6	12.3	8.0	4.3	0.7	3.6	21.1	14.8	6.3	4.6	0.8	1.3	-0.4
1988 .....	35.4	23.7	11.7	14.3	8.4	5.9	0.9	5.0	21.1	15.3	5.8	4.7	0.6	0.9	-0.4
1989 .....	33.4	24.6	8.9	13.3	8.8	4.4	0.3	4.1	20.2	15.7	4.4	3.9	0.3	0.6	-0.3
1990 .....	34.8	25.4	9.4	14.0	9.2	4.8	0.8	4.0	20.9	16.2	4.7	4.4	*	0.6	-0.4
1991 estimate .....	36.2	26.4	9.8	15.6	9.7	5.9	0.3	5.6	20.6	16.7	3.9	3.7	—*	0.5	-0.3
1992 estimate .....	36.5	27.3	9.2	16.7	10.3	6.4	0.9	5.6	19.8	17.1	2.8	2.9	-0.3	0.3	-0.1

\* \$50 million or less.



Table XVIII-3. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
<b>CAPITAL OUTLAYS:</b>			
<b>NATIONAL DEFENSE:</b>			
Major public physical capital:			
Construction and rehabilitation:			
Military construction .....	4,575	4,019	4,020
Family housing .....	607	490	440
Atomic energy defense activities and other .....	1,268	1,745	2,669
Subtotal, construction and rehabilitation .....	6,451	6,255	7,129
Acquisition of major equipment:			
Procurement .....	80,858	79,098	74,300
Atomic energy defense activities and other .....	545	682	908
Subtotal, acquisition of major equipment .....	81,403	79,779	75,208
Subtotal, major public physical capital .....	87,854	86,034	82,337
Other capital outlays:			
Conduct of research and development:			
Defense military .....	38,247	36,363	38,655
Atomic energy and other .....	2,831	2,785	2,919
Subtotal, defense research and development .....	41,078	39,148	41,574
Other outlays .....	555	356	383
Subtotal, other capital outlays .....	41,634	39,504	41,957
Subtotal, national defense capital outlays .....	129,488	125,539	124,293
<b>NONDEFENSE:</b>			
Major public physical capital:			
Construction and rehabilitation:			
Highways .....	13,972	14,116	14,837
Mass transportation .....	3,142	3,371	3,051
Rail transportation .....	36	91	149
Air transportation .....	1,312	1,567	1,723
Water transportation .....	99	126	124
Community development block grants .....	2,818	3,073	3,097
Urban development action grants ..	209	210	200
Other community and regional development .....	834	895	790
Pollution control and abatement ....	3,163	3,438	3,403
Water resources .....	2,669	2,925	2,906
Other natural resources and environment .....	926	1,111	1,203
Energy .....	2,557	2,081	2,956
Veterans hospitals and other health .....	879	892	1,088
Postal Service .....	1,070	1,361	926
Other programs .....	1,309	1,886	2,974
Subtotal, construction and rehabilitation .....	34,995	37,145	39,426
Acquisition of major equipment:			
Air transportation .....	1,344	1,688	1,761
Other transportation .....	340	420	452
Space flight, control, and data communications .....	1,793	2,009	1,869
General science and basic research .....	148	241	199
Postal Service .....	247	494	784

