

**Statement of
Mitchell E. Daniels, Jr.
Director**

Office of Management and Budget

**before the
Committee on the Budget
United States Senate**

September 6, 2001

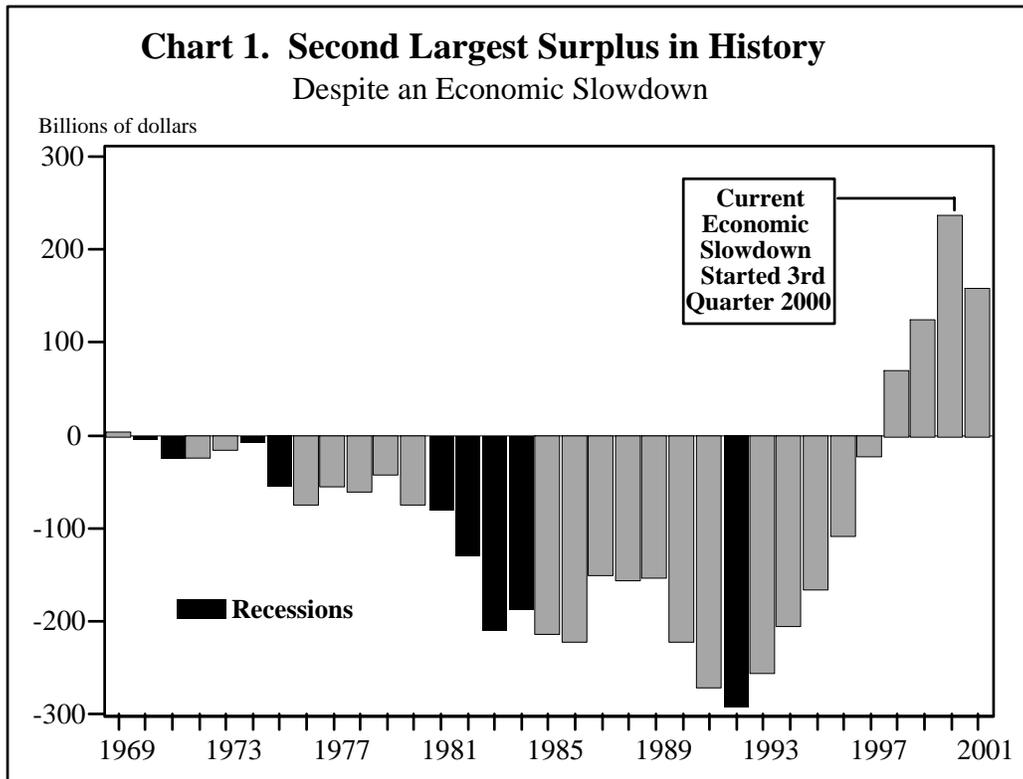
SUMMARY

Despite a nearly stagnant economy, the government's finances are remarkably sound. The budget's enormous surpluses have allowed us to deliver significant tax relief to working Americans, providing badly needed fiscal stimulus to counteract the year-long slowdown in the economy. Even while weathering the slowdown and taking action on tax relief, we continue to take in huge surplus revenues, and to use the extra receipts to steadily reduce the nation's outstanding debt.

The current estimate for the 2001 surplus is \$158 billion, the second highest in history. This is lower than the \$281 billion surplus estimated in the April Budget. The lower surplus is due largely to the year-long economic slowdown and the decision to incorporate immediate fiscal stimulus, in the Economic Growth and Tax Relief Reconciliation

Act. The 2002 surplus projection is \$173 billion, compared to April's \$231 billion estimate. Over the 10 years from 2002 to 2011, the surplus totals \$3,113 billion, down from the \$3,433 billion estimated in April.

Both this year and next year, the overall budget surpluses are equal to the surpluses generated by Social Security payroll taxes (and interest earnings). The President and Congress are both committed to preserving the Social Security surplus for debt reduction. As a result, the additional surplus available for new spending or further tax relief in the next few years is limited. In order to fully reserve the Social Security surplus for debt reduction, any further initiatives beyond those included in this review will also have to be accompanied by offsets in other areas.



Tax Relief for Working Americans

From the Administration's first day in office, President Bush worked to deliver on his campaign promise of meaningful tax relief. This package, which was originally crafted to ensure long-term economic growth and to return excess surplus funds to taxpayers, became even more urgent as the extent of the economic slowdown became apparent. Congress moved with exceptional speed in response to the President's plan. On June 7, 2001 the President signed the Economic Growth and Tax Relief Reconciliation Act of 2001.

This historic measure of tax relief reduces the bottom marginal tax rate from 15 percent to 10 percent, delivering savings to every income taxpayer, and reduces the top rate to a maximum of 35 percent. It also doubles the child tax credit from \$500 to \$1,000, enhances incentives for investment in education, eliminates the marriage penalty, phases out the death tax, and encourages retirement saving.

Of immediate importance, the tax measure includes a rebate provision that puts \$38 billion in savings from the new 10 percent bracket quickly and directly back in the taxpayers' hands. The rebate checks, which taxpayers are receiving in the months of July, August, and September, could not have come at a better time to invigorate today's shaky economy. Economic growth has slowed steadily for over a year to a point that it has nearly stopped. The rebate checks will help prevent further deterioration by supporting consumer spending.

Reserving the Social Security Surplus for Debt Reduction

A strong bipartisan consensus has arisen in this country, and in the Congress, to preserve very large surpluses as a threshold condition of public finance. Both parties and both the Legislative and Executive Branches, in this Administration and the previous one, have concurred in maintaining a surplus at least the size of the Social Security surplus.

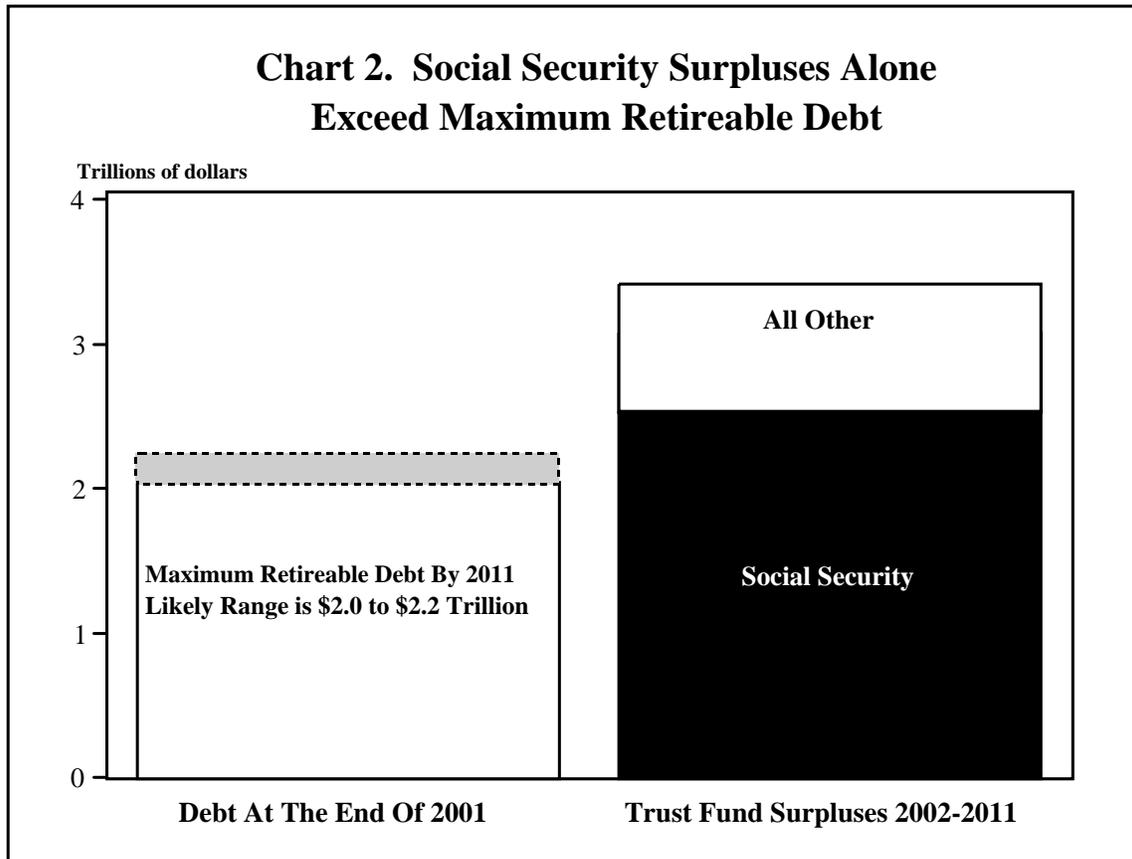
Some would set the minimum surplus level even higher, using as a target the artificial

coverage in the Medicare Part A trust fund. This is a relatively modest difference, amounting to a question of whether the minimum surplus should be more like 8.0 percent or 9.5 percent of total receipts. It is also a difference that is completely irrelevant either to the level of future Medicare benefits or to the health of the trust fund financing those benefits, which will be exactly the same size regardless of the level of the overall budget surplus. (For further discussion, see the Medicare section of this document.)

There are several reasons that the Social Security surplus makes a good surplus target. First, unlike Medicare, which costs much more than it takes in, Social Security is in true surplus for the moment. Second, the Administration and a majority of Americans hope for reform that converts a portion of Social Security receipts from mere IOUs to real assets, owned by the worker who paid those taxes. At that point, the notion of a Social Security "lockbox" will take on real, literal meaning.

The final reason for choosing this surplus target is that it permits the Treasury to achieve—with some room to spare—the maximum amount of debt retirement possible. Over the next 10 years, Social Security will take in excess funds of \$2.5 trillion, whereas maximum debt retireable without incurring unjustifiable premium expenses is between \$2.0 trillion and \$2.2 trillion. This year, the Treasury will eliminate well over \$100 billion of existing debt, marking the fourth year in a row of such reductions. Further such reductions are scheduled for each succeeding year. This is an important accomplishment for which both political parties, both branches of government, and both the current and prior administrations deserve credit.

The update of the budget outlook in this Mid-Session Review foresees continued large surpluses above the size of the Social Security surplus for all years in the budget horizon. The President is determined to preserve surpluses at this level, and to continue using these funds for the steady reduction of outstanding publicly held debt.



Changes in the Economic and Budget Outlook Since April

Since the President submitted his budget in April, the extent of the economic slowdown has become more evident. In retrospect, its length and depth are clear: the stock market began to fall in March, 2000; manufacturing employment in August, 2000; and GDP growth in the third quarter of 2000. Overall, the economy has grown at only a 1.3 percent

rate since the second quarter of last year, including an estimated 0.7 percent annual growth rate in the most recently completed quarter. As discussed in a subsequent section of this review, the Administration—and other forecasters—believe that recent interest rate cuts by the Federal Reserve, coupled with the fiscal stimulus from the Economic Growth and Tax Relief Reconciliation Act, will spur the economy back to solid, sustainable growth by next year.

