THE BUDGET OF THE UNITED STATES GOVERNMENT

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FOREWORD

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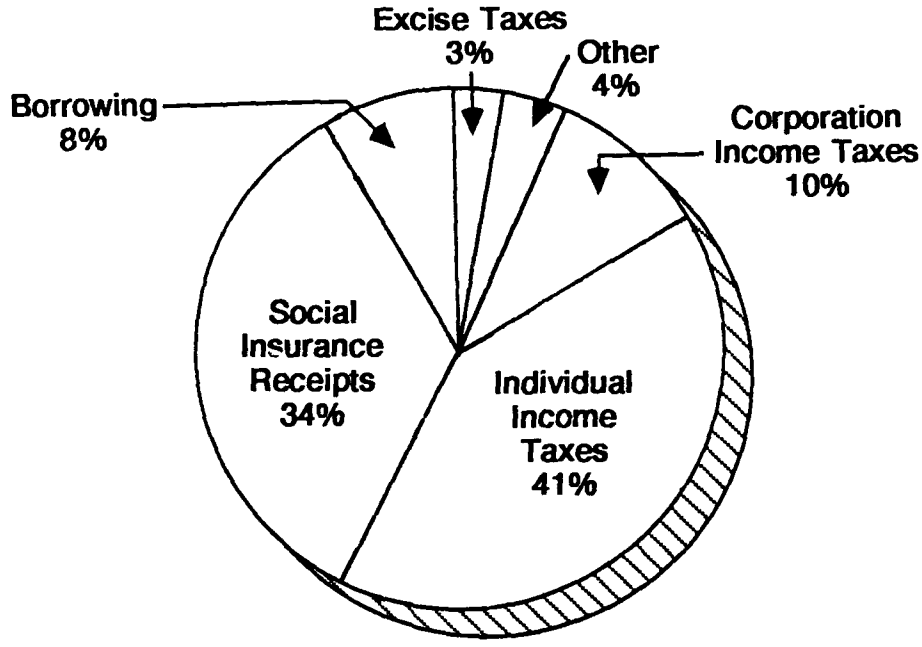
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PART 1

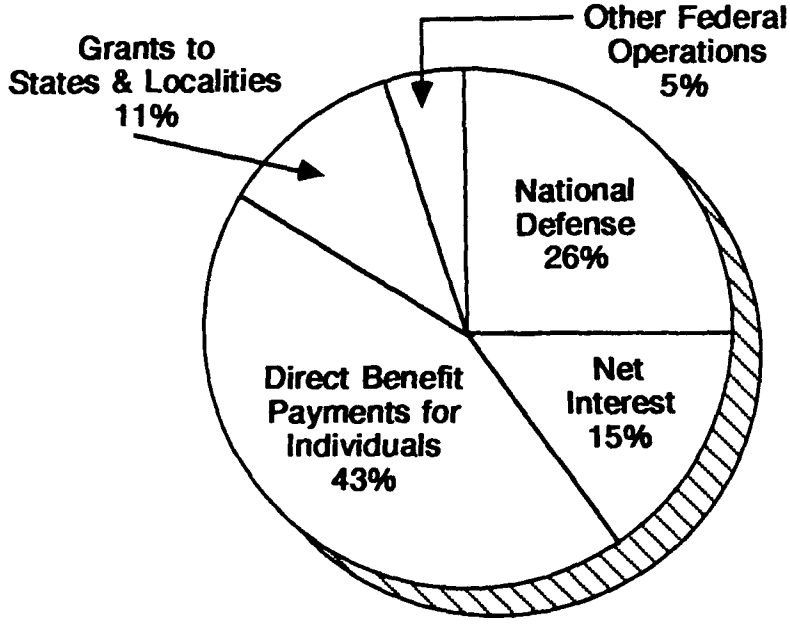
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THE BUDGET MESSAGE OF THE PRESIDENT

To the Speaker of the House of Representatives and the President of the Senate:

Eight years ago many in this country were concerned about the future of our economy, our government and, indeed, the Nation itself. Unemployment was high and rising. Inflation and interest rates were reaching record levels. Our Nation's defense capabilities had been weakened by neglect. The international prestige of the U.S. was at low ebb.

To resolve the economic problems then facing us, our administration proposed a recovery program centering on four fundamental principles:

- Reduce personal and business tax rates.
- Reduce the rate of growth of Federal spending.
- Reduce the Federal regulatory burden by eliminating unnecessary restrictions while protecting the public's interest and safety.
- Support a moderate and steady monetary policy to bring inflation under control.

To rebuild our defense capabilities and restore America's standing in the world we proposed expanded national security and international programs.

We also initiated the largest management improvement program ever attempted in order to restore the proper relationships among the Federal, State and local governments, and the private sector; to eliminate waste in Federal programs; and to introduce management controls and efficiencies, while improving services.

Today, the American people can be proud of the progress that has been made on each of these fronts. As a result of this progress, America is internally stronger, internationally more secure, and stands taller in the eyes of the world than it did eight years ago.

EIGHT YEARS OF ACCOMPLISHMENT

Working together, we have accomplished much over the last eight years.

The Economy

- The current economic expansion, now in its seventy-fourth month, has outlasted all previous peacetime expansions in

U.S. history. Business investment and exports are rising, and economic growth is expected to continue into the 1990's.

- Since this expansion began, 19 million new jobs have been created, while the unemployment rate has fallen by more than 5 percentage points—to 5.4 percent, the lowest level in 14 years.
- Inflation, which averaged 10.4 percent annually during the four years before our administration began, has averaged less than a third of that during the past six years.
- Real after-tax personal income has risen 24 percent since 1982, increasing our overall standard of living.

Taxes and Regulations

- Between 1981 and 1987, changes in the Federal tax code have made the tax laws more equitable, cut income tax rates, and eliminated Federal income taxes for 4.3 million low-income individuals and families.
- Since 1981, the time spent by the public filling out forms required by the Federal Government has been cut by 600 million hours annually, and the number of pages of regulations published annually in the *Federal Register* has been reduced by over 45 percent.

Budget

- The growth in domestic spending has been slowed, and the budget priorities have been shifted to those functions the Federal Government should provide, such as national defense, basic scientific research, and protecting the rights of all citizens.
- The social security system has been rescued from the brink of insolvency and made sound into the next century.
- The runaway growth of spending for means-tested entitlement programs that occurred in the 1970's has been curbed. Eligibility rules have been tightened to retarget benefits to the needy. Basic benefits for the poor, the elderly, and others in need of Federal assistance have been maintained.
- We have begun the process of putting other entitlement programs on a more rational basis, including medicare hospital insurance, which was converted to a system that encourages efficiency and lower costs.

Defense and International Affairs

- Our defenses have been strengthened. Weapons systems have been modernized and upgraded. We are recruiting and retaining higher caliber military personnel. The readiness, training, and morale of our troops have been improved significantly.

- As a result of our greater strength, we were able to negotiate with the Soviet Union a verifiable treaty that completely eliminates an entire class of nuclear missiles.
- We began the Strategic Defense Initiative research and technology program that offers our best hope of a safer world in which our security, and that of our allies, no longer rests on deterrence through the threat of nuclear retaliation, but on defenses that threaten no one.
- Our willingness to defend freedom throughout the world has met with success in the spread of democracy and in turning back the tide of communist expansion.

Management of the Government

- Federal agencies undertook a major management improvement program, "Reform '88," to carry out the cash, credit, and financial operations of the Federal Government in a more business-like manner, and to reduce waste, fraud, and abuse.
- Functions that were pre-empted by the Federal Government are being transferred back to the private sector or to State and local governments.
- Greater use is being made of cost sharing and user fees, shifting the cost of projects and programs where appropriate to those who benefit from them.

The Federal Deficit

The one area in which I have been persistently disappointed throughout my term of office has been in the efforts to bring the budget under control. Time and again I have proposed measures to help curb Federal domestic program spending. Time and again these proposals have been rejected by Congress.