Table XVIII-3. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE—Continued

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
Other .....	1,293	1,761	2,094
Subtotal, acquisition of major equipment .....	5,165	6,613	7,160
Other physical assets (grants) .....	585	587	641
Subtotal, major public physical capital .....	40,745	44,345	47,227
Other capital outlays:			
Other physical assets (direct) .....	3,676	6,524	8,057
Conduct of research and development:			
General science, space, and technology:			
NASA .....	5,624	6,158	6,859
National Science Foundation ....	1,520	1,702	1,936
Other general science .....	784	897	1,076
Subtotal, general science, space, technology .....	7,927	8,757	9,872
Energy .....	2,342	2,435	2,813
Transportation:			
Department of Transportation ...	272	365	407
NASA .....	701	816	908
Subtotal, transportation .....	973	1,181	1,315
Health:			
National Institutes of Health .....	7,092	7,320	7,736
All other health .....	1,162	1,408	1,528
Subtotal, health .....	8,253	8,728	9,264
Agriculture .....	937	987	1,022
Natural resources and environment ..	1,220	1,376	1,434
All other research and development .....	1,081	1,157	1,325
Subtotal, conduct of research and development .....	22,732	24,620	27,044
Conduct of education and training:			
Department of Education:			
Higher education .....	7,795	9,737	11,797
Elementary, secondary, and vocational education .....	9,559	11,095	12,275
Other .....	412	436	398
Subtotal, Department of Education .....	17,766	21,269	24,470
Veterans readjustment benefits .....	441	495	574
Training and employment programs .....	3,890	3,954	4,133
Health training .....	1,176	1,313	1,337
Other education and training .....	3,783	4,344	4,518
Subtotal, conduct of education and training .....	27,056	31,374	35,031
Loans and other financial capital:			
Loans:			
International affairs .....	-398	-743	-5,512
Agriculture .....	-4,446	-3,229	-2,258
Mortgage credit .....	3,034	2,945	91
Deposit insurance .....	-2,195	-807	-114
Other advancement of commerce .....	-358	-179	-170
Transportation .....	-562	39	166
Disaster relief .....	401	-36	-424
Other community and regional development .....	264	234	259
Education .....	3,288	1,336	692

Table XVIII-3. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE—Continued

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
Other .....	2,866	892	-232
Subtotal, loans .....	1,894	452	-7,503
Other financial capital:			
International development .....	688	1,307	1,484
Other .....	130	164	148
Subtotal, other financial capital .....	818	1,471	1,632
Subtotal, loans and other financial capital .....	2,713	1,922	-5,871
Commodity inventories:			
Agriculture .....	-1,622	-184	-666

Table XVIII-3. DETAIL OF FEDERAL CAPITAL OUTLAYS BY DEFENSE AND NONDEFENSE—Continued

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
Strategic petroleum reserve .....	268	33	51
Subtotal, commodity inventories .....	-1,355	-151	-614
Other outlays:			
Collection of information .....	2,926	2,093	1,979
International development .....	3,591	3,468	3,951
Subtotal, other outlays .....	6,517	5,561	5,930
Subtotal, other capital outlays .....	61,339	69,852	69,577
Subtotal, nondefense capital outlays .....	102,084	114,197	116,803
Total, capital outlays .....	231,572	239,735	241,097



Table XVIII-4. DETAIL OF FEDERAL CAPITAL OUTLAYS BY GRANTS AND DIRECT FEDERAL PROGRAMS

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
<b>GRANTS:</b>			
Major public physical capital:			
Construction and rehabilitation:			
Highways .....	13,961	14,059	14,798
Mass transportation .....	3,142	3,371	3,051
Rail transportation .....	16	20	31
Air transportation .....	1,220	1,434	1,575
Pollution control and abatement .....	2,533	2,673	2,559
Other natural resources and environment .....	165	195	143
Community development block grants .....	2,818	3,073	3,097
Urban development action grants .....	209	210	200
Other community and regional development .....	712	753	640
Other construction .....	446	547	442
Subtotal, construction and rehabilitation .....	25,220	26,334	26,537
Other physical assets .....	585	587	641
Subtotal, major public physical capital .....	25,805	26,922	27,177
Other capital outlays:			
Conduct of research and development ..	345	370	393
Conduct of education and training:			
Training and employment .....	3,042	3,049	3,149
Elementary and secondary education .....	9,281	10,742	11,853
Other .....	2,589	2,859	2,899
Subtotal, conduct of education and training .....	14,912	16,650	17,901
Collection of information .....	68	85	56
Subtotal, other capital outlays .....	15,326	17,105	18,351
Subtotal, grants for capital outlays .....	41,131	44,026	45,528
<b>DIRECT FEDERAL PROGRAMS:</b>			
Major public physical capital:			
Construction and rehabilitation:			
National defense .....	6,296	6,048	7,092
Water resource projects .....	2,547	2,795	2,824
Other natural resources and environment .....	1,514	1,811	1,986
Energy .....	2,557	2,081	2,956
Transportation .....	223	389	429
Veterans hospitals and other health facilities .....	841	850	1,042
Postal Service .....	1,070	1,361	926
Other construction .....	1,178	1,730	2,765
Subtotal, construction and rehabilitation .....	16,226	17,065	20,018
Acquisition of major equipment:			
National defense .....	81,403	79,779	75,208
NASA .....	1,793	2,009	1,869
Postal Service .....	247	494	784