Table 1. CHANGE IN BUDGET POLICY SURPLUSES

(In billions of dollars)

| | 2001 | 2002 | 2002-2011 |
|---|------|------|-----------|
| April budget estimate of total surplus | 281 | 231 | 3,433 |
| Social Security surplus | 159 | 175 | 2,583 |
| Non-Social Security surplus | 122 | 56 | 850 |
| Change since April: | | | |
| Tax rebates and other enacted tax changes | -40 | -40 | 25 |
| Corporate tax timing shift | -28 | 28 | 28 |
| Medicare Reform policy | 3 | 11 | -37 |
| Tax proposals | | 3 | 43 |
| Defense requirements | -4 | -11 | -198 |
| Farm assistance and other policy | -5 | -1 | 1 |
| Economic and technical adjustments | -46 | -44 | -46 |
| Related debt service | -1 | -6 | -136 |
| Total, change | -123 | -59 | -320 |
| Current policy surplus | 158 | 173 | 3,113 |
| Social Security surplus ¹ | 157 | 171 | 2,538 |
| Non-Social Security surplus ¹ | 1 | 1 | 575 |

¹The 2001 estimate is adjusted to assign \$5.6 billion in prior year receipts to their correct year. See text box on page 9 and Appendix A on page 49.

Economic weakness, coupled with the tax rebate action that is designed to counteract that weakness, results in a lower surplus outlook this year and next year. In the current year, economic revisions and technical factors reduce the surplus \$46 billion from the April estimate, a difference of about two percent of receipts. Tax rebates and related provisions account for \$40 billion, a legislated shift in timing of corporation income tax receipts reduces the surplus another \$28 billion, and supplemental spending for meeting national defense and other needs uses \$5 billion. This combination of factors and a technical adjustment described below still leaves a very small on-budget surplus for 2001.

In 2002, economic and technical revisions are slightly smaller than in 2001. The effect of the tax relief provisions stays level at about \$40 billion, while the shift of corporate receipts is recaptured. The net result is a small on-budget surplus.

One factor artificially reducing the 2001 on-budget surplus from the April estimate is an upward revision to the Social Security trust fund due to reestimates of payroll taxes paid in previous years. As explained in the accompanying box, this practice has the effect of inflating the current Social Security surplus by adding credits during

2001 for taxes actually paid and collected in 2000, 1999, and earlier years. This reduces the apparent 2001 on-budget surplus by \$6 billion. Correcting this distortion by assigning the extra revenues to their appropriate year makes clear that there is a small on-budget surplus in 2001. OMB will review with the Department of the Treasury the possibility of prospective changes to record the adjustments in the correct years.

Over the full 10-year budget horizon, the surplus outlook is relatively unchanged from April. The unified surplus total for 2002 through 2011 is now estimated at \$3,113 billion, down from the \$3,433 billion estimated in the April Budget. The largest factor in the reduction is incorporating the outyear implications of the Administration's \$18.4 billion defense amendment for 2002. This is the first installment, totaling \$209 billion, of investment in restoring our national defense capabilities after years of neglect. The tax bill, because it was scaled back during Congressional consideration, increases the surplus slightly relative to the April Budget (which assumed the President's proposals), while the 10-year economic and technical adjustments reduce the surplus by \$46 billion.

This update to the President's budget increases the resources set aside for Medicare modernization, and an integrated prescription

drug benefit, to \$190 billion over the period 2004 to 2011. This new estimate is consistent with the Framework to Strengthen Medicare that the President announced on July 12th and is \$37 billion more than was allocated in total to additional Medicare spending in the April Budget submission over 10 years.

The President's April Budget proposed a program to help low income seniors and those with particularly high prescription drug costs get immediate assistance while Congress considered comprehensive reform. However, with the President's support, a consensus is now building in Congress which focuses on comprehensive Medicare modernization. The President's Framework to Strengthen Medicare and his budget reflect this emerging agreement, setting aside substantial resources to meet this objective which could be implemented as soon as 2004. The Administration is committed to continuing to work with the Congress on enacting legislation to strengthen Medicare consistent with the President's framework.

Although the Administration is committed to enacting comprehensive Medicare legislation soon, the President believes we must help seniors get the prescription drugs they need at an affordable price now. That is why the Administration has begun the voluntary Medicare Prescription Drug Discount Card program. This program will allow seniors access to the same kinds of drug discounts that other Americans with good private health insurance currently receive. The President believes that seniors, who face the heaviest burden for prescription drug costs, should not also have to pay the highest retail prices for drugs. The discount card is not a substitute for prescription drug coverage in a reformed Medicare system, but it will bring important relief to seniors who need it beginning next year.

Of the current 10-year total surplus, \$2,538 billion is from the Social Security trust fund, down slightly from \$2,583 billion in April. As noted above, the Administration is devoting as much of this amount as possible to the reduction of publicly held debt. After reserving the Social Security surplus, the remaining 10-year surplus is \$575 billion, down from \$850 billion in April,

with most of this difference attributed to the \$198 billion increase in spending on national defense and the additional commitment to Medicare.

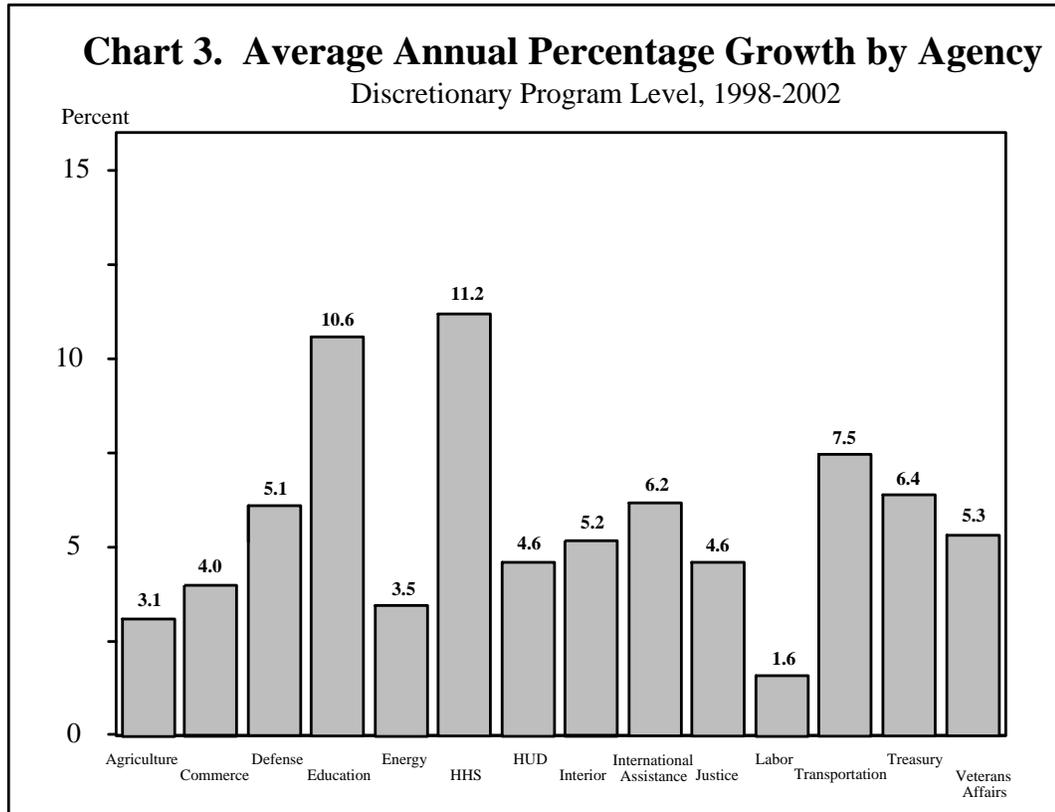
The Best Course Forward

The government's finances are extremely sound. Only persistent, long-term economic weakness can threaten this position. Hence, promoting a return to vigorous growth must be our common objective. The best course forward is clear: first, we must contain spending over the coming year.

Last year's appropriations, agreed to 8 months ago by the last Congress and the last President, contained the largest one-year spending increase in history, about \$50 billion over 2000. Obviously, a smaller surge in spending last year would have ensured a larger surplus today. The spending growth rates of 1999 through 2001 cannot be repeated if we are to preserve the on-budget surpluses that we have all worked so hard to create. Congress must limit this year's appropriations to the level of the 2002 Budget Resolution, including the defense amendment recently proposed by the President.

Second, Congress and the President must work together to continue restraining total spending in the next few years. Businesses, states, cities, and families do not hesitate to limit their spending when revenues diminish. The fifty state governments recently reported that collectively they are lowering spending growth from 8 percent last year to a more sustainable 3-1/2 percent in 2002. Spending in the federal domestic agencies exploded during the last three years, including growth of 45 percent at the Department of Health and Human Services and 27 percent at Department of Transportation. These departments can benefit from a period of digestion without great growth beyond these expanded levels.

The Administration is prepared where necessary to extend the principle of restraint to its own high priority initiatives. The Administration continues to propose several tax initiatives from the April Budget, with the effective dates delayed two years until January 1, 2004. In addition, the Administration proposes to fund other initiatives that



can not be delayed within the additional discretionary resources provided in the budget resolution, and will work with Congress to revise these proposals as necessary to ensure their enactment.

There are a number of other items that may place demands on the budget. Consistent with the requirements of the Budget Enforcement Act, action on these or other items with additional costs to the budget must be accompanied by provisions to offset the costs to ensure that no automatic reductions are triggered. Alternatively additional requirements could be funded within the discretionary levels agreed to in the Congressional Budget Resolution including the defense amendment recently proposed by the President. Living within these constraints will ensure that the Social Security surplus is protected and can be fully reserved for debt reduction. Examples of these further requirements include:

- *Farm bill.* The costs of the farm bill now moving through Congress, which restructures farm programs through the next sev-

eral years, will have to be offset where necessary to maintain on-budget surplus.

- *Tax provisions.* Several long-standing tax credits and other provisions expire at the end of 2001. The Administration supports the extension of these provisions in a fiscally responsible manner and looks forward to working with Congress to achieve that goal. These expiring provisions include Archer Medical Savings Accounts, the work opportunity tax credit, the welfare-to-work tax credit, provisions dealing with the minimum tax for individuals, and the treatment of active financial services income of foreign subsidiaries.
- *Response to natural disasters.* A high level of disaster related needs could require spending beyond the amounts assumed.
- *Railroad Retirement Investment Trust.* The House-passed Railroad Retirement and Survivors' Improvement Act (HR 1140) would authorize a new federal trust fund to purchase stocks and bonds. The purchases could amount to \$15 billion. Under

long-standing budget scoring rules, these purchases would be scored as outlays, the same as purchases of stocks, bonds, and any other asset by all agencies within the federal government. However, section 105 of the House-passed bill directs OMB and CBO not to score outlays for these purchases.