The reasons for the rise in the Federal deficit in the early 1980's are simple. First, we experienced one of the most severe recessions of the post-war period. It has been estimated that 81 percent—over $640 billion—of the growth of the deficit over the 1981-1986 levels originally projected in my March 1981 budget was attributable to that recession. The second reason is that, even after including necessary increases for defense, my March 1981 budget called for net spending reductions totalling $331 billion over five years; but Congress approved less than 40 percent of those reductions. Wasteful programs continued to be funded. The necessary reductions have still not been made.

If the deficit is not curbed by continuing to limit the appetite of government, we put in jeopardy all that we worked so hard over the years to achieve. Large deficits brought on by excessive domestic spending undercut the incentives to work and save by absorbing the savings that would otherwise lead to productive investment. We cannot allow this to happen.

I am proud of America's accomplishments. Our economy is booming, our defenses are stronger, and our standing in the world is again second to none.

THIS BUDGET REDUCES THE 1990 DEFICIT BELOW THE G-R-H TARGET AND ACHIEVES BALANCE IN 1993

The fiscal year 1990 budget, my last, represents a continuation of my efforts to reduce the Federal budget deficit through restraint in domestic spending.

The budget I am submitting today complies with the deficit targets set in the Gramm-Rudman-Hollings (G-R-H) Act, by proposing measures that meet the 1990 deficit target of $100 billion and assure a steady reduction in the deficit leading to a balanced budget in 1993.

Under my proposals, the deficit would decline to less than 2 percent of GNP in 1990, and the Federal debt held by the public would also decline as a proportion of GNP.

BUDGET SUMMARY

(dollar amounts in billions)

	1988	1989	1990	1991	1992	1993	1994
Receipts	909.0	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
Outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
Surplus or deficit (−)	−155.1	−161.5	−92.5	−66.8	−32.2	2.4	33.4
Surplus or deficit (−) without asset sales	−155.1	−161.5	−98.6	−69.2	−34.3	1.6	32.6
G-R-H deficit targets	−144.0	−136.0	−100.0	−64.0	−28.0	0.0	NA
Difference	11.1	25.5	−1.4	5.2	6.3	−1.6	NA
ADDENDUM							
Surplus or deficit (−) as a percent of GNP	−3.2	−3.2	−1.7	−1.1	−0.5	0.0	0.5

Note.—Totals include social security, which is off-budget.
NA: Not available

This budget shows that a gradual elimination of the deficit is possible without raising taxes, without cutting into essential social programs, without devastating defense, and without neglecting other national priorities. It can be done in a reasonable, responsible way—with discipline and fairness. New taxes are not required. Receipts will grow dramatically between 1989 and 1990 because our economy is growing. This budget simply proposes to increase spending by less than the increase in revenues, and therefore, reduce the deficit. The proposed reforms will yield additional deficit reductions in future years. We have an opportunity this year to put the worst of the deficit problem behind us and enable the next Administration to begin its term of office with a clean slate and with the promise of continuing prosperity.

FUNDING NATIONAL PRIORITIES

To address urgent national priorities within the deficit limit set by the G-R-H Act, my budget proposes that some programs—such as those for AIDS research and prevention, drug enforcement, and technology development—receive significant funding increases, while others are reduced, reformed, or, in some cases, terminated.

Defense

Maintaining peace and protecting our country are the foremost responsibilities of the Federal government. Defense budget authority declined in real (inflation-adjusted) terms for the fourth straight year with funding of $299 billion for 1989. This trend cannot continue without severe impact on combat readiness. Therefore, my budget requests defense funding of $315 billion in budget authority and $303 billion in outlays for 1990, and $331 billion in budget authority and $314 billion in outlays in 1991. These amounts provide 2 percent annual real growth in budget authority over the 1989 level, bringing it back up to the 1984 level in inflation-adjusted terms by 1991. The budget also projects 2 percent real growth in these programs in future years.

We must continue to maintain our nuclear deterrent. For 1990, the budget proposes $9.0 billion for atomic energy defense programs, a $0.9 billion increase over 1989. A total of $2.8 billion is dedicated to the modernization of the nuclear materials production complex and to increase environmental clean-up and waste management efforts.

International

To consolidate and build on the foreign policy gains of the past eight years, additional funds are needed for international affairs that would promote our foreign policy and national security interests in the Middle East, Central America, and elsewhere. A special program is proposed to foster strong economic growth in the Philippines to support that country's return to democracy. Other increases in foreign aid would pay arrearages on contributions to multilateral lending institutions and make payments to the United Nations and related agencies.

Drug Abuse and Law Enforcement

Our fight against drug abuse must continue, as well as our efforts to protect the individual against crime:

- For drug law enforcement, prevention, and treatment programs, I propose $5.7 billion in 1990, an increase of $164 million over 1989. This funding, together with the new authorities and sanctions contained in the Anti-Drug Abuse Act of 1988, will enable us to move toward our goal of a drug-free America.

- To relieve prison overcrowding and adequately house a growing inmate population, I would provide $1.6 billion for prison construction and operation, $193 million more than was devoted to this purpose in 1989.

AIDS Research and Education

This budget reflects my belief that addressing the problem of AIDS must remain a top priority:

- Preventing and alleviating suffering from the Human Immunodeficiency Virus (HIV), which causes AIDS, is our highest public health priority. Federal support for research, prevention, and treatment exceeds $2.1 billion in 1989, and will approach $2.8 billion in 1990. This budget asks for $1.6 billion, or 24 percent over 1989, for Public Health Service HIV funding.

Research

One of our highest priorities is to strengthen U.S. technology and make America more competitive. For example:

- I propose a continued increase in federally supported basic research aimed at longer-term improvements in the Nation's productivity and global competitiveness. This budget continues the commitment to double National Science Foundation support for academic basic research by 1993, increases support for training future scientists and engineers, and expedites transfer of the results of Government-funded basic research to industry.
- Our space program will provide $13.1 billion for continued development of America's first permanently manned space station; for increased support for improving the performance and reliability of the space shuttle; for initiation of two major new international planetary space science missions; and for support to encourage the commercial development of space.
- Also included in the budget is $250 million in 1990 as the Federal share of support for initiating construction of the Superconducting Super Collider (SSC). Non-Federal cost sharing arrangements will be required to support one-third of the project's costs. The SSC as currently envisaged will be the largest pure science project ever undertaken. It will help keep this country on the cutting edge of high energy physics research well into the next century.

Other Priorities

Other areas of Federal responsibility receive priority funding in this budget:

- To continue the Federal Aviation Administration's multi-year program to increase its controller and inspector workforces and to modernize the Nation's air traffic control systems, the

budget provides $7.7 billion—a 17 percent increase over the 1989 level.

- To alleviate the problems facing our savings institutions, I propose that the Federal Savings and Loan Insurance Corporation (FSLIC) spend $16 billion in 1989 and $9 billion in 1990 to address the most serious thrift institution problems. The Secretary of the Treasury is developing a comprehensive plan to resolve the savings industry's problems, and reform the financial institution regulatory structure and deposit insurance system to prevent a reoccurrence of these problems. I expect the Secretary to submit his proposals to the new President shortly.
- To improve coordination of Federal rural development programs and to redirect funding toward needy rural areas and program recipients, I am continuing support of the rural development initiative coordinated by the Secretary of Agriculture.
- By emphasizing housing vouchers, I would provide housing assistance to 132,000 additional low-income households in 1990, 5 percent more than the 126,124 additional households receiving housing subsidies in 1989. Housing vouchers can serve more low-income households at a lower Federal cost and provide greater opportunity for these families to rent housing of their own choosing.
- To maintain the progress we have been making in fostering State and local education reform, I would sustain the present level of spending on discretionary education programs at $18.5 billion, but refocus those funds to put more money where the needs of the disadvantaged and students with handicaps are greatest.
- To continue the significant progress we have made in cleaning up the environment, I recommend a $153 million increase for the Environmental Protection Agency's regulatory, research and enforcement programs. I also recommend an increase of $315 million for the Superfund hazardous waste cleanup program in order to maintain the program's momentum and support a stronger enforcement role.
- Because changes in the earth's natural systems can have tremendous economic and social effects, global climate change is becoming a critical concern. Our ability to understand and predict these changes is currently limited, and a better understanding is essential for developing policies. The budget proposes a coordinated and effective Federal research program on global change. This budget is accompanied by a report by the Committee on Earth Sciences that describes this program and its strategy.