Table XVIII-4. DETAIL OF FEDERAL CAPITAL OUTLAYS BY GRANTS AND DIRECT FEDERAL PROGRAMS—Continued

(In millions of dollars)

	1990 actual	1991 estimate	1992 estimate
Other .....	3,125	4,110	4,506
Subtotal, acquisition of major equipment .....	86,568	86,392	82,368
Subtotal, major public physical capital .....	102,794	103,457	102,386
Other capital outlays:			
Other physical assets .....	3,676	6,524	8,057
Conduct of research and development ..	63,465	63,399	68,225
Conduct of education and training:			
Veterans benefits and services .....	573	643	729
Higher education .....	7,704	9,636	11,739
Elementary and secondary education .....	521	748	801
Employment and training .....	848	905	984
Health training .....	1,152	1,296	1,320
Other .....	1,374	1,531	1,617
Subtotal, conduct of education and training .....	12,172	14,759	17,190
Loans and other financial capital:			
Loans:			
International affairs .....	-398	-743	-5,512
Energy supply .....	116	1,429	-57
Agriculture .....	-4,446	-3,229	-2,258
Mortgage credit .....	3,034	2,945	91
Deposit insurance .....	-2,195	-807	-114
Other advancement of commerce ..	-358	-179	-170
Transportation .....	-562	39	166
Disaster relief and insurance .....	401	-36	-424
Higher education .....	3,288	1,336	692
Veterans benefits and services .....	2,648	67	-493
Housing assistance .....	-26	99	-53
Other .....	344	-516	581
Subtotal, loans .....	1,846	403	-7,551
Other financial capital .....	818	1,471	1,632
Subtotal, loans and other financial capital .....	2,664	1,874	-5,919
Commodity inventories:			
Strategic petroleum reserve .....	268	33	51
Commodity Credit Corporation .....	-1,622	-184	-666
Other .....	89	4	3
Subtotal, commodity inventories .....	-1,266	-147	-611
Collection of information .....	2,857	2,008	1,923
International development .....	4,078	3,834	4,319
Subtotal, other capital outlays .....	87,647	92,252	93,183
Subtotal, direct Federal capital outlays .....	190,441	195,709	195,569
Total, capital outlays .....	231,572	239,735	241,097



## SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

## Introduction

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.

Data on historical trends going back to 1940 for Federal public physical capital spending, using the definitions in the previous section, "Federal Physical Capital and Other Capital Outlays," can be found in the Historical Tables in Part Seven of this volume.

This section is organized in two major parts. The first part projects Federal outlays for public physical capital and the second part presents information regarding public civilian physical capital needs.

## Projections of Federal Outlays For Public Physical Capital

**Summary of projections.**—Federal public physical capital spending as defined for this report was \$61.3 billion in 1990 and, for current services estimates,<sup>2</sup> is projected to increase to \$77.0 billion by 1996. The largest components are for roads and bridges and for federally assisted housing, which together account for about two-fifths of Federal public physical capital spending.

On a Presidential policy basis, the 1992 budget is proposing \$68.7 billion for physical capital spending for 1992, \$0.9 billion less than the current services level of \$69.6 billion.

**Definitions.**—Federal public physical capital spending is defined in this report as specified in the Act. It covers spending for construction and rehabilitation, acquisition of major equipment, and spending for all other physical assets, such as the purchase and improvement of land and structures. The data for physical capital spending are generally the same as those used for the previous section "Federal Physical Capital and Other Capital Outlays," with two major exceptions required by the Act. They concern housing and military physical capital spending. In the case of the Department of Defense, this report includes only military construction and family housing, and excludes other capital spending, such as for military weapons, aircraft, and ships. Second, this report includes considerable amounts of spending for federally assisted housing that is at least indirectly associated with housing construction. Most of this is considered current spending (i.e., not for capital) in deriving the data for the previous section "Federal Physical Capital and Other Capital Outlays," because it is to pay off loans for public housing rather than to finance the housing construction directly.

This report excludes financial capital, such as loans, and outlays for human capital, such as the conduct of education, training, and research. The data in this report generally exclude offsetting collections that finance the spending, such as collections from the sale of energy.