Regardless of how the purchases are scored, Treasury would have to pay for them in the same way—by using some of the budget surplus that otherwise would be used to redeem debt held by the public. If all of the purchases were made in 2002, they would exceed the non-Social Security surplus by \$14 billion. Treasury would have to use \$14 billion of the surplus generated by Social Security to finance the remainder.

This Mid-Session Review presumes a policy of fiscal restraint, but restraint does not mean paralysis. The President's management initiatives and the on-going review of programs at all levels will result in our ability to do more with the same or similar resources. In government, as in any business or family, the burden of proof must be placed on spending proponents to demonstrate the ongoing value received for whatever money is being spent today. Any healthy organization constantly searches for ways to redeploy money from less efficient to more efficient purposes, and it is past time for the federal government to adopt this outlook. We expect that improvements in managing resources that are already underway will pay greater dividends than the exclusive focus on incremental new resources. Excellence is defined by continuing to raise the bar of performance and achievement.

Table 2. CURRENT SURPLUS TOTALS

(In billions of dollars)

| | 2001 | 2002 |
|------------------------------------|------|------|
| Overall Surplus | 158 | 173 |
| Social Security ¹ | 157 | 171 |
| Postal Service | -1 | -3 |
| On-Budget ¹ | 2 | 4 |
| Non-Social Security | 1 | 1 |

Examples of potential further requirements

- Extend expiring tax provisions
- Farm Bill
- Funding for natural disasters
- Railroad Retirement Investment Trust

¹The 2001 estimate is adjusted to assign \$5.6 billion in prior year receipts to their correct year. See text box on page 9 and Appendix A on page 49.

Table 3. APRIL AND MID-SESSION BUDGET TOTALS

(In billions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002–2006 | 2002–2011 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|-----------|
| April Budget: | | | | | | | | | | | | | |
| Revenues | 2,137 | 2,192 | 2,258 | 2,339 | 2,438 | 2,529 | 2,643 | 2,771 | 2,910 | 3,058 | 3,233 | 11,755 | 26,370 |
| Outlays | 1,856 | 1,961 | 2,016 | 2,077 | 2,169 | 2,224 | 2,303 | 2,398 | 2,490 | 2,593 | 2,706 | 10,446 | 22,938 |
| Surplus | 281 | 231 | 242 | 262 | 269 | 305 | 340 | 373 | 420 | 465 | 526 | 1,309 | 3,433 |
| Social Security | 159 | 175 | 193 | 210 | 235 | 251 | 270 | 286 | 301 | 322 | 341 | 1,063 | 2,583 |
| Non-Social Security | 122 | 56 | 49 | 52 | 34 | 54 | 70 | 87 | 118 | 143 | 186 | 246 | 850 |
| Mid-Session Review: | | | | | | | | | | | | | |
| Revenues | 2,013 | 2,135 | 2,220 | 2,328 | 2,463 | 2,553 | 2,668 | 2,797 | 2,941 | 3,095 | 3,245 | 11,698 | 26,444 |
| Outlays | 1,855 | 1,962 | 2,025 | 2,111 | 2,208 | 2,272 | 2,354 | 2,447 | 2,543 | 2,648 | 2,761 | 10,578 | 23,331 |
| Surplus | 158 | 173 | 195 | 217 | 254 | 281 | 314 | 350 | 398 | 447 | 484 | 1,119 | 3,113 |
| Social Security ¹ | 157 | 171 | 192 | 211 | 236 | 249 | 266 | 280 | 293 | 311 | 328 | 1,059 | 2,538 |
| Non-Social Security ¹ | 1 | 1 | 2 | 6 | 19 | 32 | 47 | 70 | 105 | 136 | 157 | 60 | 575 |
| Change: | | | | | | | | | | | | | |
| Revenues | -124 | -57 | -38 | -11 | 25 | 24 | 24 | 27 | 31 | 36 | 13 | -58 | 74 |
| Outlays | -1 | 2 | 9 | 34 | 40 | 48 | 51 | 49 | 52 | 54 | 55 | 132 | 393 |
| Surplus | -123 | -59 | -47 | -45 | -15 | -24 | -26 | -22 | -21 | -18 | -42 | -190 | -320 |
| Social Security | -2 | -4 | -* | 1 | * | -1 | -3 | -6 | -8 | -11 | -13 | -4 | -45 |
| Non-Social Security | -121 | -55 | -47 | -46 | -15 | -23 | -23 | -17 | -13 | -7 | -29 | -186 | -275 |

* \$500 million or less.

¹The 2001 estimate is adjusted to assign \$5.6 billion in prior year receipts to their correct year. See text box on page 9 and Appendix A on page 49.

Accurate Accounting for Social Security

The President is committed to reserving the Social Security surplus for debt reduction and Social Security reform. It is evident that there is a widespread, bipartisan consensus that this is the right goal for fiscal policy this year and in the years ahead.

Current estimates indicate the total budget surplus will be \$158 billion in 2001, or about \$1 billion more than the Social Security surplus.

2001 Surplus Estimates

(In billions of dollars)

| | |
|--|-----|
| Total Budget Surplus | 158 |
| Social Security Surplus | 157 |
| Non-Social Security Surplus | 1 |
| On-budget Surplus | 2 |
| Postal Service Loss (off-budget) | -1 |
| Non-Social Security Surplus | 1 |

Given the heightened status, real and symbolic, of the Social Security surplus, it is important to measure it accurately. Current budget practices potentially confuse that measurement in two important ways.

First, the shorthand approach of using the off-budget surplus as a proxy for the Social Security surplus combines Social Security transactions with those of the Postal Service, the only other “off-budget” program. The Postal Service is supposed to break even at a minimum, and in most past years it did. But in 2001 it is estimated to lose approximately \$1 billion, so the true Social Security surplus is larger than the off-budget figure by that amount.

Second, a large correction to prior year estimates of Social Security payroll tax collections will be booked in 2001, crediting the trust fund balances with an additional \$5.6 billion. This correction reflects the fact that the Social Security surplus was larger than previously thought in 1998, 1999, and in 2000. (There is a lag of a year or more before the necessary information is available to determine exactly what portion of tax proceeds stemmed from Social Security payroll taxes.) Counting this revenue as though it had been paid in 2001 overstates the Social Security surplus for this year.

Precise accuracy in determining the Social Security surplus in any year requires comparing revenue to actual expenditures.* In 2001, the excess of Social Security revenues over expenditures is \$157 billion.

(See Appendix A for additional details).

*This correction has been made in this report for the sake of accuracy. Other official publications may use the historical method and therefore report slightly different figures. OMB will review with the Department of the Treasury the possibility of prospective changes to record the adjustments in the correct years.

SUMMARY TABLES

SUMMARY TABLES

**Table 8. ESTIMATED SPENDING FROM 2002
BALANCES OF BUDGET AUTHORITY: DISCRE-
TIONARY PROGRAMS ¹**

(In billions of dollars)

| | Total |
|--|-------|
| Total balances, end of 2002 | 767.1 |
| Spending from 2002 balances: | |
| 2003 | 288.7 |
| 2004 | 161.8 |
| 2005 | 100.6 |
| 2006 | 68.9 |
| Expiring balances, 2003 through 2006 ..... | ..... |
| Unexpended balances at the end of 2006 | 147.1 |

¹This table is required by section 221(b) of the Legislative Re-organization Act of 1970.

Table 9. OUTLAYS FOR MANDATORY PROGRAMS UNDER CURRENT LAW ¹

(In billions of dollars)

| | 2000 Actual | Estimate | | | | | | | | | | |
|---|----------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Human resources programs: | | | | | | | | | | | | |
| Education, training, employment and social services | 10.3 | 9.0 | 14.5 | 15.0 | 15.5 | 16.0 | 17.0 | 17.8 | 18.6 | 19.6 | 20.7 | 21.8 |
| Health | 124.5 | 140.3 | 152.6 | 170.3 | 185.4 | 201.0 | 217.5 | 235.7 | 255.4 | 276.7 | 300.7 | 324.4 |
| Medicare | 194.1 | 214.2 | 224.3 | 235.8 | 248.1 | 267.4 | 276.4 | 297.0 | 315.9 | 336.3 | 357.8 | 387.0 |
| Income security | 206.5 | 220.0 | 239.7 | 248.2 | 257.1 | 268.5 | 278.1 | 284.5 | 296.4 | 306.0 | 317.8 | 333.9 |
| Social security | 406.0 | 429.9 | 452.5 | 474.4 | 497.6 | 522.9 | 550.3 | 580.4 | 613.6 | 651.5 | 693.5 | 738.4 |
| Veterans' benefits and services | 26.3 | 22.8 | 27.9 | 29.9 | 31.5 | 35.7 | 34.3 | 33.3 | 36.7 | 38.7 | 39.8 | 40.8 |
| Subtotal, human resources programs | 967.8 | 1,036.1 | 1,111.5 | 1,173.6 | 1,235.1 | 1,311.5 | 1,373.5 | 1,448.7 | 1,536.7 | 1,628.8 | 1,730.3 | 1,846.3 |
| Other mandatory programs: | | | | | | | | | | | | |
| International affairs | -4.1 | -6.3 | -3.3 | -3.2 | -3.3 | -3.2 | -3.2 | -3.1 | -3.0 | -2.9 | -2.9 | -2.9 |
| Energy | -4.0 | -3.3 | -3.4 | -3.2 | -3.7 | -3.6 | -3.6 | -3.5 | -2.7 | -2.4 | -2.3 | -2.3 |
| Agriculture | 32.0 | 23.5 | 15.2 | 11.6 | 10.9 | 10.2 | 9.6 | 9.3 | 9.4 | 9.6 | 9.5 | 9.6 |
| Commerce and housing credit | -1.3 | -6.8 | 6.3 | 5.6 | 5.4 | 4.6 | 3.8 | 5.4 | 4.7 | 5.3 | 5.0 | 5.1 |
| Transportation | 2.1 | 2.2 | 1.8 | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 |
| Undistributed offsetting receipts | -42.6 | -47.0 | -48.5 | -64.0 | -64.2 | -57.3 | -59.2 | -61.6 | -64.5 | -66.7 | -69.8 | -73.2 |
| Other functions | 0.8 | 1.0 | 3.2 | 2.7 | 4.1 | 3.5 | 3.5 | 3.6 | 3.7 | 3.7 | 3.8 | 4.0 |
| Subtotal, other mandatory programs | -17.0 | -36.8 | -28.8 | -48.4 | -48.8 | -43.8 | -47.2 | -48.0 | -50.5 | -51.5 | -54.8 | -57.8 |
| Total, outlays for mandatory programs under current law | 950.8 | 999.3 | 1,082.7 | 1,125.2 | 1,186.4 | 1,267.7 | 1,326.3 | 1,400.7 | 1,486.2 | 1,577.3 | 1,675.5 | 1,788.6 |

¹This table meets the requirements of Section 221(b) of the Legislative Reorganization Act of 1970.