- Last year's fires on Federal forestlands indicated the need for more timely funding for annual fire-fighting costs. I therefore propose that two new Federal wild land firefighting accounts be established in the Departments of Agriculture and Interior.
- To further strengthen our energy security, I propose legislation authorizing the sale of the naval petroleum reserves to the private sector in exchange for cash and oil to be added to the strategic petroleum reserve. I also propose the establishment of a separate 10 million barrel defense petroleum inventory.
- To provide for the timely completion of my Reform '88 management improvement program I propose an additional $103 million for 1990, to further improve our management and credit systems.

MAJOR PROGRAMS ARE REFORMED TO ACHIEVE DEFICIT REDUCTION

The program structure and incentives underlying many domestic Federal programs need to be altered to promote greater efficiency and cost-effectiveness.

- Current farm price support programs are far too costly. For the period 1986–89 an estimated $130 billion in Federal spending for farm-related assistance programs provided an average of nearly $600,000 per farmer. Much of this assistance goes to farmers with high incomes—more than twice the U.S. family average. I therefore propose outlay reductions for the price and income support programs of $2 billion in 1990 and additional annual reductions of between $2 and $2.5 billion in each year from 1991 through 1994. In addition, I urge reform of the counterproductive sugar price support program.
- The rapidly rising costs of the medicare program need to be moderated. I propose a reasonable increase in the medicare prospective payment system rate and reductions in hospital capital payments and special graduate medical education payments. Also, in an effort to restrain excessive growth in supplementary medical insurance (SMI) costs, I propose extension of the current law SMI premiums, limitations on physician payments, reductions in payments for certain overpriced procedures, and reforms in the durable medical equipment payment system. Medicare spending would still grow by 9 percent between 1989 and 1990 under these proposals—but not by the 13 percent that would occur under current law.
- I also propose reforms in the medicaid program to reduce spending growth between 1989 and 1990 to $1.7 billion, or 5 percent, rather than the $3.3 billion, or 9 percent, that would

occur under current law. These reforms reinstate successful incentives employed in the early 1980's. My budget also proposes restructuring Federal financing of administrative expenses to give States greater incentives to operate their administrative systems as efficiently as possible.

- The Government often continues programs at the Federal level that are either duplicative or are no longer needed, or more appropriately undertaken by other levels of government or the private sector. This is the case with the Economic Development Administration, Amtrak, urban mass transit discretionary grants, and most operating subsidies for the Postal Service. Efforts to reverse this situation have been undertaken by prior administrations as well as my own. These programs should be eliminated. The budget proposes termination of 82 programs that are not needed to satisfy national priorities.
- Under current law, outlays for Federal employee retirement and health benefits are estimated to grow from $51.3 billion in 1989 to $55.9 billion in 1990. I propose freezing retirement cost-of-living allowances (COLAs) and other reforms to hold the 1990 level to slightly above that for 1989, reducing the growth that would otherwise occur by $4.4 billion.

ACHIEVING A PROPER FEDERAL ROLE AND IMPROVING MANAGEMENT

As the Federal Government grew, it took on improper responsibilities, and managed its programs inefficiently. We undertook to return the Federal Government to its proper role. We also initiated a major program to improve the management of the remaining programs. These priorities are continued and expanded in this budget.

Privatization.—The Government and the private sector should each do what it does best. The Federal Government should not be involved in providing goods and services where private enterprise can do the job cheaper and better.

Accordingly, my budget proposes that a number of Federal enterprises be opened to the private sector, through public offerings or outright sales. Following our success in the sale of Conrail and the sale of $21 billion in selected loan portfolios, I am proposing sale of the naval petroleum reserves, the Alaska Power Administration, and the Southeastern Power Administration. I also propose sale of the Federal Government's helium-processing assets, excess real property, and a further $4.3 billion in loan portfolios. In addition, my budget proposes legislation to establish a government corpora-

tion for the uranium enrichment enterprise, as the first step towards eventual privatization.

The Federal Government should also depend more on the private sector to provide ancillary and support services for activities that remain in Federal hands. Therefore, I propose a number of pilot projects and studies in areas such as the private delivery of advertising materials and urgent mail, and the Department of Justice's prison hospitals.

Improved Management

In 1981, I made a promise to the American people "to limit Government to its proper role and make it the servant, not the master, of the people." My "Management Improvement Program: Reform '88" has helped make Government more efficient and more responsive. We reduced waste and fraud in Federal programs by combining the efforts of the inspectors general into the President's Council on Integrity and Efficiency, resulting in over $110 billion saved or put to better use—and their efforts are continuing.

I saw that the Federal Government did not have effective cash management practices for dealing with what is now a $2 trillion annual cash flow, nor did it have a government-wide credit management program for what is now a $1 trillion portfolio. This resulted in the waste of billions of dollars each year. We built the necessary government-wide controls in both areas and stopped the drain.

Moreover, we began the establishment of the first government-wide financial accounting system, consolidating and making uniform over 400 previously incompatible individual agency systems. This was essential for any well-managed government, and is presently being implemented.

The Federal Government has a major effect on our daily lives through the collection of taxes and fees, the direct provisions of services, the payment of financial assistance through various entitlement programs, and the regulation of commercial enterprises. Through modernization, improved administration, and automated services the Government has made substantial reductions in the time it takes to provide services to the public. As the 21st century approaches, the Federal Government must adapt its role in our society to changing conditions and changing technology. At the turn of the century, the U.S. population will exceed 268 million, with a larger proportion of elderly citizens. Changes in technology and communication will increasingly link the world's economies, trade, capital flows, and travel as never before.

The 1990 *Management Report*, which is being forwarded to the Congress as part of the 1990 budget submission, reflects the highlights of OMB's report to me on "Government of the Future." That *Management Report* has been expanded as a beginning to a plan-

ning process that has, in part, shaped the proposals in this budget and should become a part of the annual budget process.

BUDGET PROCESS REFORM IS DESPERATELY NEEDED TO CONTINUE DEFICIT REDUCTION

The persistence of the budget deficit is overwhelming evidence that the Federal budget process is fundamentally flawed. Past efforts at "reform" have been directed largely toward protecting a large portion of domestic spending from real fiscal discipline. Fourteen years after passage of the Congressional Budget Act and three years after enactment of the Balanced Budget and Emergency Deficit Control Act, the Federal budget process remains unwieldy and undisciplined. The American people expect better of their political system, and they deserve it.

Under the Congressional Budget Act, Congressional budget resolutions—Congress' proposed budgets—are passed each year. They are not sent to the President for approval and, therefore, are not law. They provide guidance to the committees of Congress, but the guidance is often late and ambiguous. The resolutions are usually passed well after the dates required by law, and well after they are needed by the finance, authorizing, and appropriations committees. Moreover, there is little agreement within Congress on the guidance provided. The House of Representatives and the Senate do not agree, except in the most general terms, on the priorities implied by resolutions both have approved.

Except for last year's on-time performance, Congress self-imposed budget deadlines have usually been missed, and massive continuing resolutions and reconciliation bills have been the rule rather than the exception. These large, cumbersome bills provide cozy hiding places for hundreds of special interest add-ons, which line-item veto authority would permit the President to challenge.