**Projections.**—Table XVIII-5 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 \$20.2 billion in 1990, and current services outlays are estimated to increase to \$28.7 billion by 2000. Outlays for nondefense housing and buildings were \$13.5 billion in 1990 and are estimated to increase to \$22.8 billion by 2000. Physical capital outlays for other nondefense categories were \$22.9 billion in 1990 and are projected to be \$32.6 billion by 2000. For national defense, this spending was \$4.8 billion in 1990 and is estimated to increase to \$5.9 billion in 2000.

Table XVIII-6 shows current services projections adjusted for inflation on a constant dollar basis to 1996, using fiscal year 1982 as the base year.

Table XVIII-7 compares the current services and Presidential policy projections from 1990 to 1996 in current and constant dollars.

For outlay details for most programs, see the items included in major public physical capital in "Federal Physical Capital and Other Capital Outlays," especially tables XVIII-3 and XVIII-4. For major programs that are formula grants to States, information on the estimated distributions by State for 1990-1992, consistent with Presidential policy estimates, can be found in a separate publication entitled Budget Information for States, prepared by the Office of Management and Budget.

## 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.

Much of the needs assessment material formerly presented in the Supplement to Special Analysis D has been incorporated in the discussions of individual programs in other parts of the budget. Indeed, this budget focuses far more on the need to maintain our capital stock and improve national productivity than has been the case in past years, obviating the need for separate discussion.

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

<sup>2</sup>In this chapter, current services estimates are consistent with the caps enacted as part of the Budget Enforcement Act of 1990. For a discussion of current services estimates, see Chapter XV, "Current Services Estimates."



Table XVIII-5. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING

(In billions of dollars)

	1990 actual	Estimate									
		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Nondefense:											
Transportation-related categories:											
Roadways and bridges .....	14.3	14.5	15.3	16.4	16.5	16.7	17.0	17.7	18.4	19.2	19.9
Airports and airway facilities .....	2.7	3.3	3.4	3.7	3.9	4.0	4.2	4.4	4.5	4.7	4.9
Mass transportation systems .....	3.1	3.4	3.2	3.1	2.9	2.7	3.0	3.1	3.2	3.3	3.5
Railroads .....	0.1	0.2	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Subtotal, transportation .....	20.2	21.3	22.1	23.6	23.6	23.8	24.5	25.5	26.5	27.6	28.7
Housing and buildings categories:											
Federally assisted housing .....	11.5	12.2	12.8	13.7	14.0	14.6	15.0	15.6	16.2	16.8	17.5
Hospitals .....	1.0	1.2	1.3	1.4	1.5	1.6	1.6	1.7	1.7	1.8	1.9
Public buildings <sup>1</sup> .....	1.0	1.8	2.4	3.4	3.4	3.3	2.9	3.0	3.1	3.3	3.4
Subtotal, housing and buildings .....	13.5	15.1	16.5	18.5	18.8	19.5	19.5	20.3	21.1	21.9	22.8
Other nondefense categories:											
Wastewater treatment and related facilities .....	2.4	2.5	2.4	2.4	2.3	2.3	2.3	2.4	2.5	2.6	2.7
Water resources projects .....	3.3	3.5	3.6	3.8	3.8	3.9	4.0	4.1	4.3	4.5	4.7
Space and communications facilities .....	3.7	4.6	4.6	5.1	5.1	5.0	5.0	5.2	5.4	5.6	5.9
Energy programs .....	2.8	2.4	3.3	4.1	4.4	3.9	3.7	3.9	4.0	4.2	4.3
Community development programs .....	3.3	3.6	3.4	3.6	3.4	3.4	3.5	3.7	3.8	4.0	4.1
Other nondefense .....	7.3	8.2	8.6	9.1	9.1	9.1	9.3	9.7	10.1	10.5	10.9
Subtotal, other nondefense .....	22.9	24.8	25.9	28.1	28.0	27.6	27.9	29.0	30.1	31.4	32.6
Subtotal, nondefense .....	56.5	61.2	64.6	70.2	70.4	70.9	71.9	74.8	77.8	80.9	84.2
National defense .....	4.8	4.8	5.0	5.2	5.2	5.1	5.2	5.4	5.5	5.7	5.9
Total .....	61.3	66.0	69.6	75.4	75.6	76.0	77.0	80.1	83.3	86.6	90.1

<sup>1</sup>Excludes outlays for public buildings that are included in other categories in this table.