Table 10. MANDATORY PROPOSALS

(In millions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002-06 | 2002-11 |
|---|------|------|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Allowance for Medicare Modernization | | | | 14,000 | 20,000 | 21,000 | 22,000 | 25,000 | 27,000 | 29,000 | 32,000 | 55,000 | 190,000 |
| Health care tax credit | | | | 419 | 4,104 | 5,517 | 5,910 | 6,061 | 6,224 | 6,392 | 6,564 | 10,040 | 41,191 |
| Other mandatory proposals: | | | | | | | | | | | | | |
| Agriculture: | | | | | | | | | | | | | |
| Long-term recreation fee program with four-year reauthorization | | | -25 | -13 | -2 | -2 | 28 | 13 | 1 | | | -42 | |
| Energy: | | | | | | | | | | | | | |
| ANWR, lease bonuses | | | | -1,200 | | | | | | | | -1,200 | -1,200 |
| HUD | | | | | | | | | | | | | |
| FHA mark-to-market extension | | -218 | | | | | | | | | | -218 | -218 |
| Interior: | | | | | | | | | | | | | |
| Use recreation fees to reduce NPS backlog (NPS/FWS/BLM) | | | -39 | -2 | 49 | 80 | 134 | 92 | 44 | | | 88 | 358 |
| ANWR, lease bonuses: | | | | | | | | | | | | | |
| State of Alaska's share: | | | | | | | | | | | | | |
| Receipts | | | | -1,201 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1,203 | -1,208 |
| Expenditure | | | | 1,201 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1,203 | 1,208 |
| Federal share | | | | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -3 | -8 |
| Treasury: | | | | | | | | | | | | | |
| Modify and simplify EITC | | | | | | | | | | | | -335 | -335 |
| Veterans Affairs: | | | | | | | | | | | | | |
| OBRA Extenders: | | | | | | | | | | | | | |
| IRS income verification on means tested veterans and survivors benefits | | | | -6 | -6 | -6 | -6 | -6 | -6 | -6 | -6 | -18 | -48 |
| Round-down disability benefits to nearest dollar after COLA | | | -15 | -37 | -60 | -85 | -107 | -133 | -163 | -188 | -208 | -196 | -996 |
| Limit VA pensions to Medicaid recipients in nursing homes (includes Medicaid offsets) | | | | | | | | | -127 | -138 | -149 | | -415 |
| Continue current housing loan fees | | | | | | | | | -275 | -280 | -286 | | -841 |
| Loan resale loss | | | | | | | | | -24 | -27 | -25 | | -76 |
| Eliminate Vendee loan program | | 19 | -9 | -12 | -21 | -26 | -29 | -34 | -37 | -36 | -40 | -49 | -225 |
| Army Corps of Engineers: | | | | | | | | | | | | | |
| Recreation user fee increase | | -10 | -5 | -5 | -5 | | | | | | | -25 | -25 |
| FCC: | | | | | | | | | | | | | |
| Shift spectrum auction deadlines and promote clearing | | | 3,600 | -5,100 | -2,000 | -4,000 | | | | | | | -7,500 |
| Analog spectrum lease fee | | -198 | -200 | -200 | -200 | -200 | -175 | -150 | -75 | -25 | | -998 | -1,423 |
| FDIC: | | | | | | | | | | | | | |
| State Bank examination fees: | | | | | | | | | | | | | |
| Reduction in FDIC outlays | | -92 | -97 | -101 | -106 | -112 | -118 | -123 | -129 | -136 | -143 | -508 | -1,157 |
| FEMA: | | | | | | | | | | | | | |
| Phase out subsidized premiums for non-primary residences in the flood insurance program | | -12 | -41 | -93 | -194 | -334 | -410 | -416 | -421 | -421 | -421 | -674 | -2,763 |

Table 10. MANDATORY PROPOSALS—Continued

(In millions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002–06 | 2002–11 |
|--|------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Reform flood insurance program for repetitive loss properties that experience chronic flooding | | | -20 | -30 | -38 | -43 | -46 | -49 | -51 | -53 | -55 | -131 | -385 |
| OPM: | | | | | | | | | | | | | |
| Extend higher agency contributions to the Civil Service Retirement Fund | | | -469 | -482 | -449 | -415 | -380 | -343 | -306 | -268 | -222 | -1,815 | -3,334 |
| Other: | | | | | | | | | | | | | |
| Indirect impact of other proposals | | | -2 | -4 | -7 | -7 | -6 | -3 | -4 | -4 | -7 | -20 | -44 |
| Total, other mandatory proposals | | -511 | 2,678 | -7,286 | -3,040 | -5,151 | -1,116 | -1,153 | -1,575 | -1,584 | -1,899 | -13,309 | -20,635 |
| Total, mandatory proposals | | -511 | 2,678 | 7,133 | 21,064 | 21,366 | 26,794 | 29,908 | 31,650 | 33,809 | 36,666 | 51,730 | 210,557 |
| Fund with discretionary appropriations: | | | | | | | | | | | | | |
| Education: | | | | | | | | | | | | | |
| Expand teacher loan forgiveness | | 11 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 7 | 7 | 32 | 64 |
| HHS: | | | | | | | | | | | | | |
| Child welfare preventative services | | 30 | 158 | 192 | 196 | 200 | 200 | 200 | 200 | 200 | 200 | 776 | 1,776 |
| Education and training for older foster children | | 9 | 46 | 58 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 233 | 533 |
| Charity State tax credit, TANF outlays | | | 400 | 300 | 150 | | | -200 | -200 | -200 | -250 | 850 | |
| Interior: | | | | | | | | | | | | | |
| Correct trust accounting deficiencies (individual Indian money investments) | | 7 | | | | | | | | | | 7 | 7 |
| Justice: | | | | | | | | | | | | | |
| Radiation exposure compensation | | 97 | 155 | 150 | 108 | 68 | 55 | 40 | 20 | 12 | 5 | 578 | 710 |
| Total, fund with discretionary appropriations | | 154 | 764 | 705 | 519 | 334 | 321 | 106 | 86 | 79 | 22 | 2,476 | 3,090 |

Table 11. EFFECT OF PROPOSALS ON RECEIPTS

(In millions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002–2006 | 2002–2011 |
|---|------|------|------|------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| 2002 Budget Proposals: | | | | | | | | | | | | | |
| Incentives for charitable giving: | | | | | | | | | | | | | |
| Provide charitable contribution deduction for nonitemizers | | | | -527 | -1,844 | -3,252 | -4,879 | -6,569 | -7,537 | -7,568 | -7,639 | -5,623 | -39,815 |
| Permit tax-free withdrawals from IRAs for charitable contributions | | | | -195 | -210 | -225 | -241 | -258 | -277 | -299 | -322 | -630 | -2,027 |
| Raise the cap on corporate charitable contributions | | | | -100 | -158 | -154 | -163 | -173 | -183 | -206 | -227 | -412 | -1,364 |
| Strengthen and reform education: | | | | | | | | | | | | | |
| Allow teachers to deduct out-of-pocket classroom expenses | | | | -18 | -179 | -209 | -227 | -244 | -247 | -250 | -253 | -406 | -1,627 |
| Assist Americans with disabilities: | | | | | | | | | | | | | |
| Exclude from income the value of employer-provided computers, software and peripherals | | | | -2 | -6 | -6 | -6 | -6 | -6 | -6 | -7 | -14 | -45 |
| Invest in health care: | | | | | | | | | | | | | |
| Provide refundable tax credit for the purchase of health insurance ¹ | | | | -174 | -1,641 | -3,445 | -3,626 | -3,930 | -4,029 | -4,131 | -4,234 | -5,260 | -25,210 |
| Provide an above-the-line deduction for long-term care insurance premiums | | | | -346 | -574 | -1,150 | -2,007 | -2,365 | -2,646 | -2,945 | -3,287 | -2,070 | -15,320 |
| Allow up to \$500 in unused benefits in a health flexible spending arrangement to be carried forward to the next year | | | | -423 | -713 | -782 | -831 | -878 | -926 | -980 | -1,036 | -1,918 | -6,569 |
| Provide additional choice with regard to unused benefits in a health flexible spending account | | | | -22 | -39 | -45 | -52 | -60 | -69 | -81 | -94 | -106 | -462 |
| Permanently extend and reform Archer MSAs | | | | -79 | -362 | -431 | -482 | -510 | -534 | -567 | -589 | -872 | -3,554 |
| Provide an additional personal exemption to home caretakers of family members | | | | -370 | -463 | -490 | -518 | -529 | -540 | -557 | -552 | -1,323 | -4,019 |
| Help farmers and fishermen manage economic downturns: | | | | | | | | | | | | | |
| Establish FFARRM savings accounts | | | | -88 | -230 | -161 | -116 | -85 | -65 | -50 | -41 | -479 | -836 |
| Increase housing opportunities: | | | | | | | | | | | | | |
| Provide tax credit for developers of affordable single-family housing | | | | -4 | -46 | -202 | -525 | -987 | -1,514 | -2,020 | -2,406 | -252 | -7,704 |
| Encourage savings: | | | | | | | | | | | | | |
| Establish Individual Development Accounts | | | | -154 | -265 | -281 | -297 | -306 | -143 | -34 | -35 | -700 | -1,515 |
| Protect the environment: | | | | | | | | | | | | | |
| Permanently extend expensing of brownfields remediation costs | | | | -236 | -373 | -364 | -355 | -344 | -333 | -321 | -310 | -973 | -2,636 |
| Exclude gains from the sale of property for conservation purposes | | -1 | -3 | -49 | -102 | -115 | -132 | -155 | -187 | -231 | -292 | -270 | -1,267 |