A number of changes in the budget process—most of which I have recommended before- are needed to instill budget discipline throughout the legislative process. I urge Congress to adopt the following measures:

Balanced budget amendment.—I remain committed to and urge approval of a constitutional amendment requiring a balanced budget. The amendment should require a super-majority vote (at least 60 percent) in the Congress to increase taxes.

Line-item veto.—My successors should be given the authority, subject to Congressional override, to veto line-items in annual appropriations bills, in authorizing legislation that provides or mandates funding for programs, and in revenue bills. Such authority would permit the elimination of substantial waste and would be an effective instrument for enforcing budget discipline.

Enhanced rescission authority.—To enhance the President's ability to control Government spending, I recommend that line-item veto authority be complemented by a change in law that would require the Congress to vote "yea" or "nay" on any rescission proposed by the President. Current law allows the Congress to duck responsibility by simply ignoring proposed rescissions for 45 days.

Biennial budgeting.—The annual budget process consumes too much time and energy. A biennial budget would reduce the repetitive budget tasks, allow more time for considering key spending and revenue decisions, provide less scope for gimmicks that give the illusion of "savings," such as shifting spending from one year to another without affecting the underlying programs, and permit the realization of real savings that would be possible with a more assured availability of funds. For these reasons, I recommend that biennial budgeting be adopted.

Joint budget resolution.—To ensure the broader scrutiny and stricter discipline that is needed in the congressional budget process, I propose that Congress be required to prepare a budget resolution covering a minimum of two years showing revenue proposals individually and showing spending priorities. The Congress should also be required to submit its budget resolution to the President for his signature or veto. Subsequent legislation which exceeds these allocations should not be considered without super-majority approval.

Individual transmittal of appropriations bills.—The practice of transmitting full-year continuing resolutions covering a number of appropriations bills does not permit the Legislative and Executive Branches to exercise proper scrutiny of those bills. Too often in the past, such continuing resolutions have provided convenient cover for special-interest spending that would not survive close scrutiny. To minimize this risk, I propose that appropriations bills be transmitted individually to the President.

Credit reform.—The effects of credit activities are recorded imperfectly under current budget accounting. The subsidy component of Federal lending programs remains hidden.

To correct this major fault in the budget system, I recommended credit reform legislation two years ago. This legislation, which I am recommending again, would measure the true cost—the present value—of the subsidies provided by Federal credit programs and put that cost on an expenditure basis equivalent to the cost of other Federal programs. This change must be an integral part of the reform of the budget process.

Measuring the effects of budget proposals.—Budget discipline and lasting deficit reduction would be facilitated if the Legislative and Executive Branches were to use a common set of principles for scoring budget proposals and actions on them. I urge that the Congressional Budget Office and the Office of Management and Budget be charged with the responsibility to develop, in consultation with the budget, finance, authorizing, and appropriations committees, a common set of budget scoring principles for use by the Legislative and Executive Branches.

Adoption of these reforms should enable the Federal Government to make informed decisions in a deliberate fashion that fosters rational priorities. The American people deserve no less from their elected representatives.

CONCLUSION

The accomplishments of the American people in past eight years will always be for me a source of pride. However, we must continue our recent progress in reducing the Federal deficit.

Deficit reduction is a key national priority, written into law by the G-R-H Act, which, despite its defects, legislated a process to achieve a balanced budget.

This budget achieves the 1990 target of the amended Act, and projects a budget balance in 1993. It preserves legitimate programs for the aged and needy, provides for adequate national security, devotes more resources to other high-priority activities, and accomplishes all this without raising taxes. Tax increases are not needed. History shows that they would simply be used by the Congress to increase spending. Tax increases have been overwhelmingly voted down in the last three Presidential elections.

I call upon the Congress to enact this budget. Higher taxes are not needed—as this budget demonstrates—but genuine deficit reduction through moderating the growth in spending is essential to enable the next Administration and Congress to address the Nation's agenda for the future.

Over the past eight years, we Americans have made our world a safer place for freedom because we had the will to reinvigorate our economy, rebuild our defenses, and provide for the less fortunate among us. Together, we achieved a new beginning for our country and prepared the way for the next Administration to build on our accomplishments.

RONALD REAGAN

JANUARY 9, 1989

PART 2

BUDGET TRENDS AND PRIORITIES

BUDGET TRENDS IN THE 1980s

This final budget of the Reagan administration comes at the end of a decade of significant changes in both the growth and the composition of Federal spending. These changes have sometimes been overlooked and sometimes been misunderstood, as attention has focused on the deficit. The 1990 budget is a convenient vantage point from which to review the changes of this decade and place them in a longer perspective.

Overall, the 1980s have witnessed a sharp reduction in the rate of growth of Federal spending. Real outlays in 1990 are expected to be 26 percent above their 1980 level; through 1988, the cumulative growth rate has also been 26 percent.[1] This is a much smaller increase than in any previous decade since at least the 1920s, when the Budget Act of 1921 established the Bureau of the Budget and the modern budgeting process. Before then, the role of the Federal Government and its budgeting system were so different that meaningful comparisons are not possible.

PERCENTAGE INCREASE IN REAL FEDERAL SPENDING BY DECADE

	Decase						
	1920s	1930s	1940s	1950s	1960s	1970s	1980s
Real growth of Federal spending.....	−30.7	212.4	165.0	54.4	49.6	37.2	26.0

Because of the slowdown in the rate of growth of Federal outlays, they will account for a slightly smaller share of GNP in 1990 than they did in 1980—21.0 percent vs. 22.1 percent. This will be the first decline over a full decade since the 1920s.

GOVERNMENT SPENDING AS A SHARE OF GROSS NATIONAL PRODUCT

	Year							
	1920	1930	1940	1950	1960	1970	1980	1990
Spending/GNP.....	6.9	4.2	9.9	16.2	18.0	19.8	22.1	21.0

It is worth emphasizing that the 1980s have seen slower growth and a restructuring of Federal Government spending, but not an actual reduction in expenditures. Even after adjusting for inflation, the level of Federal spending will be higher in 1990 than it was in

[1] Unless otherwise indicated, all dollar magnitudes in this section are expressed in 1982 dollars.

1980. The only sense in which the Government is smaller is in relation to the national economy, and even in these terms the reduction is slight; Government's share of economic output has been stabilized rather than lowered significantly. But the changes in the composition of the budget have been substantial.

MAJOR CHANGES IN THE 1980'S

An increasingly popular classification system for federal outlays is the division into national defense, entitlements and other mandatory programs, and discretionary programs. This basic framework was used in the Bipartisan Budget Agreement negotiated in late 1987 between the President and the leaders of Congress. During this decade, outlays for these broad budget categories have shifted in very different ways.

- Defense spending has been increased above the levels of the late 1970s, but defense still constitutes a smaller share of the budget and of GNP than at any time during the 1950s and 1960s.
- Entitlements and other mandatory programs have continued to grow in real terms, albeit more slowly than in the past, and now constitute about the same share of GNP as they did 15 years ago.
- Domestic discretionary programs have been cut back in real terms; however, not all discretionary programs have been scaled back—important priorities have been maintained and expanded.

This is not a full picture. The broad domestic budget categories mask substantial differences among various functions and programs. Entitlements for the elderly have grown as a share of GNP; entitlements for the poor have increased in real terms, and have about kept pace with the growth of the economy. Health outlays, for both the elderly and the poor, have increased more rapidly than other benefits, and are the most rapidly growing large programs in this decade, as they were in the 1970s. This is true of both Medicare and Medicaid. Other entitlements have been reduced for various reasons; unemployment compensation, for example, has declined mainly because the strength of the economy has led to a drop in the unemployment rate.

Among the discretionary programs, the administration has emphasized the basic traditional roles and functions of central government. More resources have been devoted to law enforcement activities; the war on drugs has received especially high priority. The other core executive, legislative, and judicial functions, including the conduct of foreign policy, have also been maintained and strengthened. Administration priorities in drug education, basic science, space, and AIDS prevention and research, have also re-

ceived increased funding. At the same time, other domestic discretionary programs have been cut in real terms. These include grants to state and local governments, for programs other than payments to poor individuals.