Table XVIII-6. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING (IN CONSTANT (1982) DOLLARS)

(In billions of dollars)

	Actual 1990	Estimate					
		1991	1992	1993	1994	1995	1996
Nondefense:							
Transportation-related categories:							
Roadways and bridges .....	11.7	11.2	11.2	11.5	11.0	10.7	11.4
Airports and airway facilities .....	2.3	2.7	2.7	2.8	2.9	2.9	2.9
Mass transportation systems .....	2.6	2.6	2.3	2.2	1.9	1.7	1.8
Railroads .....	0.1	0.2	0.3	0.3	0.3	0.3	0.3
Subtotal, transportation .....	16.6	16.7	16.4	16.8	16.1	15.6	16.4
Housing and buildings categories:							
Federally assisted housing .....	10.6	10.8	10.9	11.2	11.0	11.1	11.0
Hospitals .....	1.0	1.0	1.1	1.2	1.2	1.2	1.2
Public buildings <sup>1</sup> .....	0.9	1.6	2.0	2.8	2.7	2.5	2.1
Subtotal, housing and buildings .....	12.5	13.4	14.0	15.1	14.8	14.8	14.3
Other nondefense categories:							
Wastewater treatment and related facilities .....	2.0	1.9	1.7	1.6	1.5	1.5	1.4
Water resources projects .....	3.1	3.1	3.1	3.1	3.0	3.0	2.9
Space and communications facilities .....	3.4	4.1	3.9	4.2	4.0	3.9	3.7
Energy programs .....	2.6	2.1	2.8	3.4	3.5	3.0	2.7
Community development programs .....	2.7	2.8	2.5	2.5	2.3	2.2	2.2
Other nondefense .....	6.6	7.1	7.2	7.3	7.0	6.8	6.7
Subtotal, other nondefense .....	20.4	21.1	21.2	22.1	21.3	20.2	19.7
Subtotal, nondefense .....	49.5	51.2	51.7	54.0	52.2	50.6	50.4
National defense .....	4.7	4.5	4.5	4.5	4.3	4.1	4.0
Total .....	54.1	55.7	56.2	58.5	56.5	54.7	54.4

<sup>1</sup>Excludes outlays for public buildings that are included in other categories in this table.

Table XVIII-7. PROJECTIONS OF FEDERAL OUTLAYS FOR PHYSICAL CAPITAL: CURRENT SERVICES AND PRESIDENTIAL POLICY

(In billions of dollars)

	Actual 1990	Estimate					
		1991	1992	1993	1994	1995	1996
In current dollars:							
Current services:							
Federal physical capital:							
Nondefense .....	56.5	61.2	64.6	70.2	70.4	70.9	71.9
National defense .....	4.8	4.8	5.0	5.2	5.2	5.1	5.2
Total .....	61.3	66.0	69.6	75.4	75.6	76.0	77.0
Presidential policy:							
Federal physical capital:							
Nondefense .....	56.5	61.2	64.2	68.7	70.8	69.6	71.0
National defense .....	4.8	4.5	4.5	4.7	4.9	5.1	5.3
Total .....	61.3	65.8	68.7	73.4	75.7	74.7	76.3
In constant 1982 dollars:							
Current services:							
Federal physical capital:							
Nondefense .....	49.5	51.2	51.7	54.0	52.2	50.6	50.4
National defense .....	4.7	4.5	4.5	4.5	4.3	4.1	4.0
Total .....	54.1	55.7	56.2	58.5	56.5	54.7	54.4
Presidential policy:							
Federal physical capital:							
Nondefense .....	49.5	51.2	51.4	52.8	52.4	49.5	48.6
National defense .....	4.7	4.2	4.0	4.1	4.1	4.1	4.1
Total .....	54.1	55.4	55.4	56.9	56.5	53.6	52.7

in underlying demographics. As a result, the practice has arisen in previous Supplements to refer to earlier discussions, where the relevant information had been carefully presented and changes had been minimal.

In order to present this budget as a focused statement of current Administration policy, the needs assessment material in Supplements of earlier years is incorporated this year largely by reference to earlier editions of the Supplement 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*. Supporting tables are presented below, and the reader is referred both to the individual program summaries in Part Two of the budget for policy matters and to previous reports for methodological discussions.