Table 11. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002–2006 | 2002–2011 |
|---|------|------|--------|--------|---------|---------|---------|---------|---------|---------|----------|-----------|-----------|
| Energy policy proposals: | | | | | | | | | | | | | |
| Modify treatment of nuclear decommissioning funds | | -91 | -160 | -172 | -181 | -192 | -202 | -212 | -223 | -235 | -247 | -796 | -1,915 |
| Extend and modify tax credit for producing electricity from certain sources | | -116 | -203 | -222 | -125 | -58 | -59 | -57 | -55 | -56 | -58 | -724 | -1,009 |
| Provide tax credit for residential solar energy systems | | -7 | -15 | -19 | -25 | -15 | -10 | -5 | | | | -81 | -96 |
| Promote trade: | | | | | | | | | | | | | |
| Extend and expand Andean trade preferences ² | | | | -154 | -214 | -55 | | | | | | -423 | -423 |
| Additional Energy Proposals: | | | | | | | | | | | | | |
| Provide tax credit for purchase of certain hybrid and fuel cell vehicles ² | | -22 | -81 | -180 | -358 | -615 | -1,026 | -817 | -108 | -126 | -179 | -1,256 | -3,512 |
| Provide tax credit for energy produced from landfill gas | | -23 | -51 | -75 | -103 | -138 | -156 | -158 | -161 | -164 | -66 | -390 | -1,095 |
| Provide tax credit for combined heat and power property | | -119 | -197 | -200 | -212 | -268 | -126 | | 6 | 5 | 5 | -996 | -1,106 |
| Provide excise tax exemption (credit) for ethanol | | | | | | | | | | | | | |
| Expiring Provisions: | | | | | | | | | | | | | |
| Permanent extension of provisions expiring in 2010: | | | | | | | | | | | | | |
| Marginal individual income tax rate reductions | | | | | | | | | | -13,910 | -67,757 | | -81,667 |
| Expanded child tax credit | | | | | | | | | | | -4,639 | | -4,639 |
| Marriage penalty relief ¹ | | | | | | | | | | | -4,532 | | -4,532 |
| Education incentives | | -1 | -5 | -10 | -15 | -20 | -26 | -32 | -39 | -45 | -890 | -51 | -1,083 |
| Repeal of estate and generation-skipping transfer taxes, and modification of gift taxes | | -271 | -614 | -1,215 | -1,792 | -2,475 | -2,726 | -3,226 | -4,040 | -4,884 | -26,651 | -6,367 | -47,894 |
| Modifications of IRAs and pension plans | | | | | | | | | | -1 | -2,371 | | -2,372 |
| Other incentives for families and children | | | | | | | | | | 61 | -257 | | -196 |
| Permanent extension of R&E tax credit .. | | | | -1,055 | -3,431 | -5,415 | -6,543 | -7,388 | -8,019 | -8,567 | -9,168 | -9,901 | -49,586 |
| Other Provisions that Affect Receipts: | | | | | | | | | | | | | |
| Recover State bank supervision and regulation expenses (receipt effect) ² | | 70 | 74 | 76 | 80 | 84 | 88 | 92 | 96 | 101 | 105 | 384 | 866 |
| Total effect of proposals ^{1 2} | | -581 | -1,255 | -6,013 | -13,581 | -20,479 | -25,243 | -29,202 | -31,779 | -48,067 | -138,029 | -41,909 | -314,229 |

¹Affects both receipts and outlays; only the receipt effects are shown here. The outlay effects are shown in Table 10.²Net of income offsets.

Table 12. OUTLAYS BY CATEGORY

(In billions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| April estimates | | | | | | | | | | | |
| Discretionary: | | | | | | | | | | | |
| Defense | 299.6 | 319.2 | 322.1 | 333.5 | 347.6 | 354.6 | 361.0 | 374.1 | 384.9 | 396.0 | 411.4 |
| Non-defense | 349.8 | 372.5 | 389.7 | 397.8 | 406.8 | 415.8 | 425.5 | 435.3 | 445.1 | 458.4 | 465.1 |
| Subtotal, discretionary | 649.4 | 691.7 | 711.8 | 731.2 | 754.5 | 770.4 | 786.5 | 809.5 | 830.0 | 854.4 | 876.5 |
| Mandatory: | | | | | | | | | | | |
| Social Security | 430.0 | 451.6 | 473.5 | 498.0 | 524.3 | 553.0 | 584.1 | 618.0 | 656.2 | 698.3 | 743.6 |
| Medicare | 216.0 | 226.4 | 238.6 | 252.2 | 279.1 | 292.2 | 314.0 | 335.6 | 358.4 | 384.3 | 419.2 |
| Medicaid | 128.9 | 142.4 | 152.7 | 166.0 | 180.5 | 196.4 | 213.6 | 232.2 | 252.6 | 274.6 | 297.9 |
| Other | 225.6 | 260.3 | 264.3 | 267.8 | 285.7 | 284.8 | 296.2 | 312.3 | 323.9 | 336.2 | 349.4 |
| Subtotal, mandatory | 1,000.5 | 1,080.7 | 1,129.2 | 1,184.0 | 1,269.6 | 1,326.3 | 1,408.0 | 1,498.2 | 1,591.2 | 1,693.5 | 1,810.1 |
| Net interest | 206.4 | 188.1 | 175.2 | 161.5 | 144.7 | 127.2 | 108.9 | 90.3 | 69.1 | 45.7 | 19.8 |
| Total, outlays | 1,856.2 | 1,960.6 | 2,016.2 | 2,076.7 | 2,168.7 | 2,223.9 | 2,303.4 | 2,397.9 | 2,490.3 | 2,593.5 | 2,706.3 |
| Mid-session estimates: | | | | | | | | | | | |
| Discretionary: | | | | | | | | | | | |
| Defense | 304.0 | 329.9 | 335.7 | 357.0 | 366.6 | 376.8 | 385.3 | 395.8 | 406.9 | 418.5 | 430.5 |
| Non-defense | 347.4 | 369.5 | 387.8 | 395.5 | 401.9 | 410.1 | 419.2 | 428.5 | 438.0 | 450.9 | 457.4 |
| Subtotal, discretionary | 651.4 | 699.4 | 723.5 | 752.5 | 768.5 | 786.9 | 804.5 | 824.3 | 844.9 | 869.4 | 887.9 |
| Mandatory: | | | | | | | | | | | |
| Social Security | 429.9 | 452.5 | 474.4 | 497.6 | 522.9 | 550.3 | 580.4 | 613.6 | 651.5 | 693.5 | 738.4 |
| Medicare | 214.2 | 224.3 | 235.8 | 262.1 | 287.4 | 297.4 | 319.0 | 340.9 | 363.3 | 386.8 | 419.0 |
| Medicaid | 130.3 | 143.0 | 155.1 | 168.9 | 183.6 | 199.3 | 216.5 | 234.8 | 255.3 | 277.1 | 300.7 |
| Other | 224.9 | 262.4 | 262.6 | 264.9 | 294.8 | 300.6 | 311.6 | 326.7 | 338.7 | 351.8 | 366.9 |
| Subtotal, mandatory | 999.3 | 1,082.2 | 1,127.8 | 1,193.5 | 1,288.8 | 1,347.6 | 1,427.4 | 1,516.0 | 1,608.8 | 1,709.2 | 1,825.1 |
| Net interest | 204.2 | 180.5 | 174.1 | 164.8 | 151.0 | 137.1 | 122.3 | 106.9 | 88.9 | 69.0 | 48.1 |
| Total, outlays | 1,854.9 | 1,962.1 | 2,025.4 | 2,110.7 | 2,208.3 | 2,271.6 | 2,354.2 | 2,447.2 | 2,542.6 | 2,647.6 | 2,761.0 |
| Difference: | | | | | | | | | | | |
| Discretionary: | | | | | | | | | | | |
| Defense | 4.4 | 10.7 | 13.6 | 23.5 | 18.9 | 22.2 | 24.3 | 21.7 | 22.1 | 22.5 | 19.1 |
| Non-defense | -2.4 | -3.0 | -1.9 | -2.3 | -4.9 | -5.7 | -6.3 | -6.9 | -7.1 | -7.4 | -7.7 |
| Subtotal, discretionary | 2.1 | 7.6 | 11.7 | 21.2 | 14.0 | 16.5 | 18.0 | 14.8 | 14.9 | 15.1 | 11.4 |
| Mandatory: | | | | | | | | | | | |
| Social Security | -0.1 | 0.9 | 0.8 | -0.4 | -1.4 | -2.7 | -3.8 | -4.4 | -4.7 | -4.8 | -5.1 |
| Medicare | -1.8 | -2.2 | -2.8 | 9.9 | 8.3 | 5.2 | 5.0 | 5.3 | 4.9 | 2.5 | -0.2 |
| Medicaid | 1.4 | 0.6 | 2.4 | 2.9 | 3.1 | 2.9 | 2.9 | 2.6 | 2.7 | 2.5 | 2.8 |
| Other | -0.7 | 2.1 | -1.7 | -3.0 | 9.1 | 15.8 | 15.4 | 14.4 | 14.8 | 15.6 | 17.5 |
| Subtotal, mandatory | -1.2 | 1.5 | -1.3 | 9.5 | 19.2 | 21.3 | 19.4 | 17.9 | 17.6 | 15.8 | 15.0 |
| Net interest | -2.2 | -7.6 | -1.1 | 3.3 | 6.4 | 9.9 | 13.4 | 16.6 | 19.8 | 23.3 | 28.3 |
| Total, outlays | -1.3 | 1.5 | 9.2 | 34.0 | 39.6 | 47.7 | 50.8 | 49.3 | 52.3 | 54.2 | 54.7 |

Table 13. RECEIPTS BY SOURCE

(In billions of dollars)

| | Estimates | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| April estimates | | | | | | | | | | | |
| Individual income taxes | 1,072.9 | 1,078.8 | 1,092.3 | 1,117.9 | 1,157.0 | 1,196.6 | 1,255.2 | 1,330.4 | 1,410.2 | 1,499.6 | 1,598.2 |
| Corporation income taxes | 213.1 | 218.8 | 227.3 | 235.5 | 244.2 | 252.2 | 259.9 | 268.1 | 275.8 | 283.5 | 294.3 |
| Social insurance and retirement receipts | 689.7 | 725.8 | 766.0 | 806.0 | 855.8 | 896.4 | 942.0 | 984.4 | 1,030.8 | 1,087.9 | 1,145.1 |
| Excise taxes | 71.1 | 74.0 | 76.3 | 78.3 | 80.5 | 82.3 | 84.8 | 87.3 | 90.0 | 92.8 | 95.7 |
| Estate and gift taxes | 31.1 | 28.7 | 26.6 | 28.3 | 24.9 | 22.5 | 20.4 | 15.7 | 13.4 | 0.7 | 0.7 |
| Customs duties | 21.4 | 22.5 | 24.3 | 25.0 | 26.0 | 27.7 | 29.3 | 30.7 | 33.0 | 34.5 | 36.2 |
| Miscellaneous receipts | 37.6 | 43.1 | 45.4 | 47.8 | 49.3 | 51.0 | 51.6 | 54.1 | 56.8 | 59.5 | 62.4 |
| Total | 2,136.9 | 2,191.7 | 2,258.2 | 2,338.8 | 2,437.8 | 2,528.7 | 2,643.3 | 2,770.6 | 2,909.9 | 3,058.4 | 3,232.6 |
| Mid-Session estimates | | | | | | | | | | | |
| Individual income taxes ¹ | 1,014.3 | 1,024.2 | 1,068.0 | 1,115.9 | 1,171.1 | 1,215.2 | 1,281.0 | 1,356.0 | 1,439.3 | 1,529.6 | 1,627.1 |
| Corporation income taxes | 155.4 | 229.1 | 221.3 | 231.0 | 258.7 | 259.3 | 264.2 | 270.9 | 277.9 | 285.8 | 295.3 |
| Social insurance and retirement receipts ¹ | 689.4 | 721.9 | 768.7 | 810.1 | 860.3 | 897.7 | 941.5 | 982.8 | 1,027.2 | 1,082.9 | 1,139.2 |
| Excise taxes | 67.6 | 70.4 | 72.8 | 74.8 | 76.8 | 78.3 | 80.5 | 83.0 | 85.7 | 88.4 | 91.1 |
| Estate and gift taxes | 30.0 | 28.0 | 23.6 | 26.9 | 24.3 | 27.2 | 23.8 | 24.6 | 25.9 | 19.6 | 0.1 |
| Customs duties | 19.8 | 21.5 | 23.2 | 24.2 | 25.3 | 26.8 | 28.0 | 29.2 | 31.3 | 32.5 | 33.7 |
| Miscellaneous receipts | 36.2 | 39.6 | 42.6 | 44.6 | 46.1 | 48.1 | 48.7 | 50.9 | 53.5 | 56.0 | 58.8 |
| Total | 2,012.7 | 2,134.7 | 2,220.2 | 2,327.5 | 2,462.5 | 2,552.6 | 2,667.8 | 2,797.4 | 2,940.8 | 3,094.8 | 3,245.3 |
| Difference | | | | | | | | | | | |
| Individual income taxes | -58.6 | -54.6 | -24.3 | -2.0 | 14.1 | 18.6 | 25.8 | 25.6 | 29.1 | 30.0 | 28.9 |
| Corporation income taxes | -57.7 | 10.3 | -6.0 | -4.5 | 14.5 | 7.2 | 4.2 | 2.9 | 2.2 | 2.4 | 0.9 |
| Social insurance and retirement receipts | -0.2 | -3.9 | 2.7 | 4.0 | 4.5 | 1.3 | -0.5 | -1.6 | -3.6 | -4.9 | -5.9 |
| Excise taxes | -3.6 | -3.6 | -3.4 | -3.6 | -3.8 | -4.1 | -4.2 | -4.3 | -4.4 | -4.4 | -4.6 |
| Estate and gift taxes | -1.1 | -0.7 | -3.0 | -1.4 | -0.6 | 4.7 | 3.4 | 8.9 | 12.6 | 18.9 | -0.5 |
| Customs duties | -1.6 | -1.0 | -1.0 | -0.7 | -0.7 | -1.0 | -1.3 | -1.5 | -1.7 | -2.0 | -2.6 |
| Miscellaneous receipts | -1.4 | -3.5 | -2.8 | -3.2 | -3.2 | -2.9 | -2.9 | -3.2 | -3.3 | -3.5 | -3.5 |
| Total | -124.2 | -57.0 | -38.0 | -11.3 | 24.7 | 23.9 | 24.5 | 26.9 | 30.9 | 36.4 | 12.8 |