The remainder of this section describes these changes in more detail.

COMPOSITION OF BUDGET OUTLAYS, 1970–1990

(As percentages of GNP)

	Year			
	1970	1980	1988	1990
National Defense	8.3	5.0	6.1	5.5
Net Interest	1.5	2.0	3.2	3.1
Entitlements and other mandatory programs	6.4	10.1	10.2	9.6
Payments to elderly and retirees	4.2	6.7	7.2	7.1
Low-income benefits	1.0	1.7	1.6	1.5
Other	1.2	1.7	1.4	1.0
Discretionary programs	4.5	5.8	3.8	3.6
Housing Assistance	0.1	0.2	0.3	0.3
Basic government functions	0.7	0.7	0.5	0.5
Administration priorities	0.5	0.3	0.3	0.4
Grants to State and local governments	1.6	2.2	1.3	1.2
Remaining programs	1.7	2.4	1.4	1.2
Undistributed offsetting receipts	−0.9	−0.7	−0.8	−0.8
Total outlays	**19.8**	**22.1**	**22.3**	**21.0**

NATIONAL DEFENSE

The administration has increased defense expenditures in order to rebuild the nation's military capability, which had been allowed to deteriorate in the aftermath of the Vietnam War. Annual real outlays were cut by $100 billion, almost 40 percent, between 1968 and 1977, then rose by a modest $10 billion through 1980. Spending by the late 1970s had fallen to levels well below those prevailing at any time since the outbreak of the Korean War, measured either in real terms or as a share of GNP. Strategic forces were in need of modernization; conventional equipment was not receiving proper maintainance, hampering our ability to engage in sustained operations; and the armed services were enlisting too many poorly-qualified recruits, and losing too many of their experienced personnel.

Thus when this administration took office, there was a broad consensus that it was necessary to strengthen the defense program. Between 1980 and 1988, real outlays were increased by $88 billion, or 54 percent. Real funding for strategic and conventional forces increased by more than 50 percent, and military pay was increased to levels competitive with the private sector. As a share of GNP, defense outlays are now at 6.1 percent, compared to 5.0 percent in

1980. The American economy can readily sustain this level of expenditure. Indeed, during the prosperous peacetime decade of 1955–1964, the United States devoted 10 percent of GNP annually to national defense.

As a result of the increase in spending, improvements have been achieved in all aspects of defense: strategic and conventional weapons have been modernized; training, readiness, and the ability to engage in sustained combat have been improved; and new weapons systems have been developed. Naval and air forces have been strengthened, and the quality of armed forces personnel has improved.

Since 1987, real outlays have been essentially constant. They rose by $2.6 billion between 1987 and 1988 and will decline by $2.9 billion in 1989. In 1990 and later years, real outlays will be below $250 billion. The lower level of outlays reflects the fact that defense program expenditures occur over several years after programs are authorized. Budget authority has declined in both nominal and real terms between 1985 and 1988, after rising by more than 50 percent in 1982 dollars during the first half of the 1980s. This budget projects a 2 percent real annual increase in budget authority through 1994.

Although national defense objectives remain unchanged, the rebuilding of national security capabilities will proceed at a slower pace, even with the real increase contained in this budget. The proposals for 1990 and beyond represent an essential program for maintaining the strength that has enabled us to negotiate fair agreements with our adversaries, and to reduce the risk of major military conflicts.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

Entitlement spending in this decade, and indeed since 1975, has generally fluctuated within the range of 10 to 11 percent of GNP.[2] In 1988 entitlements and other mandatory programs accounted for 10.2 percent of GNP, not very different from the 10.0 percent prevailing in 1980, or the 10.1 percent in 1975. This period of relative stability has come after a decade of unsustainably rapid growth, during which entitlements more than doubled, starting from 4.2 percent of GNP in 1965.

Mandatory programs have grown substantially in real terms. Total spending amounted to $270 billion in 1975, $314 billion in 1980, and $391 billion in 1988. This budget proposes changes in several programs which will slow the growth of mandatory spending and reduce their share of GNP modestly in the early 1990s.

[2] Most entitlement programs provide payments to individuals, and most programs providing payments to individuals are also entitlements. The major exceptions are farm price support payments (an entitlement but not a payment to individuals), and housing subsidies (a payment to low-income individuals, but not an entitlement).

REAL OUTLAYS ON ENTITLEMENTS, 1965–1990

(In billions of dollars)

	1965	1970	1975	1980	1988	1990
Retirement programs 57.6	98.2	162.2	209.8	285.3	302.7	
Social security	47.8	69.8	110.1	137.0	173.9	181.9
Medicare	0.0	13.3	21.2	36.2	68.8	79.0
Other	9.8	15.1	30.9	36.6	42.6	41.8
Low-income benefits	14.6	23.8	43.6	52.0	61.5	62.0
Medicaid	0.8	6.5	11.9	16.3	24.4	26.7
Other	13.8	17.3	31.7	35.7	37.1	35.3
Veterans entitlements	11.5	15.3	21.6	16.4	14.1	12.6
Farm income stabilization	10.1	10.1	0.7	1.2	11.2	9.2
All other	0.7	3.0	42.0	35.2	18.7	5.9
Total	**94.6**	**150.6**	**270.1**	**314.4**	**390.7**	**392.5**
ADDENDUM						
Total Low-Income Benefits [1]	**15.3**	**24.8**	**47.7**	**60.9**	**75.0**	**77.7**

[1] Includes discretionary benefits: housing assistance, commodity programs, low-income energy assistance, and refugee and entrant assistance. Does not include administrative costs.

Although the overall share of GNP devoted to mandatory programs was constant, Social Security, Medicare, and Medicaid have grown steadily over the last 15 years, and are now the three largest mandatory programs. Medicare has grown the most rapidly, as a share of GNP; indeed, it has grown almost as rapidly in constant dollars as the much larger Social Security program. These increases have been offset by declines in unemployment compensation and veterans entitlements. Low-income benefit programs (including Medicaid) have fluctuated narrowly between 1.8 and 2.0 percent of GNP.

Social Security.—Real benefits for Social Security recipients have been maintained in this decade. Social Security has grown slightly as a share of GNP from 4.4 to 4.5 percent between 1980 and 1988; total real outlays have increased from $137 billion in 1980 to $174 billion over the same period. The number of beneficiaries has increased from 35.1 million to 38.2 million individuals. By 1990, 39.5 million people will be receiving payments. Reforms to preserve Social Security were enacted in 1983, that have put the program on a sound actuarial basis well into the next century by bringing the taxes paid by (and on behalf of) workers into closer balance with the retirement benefits they can expect to receive. The Social Security trust fund is projected to develop a substantial surplus over the next 40 years, to fund retirement benefits for the "baby boom" generation.

Medicare.—Medicare has grown rapidly in this decade, and indeed since its inception in 1966. It has increased from 1.1 percent of GNP in 1980 to 1.6 percent in 1988. Real outlays have nearly doubled, from $36.2 billion in 1980 to $68.8 billion in 1988, while

the number of Medicare enrollees has risen by only 1.5 percent. The growth in Medicare outlays has been a serious fiscal problem throughout this decade. The administration has proposed reforms, and Congress has enacted them, almost every year. The enacted reforms have differed from the administration's proposals in various ways, but there has clearly been a consensus that costs need to be contained. This budget contains further proposals to restrain the rise in program costs. Nonetheless, real Medicare outlays will still increase to $79.0 billion in 1990, in large part because inflation in health care has rapidly outpaced the overall rate of inflation in the American economy. The catastrophic health bill enacted in 1988 will increase outlays in the future, as the new benefits are phased in.