### Significant Factors Affecting Infrastructure Needs Assessments

#### Significant Factors

#### Amount

#### Highways

1. Projected annual growth in travel to the year 2005 ..... 2-3 percent
2. Annual cost to maintain overall 1985 highway conditions on the Federal-aid systems ..... \$19.6 billion to \$23.5 billion (1989 dollars)
3. Annual cost of eliminating all existing and future bridge deficiencies to the year 2005 for Federal-aid system ..... \$4.1 billion (1989 dollars)

#### Airports and Airway Facilities

1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic ..... 568
2. Air traffic control towers ..... 400
3. Airport development eligible under airport improvement program for period 1986-1995 ..... \$40.5 billion (\$28.2 billion for capacity) (1989 dollars)



## Significant Factors Affecting Infrastructure Needs Assessments—Continued

## Significant Factors

## Amount

## Mass Transportation Systems

- |   |  |
|---|--|
| 1. Yearly cost to restore existing rail facilities over a period of 10 years .....            | \$1.5 billion—\$2.2 billion (1989 dollars) |
| 2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet ..... | \$1,505 million (1989 dollars)             |

## Wastewater Treatment

- |  |                               |
|--|-------------------------------|
| 1. Total needs of sewage treatment facilities .....  | \$83.5 billion (1989 dollars) |
| 2. Total expenditures since 1972 under the Clean Water Act of 1972 .....   | \$54 billion                  |
| 3. Percent of population served by centralized treatment facilities that benefits from at least secondary sewage treatment systems ..... | 95%                           |
| 4. States and territories served by State Revolving Funds .....  | 51                            |

## Housing

- |  |             |
|--|-------------|
| 1. Total unsubsidized very low income renter families: |             |
| A. In severely substandard units .....                 | 0.4 million |
| B. With a rent burden greater than 50% .....           | 3.4 million |

## Indian Health (IHS) Care Facilities

- |  |           |
|--|-----------|
| 1. IHS hospital occupancy rates (1988) .....                 | 50%       |
| 2. Average length of stay, IHS hospitals (days) (1988) ..... | 4.5       |
| 3. Hospital admissions (1988) .....                          | 105,000   |
| 4. Outpatient visits (1988) .....                            | 4,990,000 |
| 5. Population (1988) .....                                   | 1,040,000 |

## Department of Veterans Affairs (VA) Hospitals

- |  |        |
|--|--------|
| 1. Hospitals .....                                 | 172    |
| 2. Outpatient clinics .....                        | 369    |
| 3. Domiciliaries .....                             | 35     |
| 4. Outreach centers .....                          | 195    |
| 5. VA owned nursing home beds .....                | 14,349 |
| 6. VA owned nursing home beds needed in 2000 ..... | 17,042 |
| 7. VA owned nursing home beds needed in 2005 ..... | 17,664 |

## Significant Factors Affecting Infrastructure Needs Assessments—Continued

## Significant Factors

## Amount

## Water Resources

1. Navigation (deepwater ports & inland waterway)
2. Flood control and Storm Damage Protection.
3. Irrigation.
4. Hydropower.
5. Municipal and Industrial Water Supply.
6. Recreation.
7. Fish and Wildlife mitigation and enhancement.
8. Soil conservation.

Needs data are not regularly collected by the Federal Government. Most recent estimates of the need for navigation, flood control and shoreline storm damage protection, and municipal and industrial (M&I) water are found in the *National Council on Public Works Improvement, 1987*. Meeting M&I needs as well as certain other water resource needs estimated in this report (e.g., urban storm water management and dam safety) is primarily a non-Federal responsibility. Program reforms have emphasized non-Federal cost sharing which encourages reexamination of needs.

## Investment Needs Assessment References

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## Mass Transportation Systems

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2. Urban Mass Transportation Administration. *Public Transportation in the United States: Performance and Conditions*. January 1991.

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2. Office of Audit, Office of Inspector General, U.S. Department of Health and Human Services. *Review of Health Facilities Construction Program. Indian Health Service Proposed Replacement Hospital at Shiprock, New Mexico (CIN A-06-88-00008)*. June, 1989.
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## Wastewater Treatment

1. Environmental Protection Agency, Office of Municipal Pollution Control. *Assessment of Needed Publicly Owned Wastewater Treatment Facilities in the United States (EPA Y30/09-001)*. February, 1989.