¹The 2001 estimate is adjusted to correct for \$5.6 billion in prior year receipts. See text box on page 9 and Appendix A on page 49.

Table 14. OUTLAYS BY AGENCY

(In billions of dollars)

| | 2000 Actual | April estimates | | | | | | Mid-Session estimates | | | | | |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|----------------|----------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Legislative Branch | 2.9 | 3.1 | 3.3 | 3.4 | 3.4 | 3.4 | 3.5 | 3.2 | 3.3 | 3.4 | 3.4 | 3.4 | 3.5 |
| Judicial Branch | 4.1 | 4.3 | 4.9 | 5.0 | 5.1 | 5.2 | 5.3 | 4.3 | 4.9 | 5.0 | 5.1 | 5.2 | 5.3 |
| Agriculture | 75.7 | 69.6 | 63.2 | 61.4 | 61.9 | 63.8 | 65.9 | 72.1 | 65.7 | 63.6 | 64.5 | 65.6 | 66.7 |
| Commerce | 7.8 | 5.5 | 5.2 | 5.4 | 5.3 | 5.4 | 5.5 | 5.4 | 5.2 | 5.4 | 5.3 | 5.4 | 5.5 |
| Defense—Military | 281.2 | 283.9 | 303.4 | 306.2 | 317.2 | 331.0 | 337.7 | 288.3 | 313.9 | 319.6 | 340.5 | 349.8 | 359.9 |
| Education | 33.9 | 36.7 | 45.2 | 49.6 | 50.6 | 51.9 | 53.3 | 36.9 | 45.5 | 50.2 | 51.4 | 52.5 | 54.0 |
| Energy | 15.0 | 16.7 | 17.2 | 17.5 | 17.7 | 18.1 | 18.4 | 17.3 | 17.3 | 17.5 | 17.7 | 18.2 | 18.4 |
| Health and Human Services | 382.6 | 430.5 | 468.8 | 498.8 | 532.7 | 566.7 | 594.1 | 428.3 | 457.1 | 486.7 | 532.7 | 574.4 | 602.1 |
| Housing and Urban Development | 30.8 | 37.3 | 34.8 | 34.9 | 33.5 | 33.4 | 33.6 | 35.9 | 34.4 | 34.8 | 33.6 | 33.7 | 33.7 |
| Interior | 8.0 | 8.7 | 9.3 | 9.6 | 11.1 | 10.1 | 10.3 | 8.2 | 9.1 | 9.7 | 11.4 | 10.4 | 10.6 |
| Justice | 19.6 | 20.7 | 22.5 | 25.4 | 23.9 | 23.3 | 23.6 | 20.9 | 21.7 | 25.4 | 24.0 | 23.3 | 23.6 |
| Labor | 31.4 | 38.2 | 42.0 | 42.3 | 43.1 | 44.8 | 46.7 | 39.4 | 43.7 | 44.3 | 45.1 | 46.2 | 48.3 |
| State | 6.8 | 9.3 | 9.7 | 9.7 | 9.9 | 10.1 | 10.4 | 8.3 | 10.0 | 9.7 | 10.0 | 10.2 | 10.4 |
| Transportation | 46.0 | 50.6 | 54.9 | 56.9 | 59.2 | 61.7 | 63.4 | 50.5 | 54.6 | 55.2 | 54.9 | 56.3 | 57.5 |
| Treasury | 391.2 | 388.5 | 381.5 | 385.1 | 388.2 | 388.9 | 390.3 | 387.0 | 380.9 | 388.0 | 395.2 | 399.9 | 406.7 |
| Veterans Affairs | 47.1 | 45.2 | 51.5 | 53.5 | 55.7 | 60.3 | 59.5 | 45.0 | 51.0 | 53.5 | 55.7 | 60.3 | 59.5 |
| Corps of Engineers | 4.3 | 4.6 | 4.4 | 4.2 | 4.3 | 4.3 | 4.2 | 4.4 | 4.2 | 4.0 | 4.1 | 4.1 | 4.2 |
| Other Defense Civil Programs | 32.9 | 34.4 | 35.4 | 41.2 | 42.4 | 43.7 | 44.9 | 34.4 | 35.6 | 41.5 | 42.7 | 43.9 | 45.1 |
| Environmental Protection Agency | 7.2 | 7.5 | 7.6 | 7.6 | 7.6 | 7.6 | 7.6 | 7.3 | 7.5 | 7.6 | 7.6 | 7.6 | 7.6 |
| Executive Office of the President | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Federal Emergency Management Agency | 3.1 | 3.1 | 3.2 | 3.0 | 2.7 | 2.4 | 1.9 | 3.4 | 3.2 | 2.9 | 2.9 | 2.3 | 1.9 |
| General Services Administration | * | 0.6 | -0.2 | 0.3 | 0.4 | 0.4 | 0.3 | 0.6 | -0.2 | 0.3 | 0.4 | 0.4 | 0.3 |
| International Assistance Programs | 12.1 | 11.4 | 12.1 | 12.4 | 12.5 | 12.4 | 12.7 | 11.3 | 12.0 | 12.3 | 12.5 | 12.7 | 13.0 |
| National Aeronautics and Space Ad- ministration | 13.4 | 13.8 | 14.2 | 14.7 | 15.1 | 15.4 | 15.8 | 13.8 | 14.2 | 14.7 | 15.1 | 15.4 | 15.8 |
| National Science Foundation | 3.5 | 4.0 | 4.4 | 4.5 | 4.7 | 4.7 | 4.8 | 4.0 | 4.3 | 4.5 | 4.7 | 4.7 | 4.8 |
| Office of Personnel Management | 48.7 | 51.0 | 53.4 | 56.3 | 59.5 | 62.8 | 66.0 | 51.0 | 53.7 | 56.7 | 59.8 | 63.1 | 66.3 |
| Small Business Administration | -0.4 | -1.0 | 0.7 | 0.6 | 0.5 | 0.5 | 0.6 | -1.0 | 0.7 | 0.6 | 0.5 | 0.5 | 0.6 |
| Social Security Administration | 441.8 | 463.0 | 488.2 | 511.5 | 537.4 | 567.7 | 595.5 | 462.6 | 489.2 | 512.6 | 537.2 | 566.6 | 593.1 |
| Other Independent Agencies | 10.6 | 4.9 | 19.0 | 16.8 | 17.1 | 17.8 | 17.7 | 1.4 | 18.7 | 17.6 | 18.5 | 18.2 | 18.5 |
| Allowances | | | 2.4 | 3.9 | 4.7 | 5.4 | 5.7 | | 2.4 | 3.3 | 4.0 | 4.9 | 5.3 |
| Undistributed Offsetting Receipts | -172.8 | -190.2 | -201.8 | -226.0 | -251.0 | -254.9 | -275.8 | -189.5 | -201.7 | -225.4 | -250.0 | -251.6 | -271.0 |
| Total | 1,788.8 | 1,856.2 | 1,960.6 | 2,016.2 | 2,076.7 | 2,168.7 | 2,223.9 | 1,854.9 | 1,962.1 | 2,025.4 | 2,110.7 | 2,208.3 | 2,271.6 |

* \$50 million or less.

Table 15. OUTLAYS BY FUNCTION

(In billions of dollars)