Federal Retirement Programs.—Federal civilian and military retirement outlays have risen in this decade, along with the number of retirees. This is an inevitable result of the growth of Government employment over the last half century, beginning with the New Deal. Retirement outlays have remained at almost exactly 1.0 percent of GNP over this decade, while rising in real terms from $31.1 billion to $38.1 billion. Reforms in both the civilian and military retirement systems are expected to save money in the very long run; new systems have been established for newly hired workers that will eventually reduce the cost of the retirement programs, while maintaining income security for retired workers.

Low-Income Benefit Programs.—Spending on programs for the poor and needy doubled as a share of GNP between 1965 and 1975, and the share has remained almost constant since then. Outlays amounted to 1.8 percent of GNP in 1975, 1.9 percent in 1980, and 1.9 percent in 1988; they are expected to be 1.8 percent in 1990. Real outlays have therefore risen as the economy has grown, from $47.7 billion in 1975 to $60.9 billion in 1980, $67.7 billion in 1985, and $75.0 billion in 1988. Outlays have also risen relative to the number of poor people; real benefits per person below the poverty line reached a record high level of $1,920 in 1987, compared to $1,816 in 1980 and $1,603 in 1975. This ratio has been rising for several years, and will probably continue to do so. Real benefits in 1988 increased by $3.6 billion, and the continued strong economic performance in 1988 makes it likely that the number of poor people declined. (Data on poverty and income in 1988 will not be available until the summer of 1989.)

The ratio does not measure benefits actually received by individuals and families below the poverty line, because many programs provide benefits to individuals not classified as poor. One goal of this administration has been to target benefits more narrowly to the poorest part of the population.

LOW-INCOME BENEFITS, 1960–1987

(1982 dollars)

	1960	1965	1970	1975	1980	1987
Outlays/GNP (percentage points)	0.7	0.8	1.1	1.8	1.9	1.9
Real outlays ($ billions)	11.2	15.3	24.8	47.7	60.8	71.5
Cash	10.1	13.1	15.3	21.2	22.7	23.4
Noncash	1.1	2.2	9.5	26.5	38.2	48.1
Real outlays/persons in poverty	281	460	975	160	318	161
Cash	253	395	600	821	777	718
Noncash	28	65	375	782	1,039	1,202

The composition of benefits has changed substantially. There has been a long-term shift from cash to in-kind transfers. Real cash outlays have not kept pace with the number of poor people since about 1973, and while real cash outlays per poor person are higher in 1987 than they were in 1985, they are still below the 1980 level. The decline in the 1980s is entirely accounted for by a $1 billion reduction in veterans non-service pensions for poor elderly and disabled veterans. From year to year, fewer of the veterans who turn 65 are poor, and therefore fewer receive non-service pensions. This is consistent with the steady decline in the proportion of the elderly who are poor in the United States as a whole.

In-kind benefits, meanwhile, have been increasing. Total real benefits were $11 billion higher in 1988 than in 1980, and $10 billion higher in 1980 than in 1975. Medicaid is responsible for about three-quarters of this growth since 1980, partly because of the relatively rapid increase in medical costs, and partly because benefits have increased since 1984. Housing accounts for the rest of the growth since 1980. So far in this decade, real outlays for housing assistance have risen by $4.9 billion, and the number of assisted families has grown from 4.2 million to 5.4 million (including both HUD and Farmers Home Administration programs), as policy has shifted from building costly projects to utilizing the existing stock of available decent housing.[3] There has been a small decline in real outlays for food stamps, of less than $0.5 billion; the precise amount cannot be ascertained because the nutritional assistance block grant for Puerto Rico, enacted in 1981, combined food stamps with other programs. The reduction is due primarily to the economic recovery of the past six years. The number of food stamp recipients is quite sensitive to economic conditions. It peaked in early 1983 at 22.6 million; as of July 1988, the number is down to 18.4 million.

[3] Housing is the only major low-income benefit programs that is not classified as an entitlement; it is included here to give a full picture of programs for the poor. Other small discretionary programs for refugees, energy assistance, and commodity distribution are also included, for the same reason.

Unemployment Compensation.—Outlays for unemployment compensation have come down dramatically since 1983, in a typical business cycle pattern, reflecting the steady economic expansion of the past six years, and the sustained decline in the unemployment rate. As a share of GNP, outlays have been cut by more than half so far in this decade, from 0.8 to 0.3 percent, and real outlays have fallen by $10 billion. This is the most cyclically sensitive program included in the federal budget.

Veterans Entitlements.—Changes in the eligible population, rather than changes in policy, have led to reductions in real outlays for service-connected pensions and education benefits (the GI Bill). Real outlays for veterans compensation have grown by 15 percent, from $8.7 billion in 1980 to $10.0 billion in 1988, while the number of assisted veterans and survivors has fallen by 3.8 percent. Real outlays for veterans education benefits have decreased sharply, from $2.9 billion in 1980 to $0.4 billion in 1988, as the number of Vietnam-era veterans receiving education and training has declined. This pattern is beginning to change, however, as the Montgomery GI Bill has started to provide benefits to peacetime veterans. Outlays are expected to rise rapidly until 1992.

Agriculture.—Farm price supports have grown during most of this decade, continuing a trend that began in the mid-1970s. Real outlays in 1980 were $8.9 billion; by 1986 they had grown to $24.6 billion. Since then, farm prices have risen, agricultural exports have increased significantly, the financial position of the farm sector has improved, and farm loan default rates have declined. Despite additional Government payments because of the drought in 1988, real outlays have fallen from their peak to $12.2 billion in 1988, and are projected to decline further to $11.8 billion in 1990.

DISCRETIONARY PROGRAMS

Total outlays for nondefense discretionary programs have been reduced in this decade, both in real dollars and as a share of GNP. In 1980, these programs accounted for 5.8 percent of GNP; by 1988, this was cut by one-third, to 3.8 percent. Real outlays have been reduced by about 20 percent, from $182 billion to $146 billion. Real outlays grew by about 50 percent during the 1970s, and this growth has been reversed in the present decade; discretionary outlays are now down to about their level in 1976. As a share of GNP, discretionary outlays are now lower than they have been for at least a quarter century.

There has been a substantial reshaping of the nondefense discretionary budget, as well as an overall reduction. The President has identified a number of national priorities that have received funding increases. They include the war on drugs, education and re-

search to prevent and treat AIDS, basic scientific research, and the space program. Total real outlays for these priorities will double in this decade, from $9.1 billion in 1980 to $18.5 billion in 1990. At the same time, the basic legislative, executive, and judicial functions of the government have been maintained, and the nation's role in international affairs has been strengthened. Other discretionary programs have been given lower priority, and total real spending on these programs has been reduced by more than 25 percent.

Drug Enforcement and Prevention Programs.—The war on drugs has been one of the administration's top priorities. Since 1980, the Federal budget for anti-drug programs has grown from just over $1 billion to a proposed level of $5.0 billion in 1990. In real terms, outlays have grown from about $1.2 billion to $3.9 billion. Precise comparisons are not possible before 1981, because activities are carried out by several agencies and previous administrations did not identify the share of agency outlays devoted to drug programs as precisely as this administration has. Nonetheless, it is clear that outlays have grown much more in the 1980s than in any previous period. Agencies with major responsibilities in the war on drugs include the Drug Enforcement Administration, the Coast Guard, the Customs Service, and the FBI. All of these have received significant real increases in this decade, and will receive further increases in 1990.

AIDS.—Acquired Immune Deficiency Syndrome (AIDS) is the highest public health concern of this administration. Real outlays have risen from $30 million in 1982 to $1.4 billion in 1988; the administration is proposing a further increase to $2.5 billion for 1990. Federal funds are spent for research on the causes and potential treatments for the disease, and also for health education, risk prevention and treatment. Under a policy established in 1988, innovative treatments will be made available more rapidly to victims of this disease, without requiring extensive testing by the Food and Drug Administration.