## Water Resources

1. Frederick, Kenneth G. *The Nation's Water Resources: Past Trends and Current Challenges*. Washington, D.C., Resources for the Future, Discussion Paper ENR 90-02, 1989.
2. National Council on Public Works Improvement. *The Nation's Public Works*, Washington, D.C., May, 1987. see "Defining the Issues—Needs Studies," Chapter II; *Report on Water Resources*, Shilling et al., and *Report on Water Supply*, Miller Associates.



**PART EIGHT**

**GLOSSARY,  
LIST OF CHARTS AND  
TABLES,  
AND  
INDEX**

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**GLOSSARY OF BUDGET TERMS**

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Part Eight-1

## GLOSSARY OF BUDGET TERMS<sup>1</sup>

**BALANCES OF BUDGET AUTHORITY**—These are amounts of budget authority provided in previous years that have not been outlayed. Obligated balances are amounts that have been obligated but not yet outlayed. Unobligated balances are amounts that have not been obligated and that remain available for obligation under law.

**BREACH**—A breach is the amount by which new budget authority or outlays within a category of discretionary appropriations for a fiscal year is above the cap on new budget authority or outlays for that category for that year.

**BUDGET**—The Budget of the United States Government (this document) sets forth the President's comprehensive financial plan and indicates the President's priorities for the Federal Government.

**BUDGET AUTHORITY (BA)**—Budget authority is the authority provided by Federal law to incur financial obligations that will result in outlays. Specific forms of budget authority include:

- provisions of law that make funds available for obligation and expenditure (other than borrowing authority), including the authority to obligate and expend offsetting receipts and collections;
- borrowing authority, which is authority granted to a Federal entity to borrow (e.g., through the issuance of promissory notes or monetary credits) and to obligate and expend the borrowed funds;
- contract authority, which is the making of funds available for obligation but not for expenditure; and
- offsetting receipts and collections as negative budget authority.

**BUDGETARY RESOURCES**—Budgetary resources comprise new budget authority, unobligated balances of budget authority, direct spending authority, and obligation limitations.

**BUDGET TOTALS**—The budget includes totals 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. Off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Currently excluded are the social security trust funds (Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds) and the Postal Service. The on- and off-budget totals are combined to derive a total for Federal activity.

**CAP**—This is the term commonly used to refer to legal limits on the budget authority and outlays for each fiscal year for each of the discretionary appropriations categories. A sequester is required if an appropriation for a category causes a breach in the cap.

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<sup>1</sup>These basic terms and other budget terms, concepts, and procedures are described more fully in *The Budget System and Concepts of the United States Government*, a pamphlet available from the Government Printing Office. References to requirements in law generally refer to the Balanced Budget and Emergency Deficit Control Act of 1985 (also known as the Gramm-Rudman-Hollings Act), as amended. The Act was most recently amended by the Budget Enforcement Act of 1990 (Title XIII of Public Law 101-508). These requirements are discussed in various parts of the *Budget*.



**CATEGORIES OF DISCRETIONARY APPROPRIATIONS**—For 1991, 1992, and 1993, discretionary appropriations are categorized as defense, international, or domestic. Separate spending limits (caps) are applied to each category. The appropriations in each of the categories are determined by lists of existing appropriations in a 1990 congressional report<sup>2</sup> or, in the case of new appropriations, in consultation among the Office of Management and Budget and the congressional Committees on Appropriations and the Budget. For 1994 and 1995, all discretionary appropriations constitute a single category.

**COST**—The term cost, when used in connection with Federal credit programs, means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis. The term excludes administrative costs and any incidental effects on governmental receipts or outlays.

**CREDIT PROGRAM ACCOUNT**—A credit program account receives an appropriation for the cost of a direct loan or loan guarantee program, from which such cost is disbursed to a financing account for the program.

**DEFICIT**—A deficit is the amount by which outlays exceed Governmental receipts.

**DIRECT LOAN**—A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation. (Cf. LOAN GUARANTEE.)

**DIRECT SPENDING**—Direct spending is a category of outlays from budget authority provided in law other than appropriations acts, entitlement authority, and the budget authority for the food stamp program. (Cf. DISCRETIONARY APPROPRIATIONS.)