| | 2000 Actual | April estimates | | | | | | Mid-Session estimates | | | | | |
|--|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|----------------|----------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| National defense | 294.5 | 299.1 | 319.2 | 322.1 | 333.1 | 347.2 | 354.0 | 303.6 | 329.8 | 335.5 | 356.5 | 366.0 | 376.2 |
| International affairs | 17.2 | 17.5 | 21.0 | 21.3 | 21.5 | 21.6 | 22.2 | 16.6 | 21.4 | 21.4 | 21.7 | 22.1 | 22.6 |
| General science, space, and technology | 18.6 | 19.7 | 20.8 | 21.4 | 22.2 | 22.6 | 23.1 | 19.7 | 20.7 | 21.4 | 22.2 | 22.6 | 23.1 |
| Energy | -1.1 | -0.7 | -0.3 | -0.1 | -0.6 | -0.4 | -0.3 | -0.3 | -0.4 | -0.1 | -0.6 | -0.4 | -0.3 |
| Natural resources and environment .. | 25.0 | 27.4 | 27.5 | 27.7 | 28.0 | 28.4 | 28.7 | 26.6 | 27.1 | 27.6 | 28.1 | 28.7 | 29.0 |
| Agriculture | 36.6 | 25.9 | 18.6 | 15.0 | 14.0 | 14.1 | 14.5 | 28.9 | 20.7 | 16.8 | 16.2 | 15.5 | 14.9 |
| Commerce and housing credit | 3.2 | -0.8 | 6.9 | 4.7 | 3.6 | 3.5 | 2.3 | -5.2 | 6.4 | 5.5 | 4.9 | 4.0 | 3.2 |
| Transportation | 46.9 | 51.1 | 55.0 | 57.5 | 59.7 | 62.1 | 63.8 | 51.0 | 54.8 | 55.7 | 55.3 | 56.8 | 57.9 |
| Community and regional development | 10.6 | 10.6 | 11.7 | 11.3 | 10.8 | 10.5 | 10.1 | 10.8 | 11.8 | 11.3 | 11.1 | 10.5 | 10.2 |
| Education, training, employment, and social services | 59.2 | 65.3 | 76.6 | 81.3 | 82.6 | 84.7 | 87.2 | 64.2 | 75.5 | 82.1 | 84.0 | 85.4 | 88.0 |
| Health | 154.5 | 175.3 | 201.5 | 224.4 | 243.3 | 250.7 | 264.8 | 173.8 | 190.7 | 212.0 | 231.7 | 251.8 | 271.1 |
| Medicare | 197.1 | 219.3 | 229.9 | 242.1 | 255.9 | 282.8 | 296.0 | 217.4 | 227.7 | 239.3 | 265.8 | 291.1 | 301.2 |
| Income security | 247.9 | 262.6 | 275.7 | 285.9 | 295.9 | 308.8 | 317.1 | 265.1 | 286.5 | 296.7 | 306.2 | 318.4 | 328.6 |
| Social Security | 409.4 | 433.6 | 455.1 | 477.1 | 501.6 | 528.1 | 556.8 | 433.5 | 456.1 | 478.0 | 501.3 | 526.7 | 554.1 |
| Veterans benefits and services | 47.1 | 45.4 | 51.6 | 53.6 | 55.8 | 60.4 | 59.6 | 45.1 | 51.1 | 53.6 | 55.8 | 60.4 | 59.6 |
| Administration of justice | 27.8 | 29.4 | 32.3 | 35.4 | 35.5 | 35.2 | 35.8 | 29.7 | 31.4 | 35.4 | 35.5 | 35.2 | 35.8 |
| General government | 13.5 | 16.8 | 16.3 | 16.7 | 18.4 | 17.4 | 17.6 | 17.2 | 16.5 | 16.9 | 18.6 | 17.6 | 17.8 |
| Net interest | 223.2 | 206.4 | 188.1 | 175.2 | 161.5 | 144.7 | 127.2 | 204.2 | 180.5 | 174.1 | 164.8 | 151.0 | 137.1 |
| Allowances | | | 2.4 | 3.9 | 4.7 | 5.4 | 5.7 | | 2.4 | 3.3 | 4.0 | 4.9 | 5.3 |
| Undistributed offsetting receipts | -42.6 | -47.7 | -49.4 | -60.4 | -70.6 | -58.9 | -62.4 | -47.0 | -48.7 | -61.0 | -72.4 | -59.9 | -63.8 |
| Total | 1,788.8 | 1,856.2 | 1,960.6 | 2,016.2 | 2,076.7 | 2,168.7 | 2,223.9 | 1,854.9 | 1,962.1 | 2,025.4 | 2,110.7 | 2,208.3 | 2,271.6 |

Table 16. DISCRETIONARY BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

| | 2000 Actual | April estimates | | | | | | Mid-Session estimates | | | | | |
|--|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|--------------|--------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Legislative Branch | 2.5 | 2.7 | 3.0 | 3.0 | 3.1 | 3.1 | 3.2 | 2.8 | 3.0 | 3.0 | 3.1 | 3.1 | 3.2 |
| Judicial Branch | 3.7 | 4.0 | 4.6 | 4.5 | 4.6 | 4.7 | 4.9 | 4.0 | 4.6 | 4.5 | 4.6 | 4.7 | 4.9 |
| Agriculture | 17.1 | 19.3 | 17.9 | 18.8 | 19.0 | 19.4 | 19.8 | 19.3 | 17.9 | 18.8 | 19.0 | 19.4 | 19.8 |
| Commerce | 8.7 | 5.1 | 4.8 | 5.3 | 5.3 | 5.4 | 5.5 | 5.0 | 4.9 | 5.3 | 5.3 | 5.4 | 5.5 |
| Defense—Military | 287.3 | 296.3 | 310.5 | 319.0 | 327.9 | 337.1 | 346.6 | 301.9 | 328.9 | 337.9 | 347.4 | 357.1 | 367.1 |
| Education | 29.4 | 39.9 | 44.5 | 45.5 | 47.0 | 48.1 | 49.1 | 40.1 | 44.6 | 45.5 | 47.0 | 48.1 | 49.1 |
| Energy | 17.8 | 19.7 | 19.2 | 19.7 | 20.3 | 20.7 | 21.2 | 20.0 | 19.2 | 19.7 | 20.3 | 20.7 | 21.2 |
| Health and Human Services | 45.5 | 53.9 | 56.7 | 61.7 | 63.3 | 64.9 | 66.5 | 54.1 | 56.8 | 61.8 | 63.4 | 65.0 | 66.7 |
| Housing and Urban Development | 21.1 | 28.5 | 30.4 | 32.2 | 33.3 | 34.6 | 35.7 | 28.4 | 30.4 | 32.2 | 33.3 | 34.6 | 35.7 |
| Interior | 8.5 | 10.2 | 9.8 | 10.0 | 10.2 | 10.4 | 10.6 | 10.3 | 9.9 | 10.1 | 10.3 | 10.5 | 10.7 |
| Justice | 18.8 | 20.9 | 19.9 | 21.9 | 22.0 | 22.3 | 22.8 | 20.9 | 20.0 | 22.1 | 22.2 | 22.4 | 22.9 |
| Labor | 8.8 | 11.9 | 11.3 | 11.8 | 12.1 | 12.4 | 12.6 | 11.7 | 11.4 | 12.0 | 12.3 | 12.6 | 12.8 |
| State | 7.8 | 7.5 | 9.1 | 9.3 | 9.5 | 9.7 | 9.9 | 7.5 | 9.1 | 9.3 | 9.5 | 9.7 | 9.9 |
| Transportation | 14.5 | 18.4 | 16.3 | 17.3 | 17.7 | 18.1 | 18.5 | 18.5 | 16.3 | 17.3 | 17.7 | 18.1 | 18.5 |
| Treasury | 12.5 | 14.0 | 14.7 | 15.0 | 15.4 | 15.7 | 16.1 | 14.2 | 14.7 | 15.0 | 15.4 | 15.7 | 16.1 |
| Veterans Affairs | 20.8 | 22.4 | 23.4 | 23.9 | 24.4 | 25.0 | 25.6 | 22.3 | 23.2 | 23.7 | 24.3 | 24.8 | 25.3 |
| Corps of Engineers | 4.1 | 4.5 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 | 4.7 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 |
| Other Defense Civil Programs | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 |
| Environmental Protection Agency | 7.6 | 7.8 | 7.3 | 7.4 | 7.6 | 7.2 | 6.6 | 7.8 | 7.3 | 7.4 | 7.6 | 7.2 | 6.6 |
| Executive Office of the President | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Federal Emergency Management Agency | 3.9 | 2.4 | 2.2 | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 2.2 | 2.3 | 2.3 | 2.4 | 2.4 |
| General Services Administration | —* | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| International Assistance Programs | 13.6 | 12.9 | 12.8 | 13.1 | 13.4 | 13.6 | 13.9 | 13.0 | 12.9 | 13.2 | 13.5 | 13.8 | 14.1 |
| National Aeronautics and Space Ad- ministration | 13.6 | 14.3 | 14.5 | 15.0 | 15.4 | 15.7 | 16.1 | 14.3 | 14.5 | 15.0 | 15.4 | 15.7 | 16.1 |
| National Science Foundation | 3.9 | 4.4 | 4.5 | 4.6 | 4.7 | 4.8 | 4.9 | 4.4 | 4.5 | 4.6 | 4.7 | 4.8 | 4.9 |
| Office of Personnel Management | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Small Business Administration | 0.9 | 0.3 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.9 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| Social Security Administration | 5.7 | 6.0 | 6.4 | 6.5 | 6.7 | 6.8 | 7.0 | 6.0 | 6.4 | 6.5 | 6.7 | 6.8 | 7.0 |
| Other Independent Agencies | 5.8 | 6.3 | 6.0 | 6.0 | 6.3 | 6.3 | 6.4 | 6.3 | 6.1 | 6.0 | 6.2 | 6.3 | 6.4 |
| Allowances | | | 5.3 | 5.4 | 5.6 | 5.7 | 5.8 | | 5.4 | 5.0 | 5.1 | 5.3 | 5.5 |
| Total | 584.4 | 634.9 | 660.6 | 685.1 | 702.7 | 720.1 | 737.9 | 642.1 | 679.8 | 704.0 | 722.2 | 740.1 | 758.4 |

* \$50 million or less.

Table 17. DISCRETIONARY BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

| | 2000 Actual | April estimates | | | | | | Mid-Session estimates | | | | | |
|--|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|--------------|--------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| National defense | 300.8 | 311.3 | 325.1 | 333.9 | 343.2 | 352.7 | 362.5 | 317.1 | 343.7 | 353.0 | 362.8 | 372.7 | 383.1 |
| International affairs | 23.5 | 22.7 | 23.9 | 24.4 | 24.9 | 25.5 | 26.0 | 22.7 | 24.0 | 24.5 | 25.0 | 25.6 | 26.1 |
| General science, space, and technology | 19.2 | 20.9 | 21.2 | 21.9 | 22.4 | 22.9 | 23.5 | 20.9 | 21.2 | 21.9 | 22.4 | 22.9 | 23.5 |
| Energy | 2.7 | 3.1 | 2.8 | 2.9 | 3.1 | 3.2 | 3.3 | 3.1 | 2.8 | 2.9 | 3.1 | 3.2 | 3.3 |
| Natural resources and environment .. | 24.6 | 28.7 | 26.4 | 27.0 | 27.6 | 27.6 | 27.4 | 28.9 | 26.4 | 27.1 | 27.6 | 27.7 | 27.5 |
| Agriculture | 4.7 | 5.1 | 4.8 | 5.2 | 5.2 | 5.3 | 5.4 | 5.1 | 4.8 | 5.2 | 5.2 | 5.3 | 5.4 |
| Commerce and housing credit | 5.1 | 0.7 | -0.3 | -0.1 | -0.4 | -0.5 | -0.5 | 0.6 | -0.1 | -0.1 | -0.4 | -0.5 | -0.5 |
| Transportation | 15.2 | 18.9 | 16.8 | 17.8 | 18.2 | 18.6 | 19.0 | 19.0 | 16.8 | 17.8 | 18.2 | 18.6 | 19.0 |
| Community and regional development | 12.2 | 11.0 | 10.4 | 10.7 | 10.9 | 11.1 | 11.3 | 11.6 | 10.4 | 10.7 | 10.9 | 11.1 | 11.3 |
| Education, training, employment, and social services | 44.4 | 61.1 | 65.4 | 67.1 | 69.0 | 70.7 | 72.3 | 61.1 | 65.7 | 67.4 | 69.4 | 71.0 | 72.7 |
| Health | 33.8 | 38.9 | 41.0 | 45.7 | 46.9 | 48.1 | 49.4 | 38.8 | 40.9 | 45.6 | 46.8 | 48.0 | 49.3 |
| Medicare | 3.0 | 3.4 | 3.5 | 3.5 | 3.6 | 3.7 | 3.8 | 3.4 | 3.5 | 3.5 | 3.6 | 3.7 | 3.8 |
| Income security | 31.6 | 39.5 | 42.8 | 45.1 | 46.7 | 48.3 | 49.6 | 39.7 | 42.9 | 45.1 | 46.8 | 48.4 | 49.6 |
| Social Security | 3.2 | 3.4 | 3.5 | 3.6 | 3.7 | 3.8 | 3.8 | 3.4 | 3.5 | 3.6 | 3.7 | 3.8 | 3.8 |
| Veterans benefits and services | 20.9 | 22.5 | 23.5 | 24.0 | 24.5 | 25.1 | 25.7 | 22.4 | 23.3 | 23.8 | 24.3 | 24.9 | 25.4 |
| Administration of justice | 27.1 | 30.0 | 29.8 | 31.9 | 32.3 | 32.8 | 33.5 | 30.0 | 29.8 | 31.9 | 32.3 | 32.8 | 33.5 |
| General government | 12.4 | 14.0 | 14.8 | 15.0 | 15.4 | 15.7 | 16.0 | 14.2 | 14.8 | 15.1 | 15.4 | 15.7 | 16.1 |
| Allowances | | | 5.3 | 5.4 | 5.6 | 5.7 | 5.8 | | 5.4 | 5.0 | 5.1 | 5.3 | 5.5 |
| Total | 584.4 | 634.9 | 660.6 | 685.1 | 702.7 | 720.1 | 737.9 | 642.1 | 679.8 | 704.0 | 722.2 | 740.1 | 758.4 |