Science.—Basic scientific research is an essential investment in the Nation's economic future. Total real outlays for basic research have risen from $5.2 billion in 1980 to $7.5 billion in 1988, and this budget proposes a further increase to $8.3 billion in 1990, an increase of 60 percent during this decade. Nearly all of the increase has come in nondefense basic research; real outlays for such research by all Federal agencies have risen from $4.6 billion in 1980 to $6.8 billion in 1988, with a further increase to $7.6 billion in 1990. Construction of the superconducting supercollider, which will be the world's most powerful high energy physics accelerator, will begin in 1990, with outlays of $206 million. While outlays for basic

research have increased, expenditures on applied research and development have been reduced, from $14.0 billion in 1980 to $8.1 billion in 1988. Funding was curtailed for most exotic higher-cost energy technologies. Many of these projects proved to be misconceived, and the sharp decline in oil prices in this decade undercuts their original justification.

Space.—This administration has recognized the economic and scientific value of space, as well as its importance for national security. Real federal outlays for non-defense space activities have risen from $5.4 billion in 1980 to $7.5 billion in 1988, and a further increase to $9.7 billion is proposed for 1990. This will support nine shuttle flights during the year and further essential development of the space station Freedom, which will serve as a base for significant research projects and a catalyst for commercial development of space.

Core Functions of Government.—The legislative, judicial, and central executive functions are fundamental to the conduct of Government. Real outlays for these activities have increased from $9.1 billion in 1980 to $12.9 billion in 1988, and are projected to rise to $14.7 billion in 1990. Growth is occurring mainly in law enforcement and revenue collection activities.

International Affairs.—This administration has given high priority to increased spending for international programs, including security assistance, the conduct of foreign affairs, and international information and exchange programs. The administration has supported democratic governments and movements throughout the world, and thanks in part to its efforts there has been a renaissance of democracy in this decade. The citizens of Argentina, Brazil, the Phillippines, and the Republic of Korea have replaced military or authoritarian regimes with democratic governments. Soviet forces in Afghanistan are scheduled to leave that country by February 15 of this year, and negotiations are well under way for the removal of Cuban forces from Angola. A peaceful transition to independence for Namibia is also in prospect. Democracy has been restored to Grenada and strengthened in El Salvador. The administration has strongly supported the freedom fighters in Nicaragua.

Real outlays for discretionary international affairs programs averaged about $14.5 billion annually during the first seven years of this decade, a substantial increase above the $11.6 billion annual average of the 1970s. Outlays were cut back by Congress, however, to $12.6 billion in 1987 and have remained near that level under the Bipartisan Budget Agreement. This budget proposes an increase to $13.7 billion for 1990, to stimulate further progress toward democracy and freedom throughout the world.

Higher Education.—Real federal outlays for student aid have increased during the 1980s, from $6.0 billion in 1980 to $7.1 billion in 1988.[4] They are projected to rise further, to $8.0 billion by 1990. Program reforms have reduced loan and grant subsidies to students from middle- and upper-income families, while increasing funds for poor students.

Federal programs have worked in conjunction for additional private and State government spending on education. The private sector provides funds for loans that are guaranteed by the Federal Government, and States and educational institutions provide matching funds for Federal grants, direct loans, and work-study funds. The total annual value of the aid generated by these Federal programs increased by more than 20 percent in real dollars between 1980 and 1988.

Grants to State and Local Governments.—Federal grants to State and local governments have been cut back sharply in this decade.[5] Grants have been cut almost in half as a share of GNP, from 2.2 percent in 1980 to 1.3 percent in 1988, and by more than a third in real terms, from $68 billion in 1980 to $43 billion in 1988. Grants have been reduced for programs where the benefits are primarily local rather than national, among them local economic development, transportation systems, and State and local justice assistance grants. Some unnecessary or unsatisfactory grant programs have been eliminated, such as general revenue sharing and public service employment. Other grants have been restructured, such as Federal job training programs, where the Comprehensive Employment and Training Act (CETA) was replaced in 1982 by the Job Training Partnership Act (JTPA). In many areas, categorical programs were consolidated into block grants, simplifying State and local program administration: several CETA programs for training economically disadvantaged individuals were combined into a single block grant under JTPA, numerous health and social services programs were combined into block grants, and 29 small elementary and secondary education programs were combined in the Chapter 2 block grant. As part of the Omnibus Budget and Reconcilation Act of 1981, 57 categorical programs were combined into nine block grants.

Other Domestic Programs.—Taken as a whole, the remaining domestic discretionary programs have been substantially cut during this decade. Real outlays were reduced by more than 25

[4] Most student aid programs are discretionary, but Guaranteed Student Loans are regarded as mandatory. This discussion includes all higher education programs administered by the Education Department, to give a full picture of Federal Government involvement in higher education. Outlays for Guaranteed Student Loans are included in the tables for mandatory programs.

[5] This discussion excludes payments for individuals, primarily programs for the poor included in the previous discussion of entitlements.

percent, from $75 billion in 1980 to $56 billion in 1988, and the share of GNP devoted to these programs has been cut from 2.4 percent to 1.4 percent. Many of these programs provide direct or indirect subsidies to private business; the administration has been successful in substantially reducing such subsidies. Nominal outlays for a number of small programs have been cut substantially.[6] Regional economic development activities have been curtailed; outlays by the Appalachian Regional Commission have been cut from $348 million to $147 million, and a number of other regional economic commissions have been terminated. Amtrak subsidies have been cut from $861 million to $581 million, and Conrail has been sold, enabling the Federal Government to save annual subsidies that amounted to $550 million in 1980 as well as to realize $1.9 billion from the sale itself. The Synfuels corporation was terminated in 1987, saving $200 to $300 million annually. Free and reduced-rate mail appropriations were cut almost in half, in real terms, from $782 million in 1980 to $577 million in 1988.

Where the beneficiaries of Federal Government activities can be identified, the administration has sought to require payments such as user fees for the services that it provides. This has had the effect of reducing net outlays, both because of the receipts from the fees and because the imposition of the fees has caused beneficiaries to evaluate their need for the services more carefully. The Water Resources Development Act of 1986 authorized fees for the use of commercial harbors, amounting to $148 million in 1988, to help pay for operating and maintenance costs. Customs service user fees were established in 1986 and 1987 for processing passengers and inspecting commercial cargo. These fees produced combined revenues of $787 million in 1988. Existing fees, such as the FHA mortgage insurance premium, have been brought into better alignment with the value of the service. Finally, the Government has sold some physical and financial assets, where appropriate. The Great Plains Coal Gasification Plant, and Conrail, mentioned above, are examples of physical asset sales. In 1988 the Government realized $7.8 billion from the sale of loan assets; there were no such sales prior to 1987. The proceeds of these sales are counted as offsetting receipts, and therefore reduce the reported outlays in their respective budget functional categories. Their main purpose, however, has been to improve the management of Federal direct loan programs and loan portfolios, by requiring the administering agencies to improve their loan documentation and servicing practices, in order to conduct the sales.

[6] Dollar figures in this subsection are expressed in current dollars rather than constant dollars.

CONCLUSION

Significant changes have indeed occurred in the budget during this decade, but they should be put in the context of longer-term trends. The year 1980 is sometimes taken as a reference point against which succeeding budget policy should be evaluated, but it should not be taken as a normative standard. In 1980, the public was generally dissatisfied with both the rapid growth and the composition of Federal spending. Defense outlays, which had been declining in real terms for several years in the aftermath of the Vietnam War, were too low, while domestic discretionary programs, which had been growing rapidly and in some cases haphazardly during the preceding decade, were too high. Entitlements also were growing in real terms, though their share of the budget stabilized after 1975. The policy of this administration has been to reverse some of these trends, restoring national defense capabilities and cutting back sharply on lower priority domestic discretionary programs. Many of the entitlement programs have been restructured to a greater or lesser extent over the course of this administration but the basic entitlement programs for the elderly, the poor, and other important groups have been preserved.