**DISCRETIONARY APPROPRIATIONS**—Discretionary appropriations is a category of budget authority that comprises budgetary resources (except those provided to fund direct-spending programs) provided in appropriations acts. (Cf. DIRECT SPENDING.)

**EMERGENCY APPROPRIATION**—An emergency appropriation is an appropriation in a discretionary category that the President and the Congress have designated as an emergency requirement. Such appropriations result in an adjustment to the cap for the category.

**FEDERAL FUNDS**—Federal funds are the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (Cf. TRUST FUNDS.)

**FINANCING ACCOUNT**—A financing account receives the cost payments from a credit program account and includes other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. At least one financing account is associated with each credit program account. For programs with direct and guaranteed loans, there are separate financing accounts for direct loans and guaranteed loans. The transactions of the financing accounts are not included in the budget totals. (Cf. LIQUIDATING ACCOUNT)

**FISCAL YEAR**—The fiscal year is the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends.

**GENERAL FUND**—The general fund consists of accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

**LIQUIDATING ACCOUNT**—A liquidating account includes all cash flows to and from the Government resulting from direct loan obligations and loan guarantee commitments prior to October 1, 1991. (Cf. FINANCING ACCOUNT.)

**LOAN GUARANTEE**—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 term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (Cf. DIRECT LOAN.)

<sup>2</sup>The joint statement of the managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508).



**MAXIMUM DEFICIT AMOUNTS**—These are amounts specified in and subject to certain adjustments under law. If the deficit for the year in question is estimated to exceed the adjusted maximum deficit amount for that year by more than a specified margin, a sequester of the excess deficit is required.

**INTRAGOVERNMENTAL FUNDS**—Intragovernmental funds are accounts for business-type or market-oriented activities conducted primarily within and between Government agencies and financed by offsetting collections that are credited directly to the fund.

**OBLIGATIONS**—Obligations are binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

**OFF-BUDGET**—See BUDGET TOTALS.

**OFFSETTING COLLECTIONS**—Offsetting collections are collections from the public that result from business-type or market-oriented activities and collections from other Government accounts. These collections are deducted from gross disbursements in calculating outlays, rather than counted in Governmental receipt totals. Some are credited directly to appropriation or fund accounts; others, called offsetting receipts, are credited to receipt accounts. The authority to spend offsetting collections is a form of budget authority. (Cf. RECEIPTS, GOVERNMENTAL.)

**ON-BUDGET**—See BUDGET TOTALS.

**OUTLAYS**—Outlays are the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt), net of refunds and offsetting collections. Outlays generally are recorded on a cash basis, but also include many cash-equivalent transactions, the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt.

**PAY-AS-YOU-GO**—This term refers to requirements in law that result in a sequester if the estimated combined result of legislation affecting direct spending or receipts is an increase in the deficit for a fiscal year.

**PUBLIC ENTERPRISE FUNDS**—Public enterprise funds are accounts for business or market-oriented activities conducted primarily with the public and financed by offsetting collections that are credited directly to the fund.

**RECEIPTS, GOVERNMENTAL**—Governmental receipts are collections that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment. They are compared to outlays in calculating a surplus or deficit. (Cf. OFFSETTING COLLECTIONS.)

**SEQUESTER**—A sequester is the cancellation of budgetary resources provided by discretionary appropriations or direct spending legislation, following various procedures prescribed in law. A sequester may occur in response to a discretionary appropriation that causes a breach, in response to increases in the deficit resulting from the combined result of legislation affecting direct spending or receipts (referred to as a "pay-as-you-go" sequester), or in response to a deficit estimated to be in excess of the maximum deficit amounts.

**SPECIAL FUNDS**—Special funds are Federal fund accounts for receipts earmarked for specific purposes and the associated expenditure of those receipts. (Cf. TRUST FUNDS.)

**SUBSIDY**—This term means the same as cost when it is used in connection with Federal credit programs.

**SURPLUS**—A surplus is the amount by which receipts exceed outlays.

**SUPPLEMENTAL APPROPRIATION**—A supplemental appropriation is one 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 FUNDS**—Trust funds are accounts, designated by law as trust funds, for receipts earmarked for specific purposes and the associated expenditure of those receipts. (Cf. SPECIAL FUNDS.)