Table 18. MID-SESSION BASELINE TOTALS

(In billions of dollars)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2002–2011 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Discretionary: | | | | | | | | | | | | |
| Defense | 304.0 | 317.1 | 325.5 | 336.8 | 351.0 | 357.5 | 363.7 | 376.5 | 387.3 | 398.4 | 413.9 | 3,627.8 |
| Non-defense | 347.4 | 368.6 | 387.3 | 398.0 | 406.2 | 416.4 | 427.8 | 439.2 | 450.7 | 462.6 | 474.9 | 4,231.6 |
| Subtotal, discretionary | 651.5 | 685.7 | 712.7 | 734.7 | 757.2 | 773.9 | 791.5 | 815.7 | 838.0 | 861.0 | 888.8 | 7,859.4 |
| Mandatory: | | | | | | | | | | | | |
| Social Security | 429.9 | 452.5 | 474.4 | 497.6 | 522.9 | 550.3 | 580.4 | 613.6 | 651.5 | 693.5 | 738.4 | 5,775.1 |
| Medicare | 214.2 | 224.3 | 235.8 | 248.1 | 267.4 | 276.4 | 297.0 | 315.9 | 336.3 | 357.8 | 387.0 | 2,946.0 |
| Medicaid | 130.3 | 143.0 | 155.1 | 168.9 | 183.6 | 199.3 | 216.5 | 234.8 | 254.9 | 276.7 | 300.3 | 2,133.1 |
| Other | 224.9 | 262.9 | 259.9 | 271.8 | 293.8 | 300.3 | 306.9 | 321.9 | 334.6 | 347.5 | 362.8 | 3,062.5 |
| Subtotal, mandatory | 999.3 | 1,082.7 | 1,125.2 | 1,186.4 | 1,267.7 | 1,326.3 | 1,400.7 | 1,486.2 | 1,577.3 | 1,675.5 | 1,788.6 | 13,916.7 |
| Net interest | 204.2 | 180.2 | 173.1 | 162.7 | 147.1 | 130.6 | 112.8 | 93.8 | 72.1 | 47.7 | 19.7 | 1,139.8 |
| Total, outlays | 1,855.0 | 1,948.7 | 2,011.0 | 2,083.8 | 2,172.0 | 2,230.9 | 2,305.0 | 2,395.8 | 2,487.4 | 2,584.3 | 2,697.2 | 22,916.0 |
| Receipts | 2,012.7 | 2,135.3 | 2,221.5 | 2,333.5 | 2,476.1 | 2,573.1 | 2,693.0 | 2,826.6 | 2,972.6 | 3,142.9 | 3,383.4 | 26,758.0 |
| Surplus | 157.8 | 186.6 | 210.5 | 249.8 | 304.1 | 342.2 | 388.0 | 430.9 | 485.2 | 558.6 | 686.2 | 3,842.0 |
| On-budget surplus ¹ | 1.9 | 18.0 | 18.2 | 38.9 | 67.8 | 92.0 | 122.2 | 150.3 | 191.4 | 247.3 | 357.7 | 1,303.8 |
| Postal service surplus | -1.3 | -2.6 | 0.1 | 0.2 | 0.8 | 1.2 | -0.1 | 0.7 | 0.9 | 1.1 | 1.4 | 3.7 |
| Social Security surplus ¹ | 157.1 | 171.2 | 192.2 | 210.6 | 235.5 | 248.9 | 265.9 | 279.9 | 293.0 | 310.2 | 327.1 | 2,534.5 |

¹The 2001 estimate is adjusted to correct for \$5.6 billion in prior year receipts. See text box on page 9 and Appendix A on page 49.

Table 19. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

| | 2000 actual | Estimate | | | | | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Financing: | | | | | | | | | | | | |
| Unified budget surplus | 236 | 158 | 173 | 195 | 217 | 254 | 281 | 314 | 350 | 398 | 447 | 484 |
| Financing other than the change in debt held by the public: | | | | | | | | | | | | |
| Premiums paid (–) on buybacks of Treasury securities ¹ | –6 | –11 | –10 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Changes in: ² | | | | | | | | | | | | |
| Treasury operating cash balance | 4 | –2 | –5 | ..... | –5 | ..... | ..... | –5 | ..... | ..... | –5 | ..... |
| Checks outstanding, deposit funds, etc. ³ | 3 | –4 | 1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Seigniorage on coins | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Less: Net financing disbursements: | | | | | | | | | | | | |
| Direct loan financing accounts | –22 | –31 | –4 | –17 | –18 | –17 | –16 | –16 | –16 | –16 | –16 | –15 |
| Guaranteed loan financing accounts | 4 | –1 | –1 | 1 | –* | –* | 1 | 1 | 1 | 1 | 1 | 1 |
| Total, financing other than the change in debt held by the public | –13 | –48 | –17 | –15 | –21 | –16 | –14 | –19 | –14 | –14 | –18 | –13 |
| Total, amount available to repay debt held by the public | 223 | 110 | 155 | 180 | 196 | 239 | 267 | 295 | 337 | 385 | 429 | 471 |
| Change in debt held by the public: ^{4 5} | | | | | | | | | | | | |
| Change in debt held by the public | –223 | –110 | –155 | –180 | –196 | –239 | –267 | –295 | –337 | –385 | –155 | –35 |
| Less change in excess balances ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | –274 | –436 |
| Change in net indebtedness | –223 | –110 | –155 | –180 | –196 | –239 | –267 | –295 | –337 | –385 | –429 | –471 |
| Debt Subject to Statutory Limitation, End of Year: | | | | | | | | | | | | |
| Debt issued by Treasury | 5,601 | 5,727 | 5,829 | 5,935 | 6,040 | 6,125 | 6,201 | 6,266 | 6,303 | 6,310 | 6,568 | 6,963 |
| Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation ⁶ | –15 | –15 | –15 | –15 | –15 | –15 | –15 | –15 | –15 | –15 | –15 | –15 |
| Adjustment for discount and premium ⁷ | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total, debt subject to statutory limitation ⁸ | 5,592 | 5,717 | 5,819 | 5,926 | 6,031 | 6,115 | 6,192 | 6,256 | 6,294 | 6,300 | 6,558 | 6,954 |
| Debt Outstanding, End of Year: | | | | | | | | | | | | |
| Gross Federal debt: ⁹ | | | | | | | | | | | | |
| Debt issued by Treasury | 5,601 | 5,727 | 5,829 | 5,935 | 6,040 | 6,125 | 6,201 | 6,266 | 6,303 | 6,310 | 6,568 | 6,963 |
| Debt issued by other agencies | 28 | 27 | 27 | 26 | 25 | 23 | 22 | 20 | 20 | 20 | 20 | 20 |
| Total, gross Federal debt | 5,629 | 5,753 | 5,855 | 5,961 | 6,065 | 6,148 | 6,223 | 6,286 | 6,323 | 6,330 | 6,588 | 6,983 |
| Held by: | | | | | | | | | | | | |
| Debt securities held as assets by Government accounts | 2,219 | 2,453 | 2,711 | 2,996 | 3,296 | 3,618 | 3,959 | 4,317 | 4,691 | 5,082 | 5,495 | 5,926 |
| Debt securities held as assets by the public: ⁵ | | | | | | | | | | | | |
| Debt held by the public | 3,410 | 3,300 | 3,145 | 2,965 | 2,769 | 2,531 | 2,264 | 1,969 | 1,632 | 1,248 | 1,093 | 1,057 |
| Less excess balances ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | –274 | –710 |
| Net indebtedness ¹⁰ | 3,410 | 3,300 | 3,145 | 2,965 | 2,769 | 2,531 | 2,264 | 1,969 | 1,632 | 1,248 | 819 | 348 |

* \$500 million or less.

¹ This table includes estimates for Treasury buybacks of outstanding securities only through 2002. These estimates assume that Treasury will buy back \$35 billion (face value) of securities in 2001 (in terms of settlements) and \$40 billion in 2002. The premiums paid on buybacks are based on experience to date and the interest rates in the economic assumptions.

² A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing a deficit and therefore has a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing a deficit and therefore would also have a positive sign.

³ Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

⁴ Indian tribal funds that are owned by the Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf were reclassified from trust funds to deposit funds as of October 1, 1999. Their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public, which affected the change in debt held by the public without affecting borrowing or the repayment of debt.

⁵ The amount of the unified budget surplus that is available to repay debt held by the public is estimated to be more than the amount of debt that is available to be redeemed in 2010 and subsequent years. The difference is assumed to be held as "excess balances." ("Excess" means in excess of the amounts held for operational and programmatic purposes.) The debt held by the public is the amount of Federal debt securities held by the public. The net indebtedness is the debt held by the public less the excess balances.

⁶ Consists primarily of Federal Financing Bank debt.

⁷ Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

⁸ The statutory debt limit is \$5,950 billion.

⁹ Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt is almost entirely measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).

¹⁰ At the end of 2000, the Federal Reserve Banks held \$511 billion of Federal securities and the rest of the public held \$2,899 billion. Debt held by the Federal Reserve Banks is not estimated for future years.