The President's budget for fiscal year 1990 is in many respects a continuation and extension of the changes that have occurred during this decade to date. The proposals contained in this budget are designed to meet the Gramm-Rudman-Hollings deficit target of $100 billion for 1990, and the subsequent targets, including a balanced budget in fiscal year 1993.

PRIORITIES IN THE 1990 BUDGET

Under the 1990 budget proposals, outlays would increase by $14.8 billion from 1989 to 1990. Rather than allow all programs to grow at the same rate, the administration has selectively proposed program reforms and initiatives to strengthen high priority programs while reducing programs of lower priority. Entitlements and other mandatory programs would grow by $4.6 billion between 1989 and 1990, slowing growth in programs that have exploded in size in recent years. Spending for defense programs would increase by $4.7 billion while spending for international discretionary and domestic discretionary programs would grow by $1.1 billion and $4.1 billion, respectively.

1990 BUDGET PROPOSAL

(In billions of dollars)

	1989	1990	Proposed change
Receipts	975.5	1,059.3	83.8
Outlays:			
Defense	298.3	303.0	4.7
International discretionary	16.3	17.5	1.1
Domestic discretionary:			
Initiatives	47.5	53.9	6.3
Terminations	17.0	13.8	−3.3
Other	112.8	113.8	1.0
Subtotal, domestic discretionary	177.4	181.5	4.1
Entitlements and other mandatory	523.3	528.0	4.6
Asset sales [1]	−7.1	−6.1	0.9
User fees		−1.0	−1.0
Other collections		−4.4	−4.4
Net interest	165.7	170.2	4.5
Undistributed offsetting receipts	−36.9	−36.6	0.3
Total, outlays	1,137.0	1,151.8	14.8
Deficit (−)	−161.5	−92.5	69.0
MEMORANDUM:			
Deficit (−) without asset sales	−168.6	−98.6	69.9

* $50 million or less.
[1] Includes related debt service.

The budget:

- Meets the deficit target for 1990 called for in the G-R-H Act. The budget also meets the Act's requirement for a balanced budget by 1993.
- Does not require new taxes.
- Does not tamper with social security, and assures that truly needy beneficiaries are protected.
- Provides sufficient funding for national security needs as well as high priority non-defense initiatives.

- Includes appropriate entitlement reforms that affect only providers, states or local governments and middle and upper-income recipients.
- Reduces or terminates unnecessary Federal programs.
- Only includes increased revenues from extending existing revenues, reproposing user fees and proposing a moderate level of loan and physical asset sales that are considered to be "good government" proposals and are not needed to meet the G-R-H targets.
- Includes expanded privatization initiatives, including efforts to encourage marketplace competition in the public sector.
- Continues and expands management improvement initiatives.
- Proposes credit and budget process reform.

Under the 1990 budget proposals, the deficit is estimated to decline from $161.5 billion in 1989 to $92.5 billion in 1990, $7.5 billion below the requirements of the G-R-H Act. Adoption of Presidential proposals would bring the budget into surplus by 1993. By 1994, the surplus would reach $33.4 billion and this is being accomplished without raising new taxes or reducing any benefits to needy beneficiaries.

This section discusses the major proposals in the 1990 budget. The following table shows the budget plan by category. The remainder of this section discusses proposals in each category. It also discusses the administration's management and privatization initiatives.

COMPREHENSIVE BUDGET PLAN

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Receipts	975.5	1,059.3	1,140.5	1,212.2	1,281.4	1,345.0
Outlays:						
Defense	298.3	303.0	314.4	326.4	339.9	354.3
International discretionary	16.3	17.5	17.4	18.0	17.8	17.9
Domestic discretionary	177.4	181.5	187.3	189.8	192.2	194.6
Entitlements and other mandatory	523.3	528.0	566.2	599.4	630.7	659.6
Asset sales [1]	−7.1	−6.1	−2.4	−2.0	−0.8	−0.8
User fees		−1.0	−1.3	−1.7	−2.0	−2.2
Other collections		−4.4	−1.6	0.4	−0.9	0.1
Net interest	165.7	170.2	165.8	154.4	143.8	132.1
Undistributed offsetting receipts	−36.9	−36.6	−38.4	−40.2	−41.7	−43.9
Total, outlays	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0	1,311.6
Surplus/deficit (−)	−161.5	−92.5	−66.8	−32.2	2.4	33.4

* $50 million or less.
[1] Includes related debt service.

NATIONAL DEFENSE

The budget proposes $315.2 billion in budget authority for national defense for 1990 and $330.8 billion for 1991. These levels

would provide about 2 percent annual real growth above the 1989 level, reversing a trend of four straight years of real decline in defense funding. The budget proposal provides the funds needed to continue modernization of U.S. strategic and conventional forces, maintain readiness, and improve combat sustainability. These increases are sorely needed if a strong national defense is to be maintained. The budget also proposes several initiatives for improving defense program management.

REQUEST FOR NATIONAL DEFENSE

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
DoD—Military:						
Proposed budget authority	290.2	305.6	320.9	335.7	350.7	365.6
Proposed outlays	289.8	293.8	304.7	316.2	329.4	343.5
Outlay change from 1989 level	.....	4.0	14.9	26.4	39.6	53.7
Atomic energy defense and other:						
Proposed budget authority	8.6	9.5	9.9	10.4	10.7	11.0
Proposed outlays	8.5	9.2	9.7	10.2	10.5	10.8
Outlay change from 1989 level	.....	0.7	1.3	1.7	2.1	2.4
Total, national defense:						
Proposed budget authority	298.8	315.2	330.8	346.1	361.4	376.6
Proposed outlays	298.3	303.0	314.4	326.4	339.9	354.3
Outlay change from 1989 level	.....	4.7	16.2	28.2	41.7	56.1

The administration's strategic modernization program remains a high priority. The budget requests $5.9 billion for the Strategic Defense Initiative in 1990—an increase of $1.8 billion above the level provided in 1989. Funds are provided to acquire the new B-2 strategic bomber, to continue acquisition of the Trident submarine and missile system, and to develop rail garrison basing for the Peacekeeper intercontinental ballistic missile. The budget also requests funds to modernize and upgrade strategic arms verification capabilities. These capabilities will help our nation verify future arms control agreements, assure compliance with these agreements, and keep pace with changes in technologies in other nations.

Conventional force capability improvements would continue as new systems such as the A-12 attack aircraft complete development and enter production. Combat readiness would be maintained at a high level, although there will be some delays in equipment maintenance. The budget provides for military pay raises of 3.6 percent in 1990 and 3.2 percent in 1991, effective in January of each year. These increases, which are higher than those requested for Federal civilian employees, will help assure the continuation of a high quality military force.

The budget requests $9.0 billion in budget authority for atomic energy defense activities, an increase above the 1989 level of 8

percent in real terms. This funding level includes $2.0 billion for environmental, safety, health, and waste disposal activities and $1.3 billion for modernization of the atomic energy defense production complex.

As budget pressures have increased there has been emphasis on improved management of defense programs. Stretchouts of procurement programs are avoided and production rates are maintained at or above minimum economic levels. Six low priority weapons programs and five ammunition lines have been terminated with 1990–91 savings of more than $1.0 billion. To improve program stability, the budget proposes multi-year procurement of 32 additional weapons programs. These new multi-year programs are expected to result in savings of $8.6 billion over the next 8 years. The budget also proposes a two-year pilot program to introduce co-payments in the provision of health care to non-active duty beneficiaries. The purpose of this program is to explore how co-payments can reduce costs and improve the quality of health care in military medical facilities. Funds are included to initiate the base closings recommended by the Secretary's Base Closures Commission. Expected savings from base closings are estimated to be $2.0 billion by 1994.

DISCRETIONARY PROGRAMS

Funding for discretionary programs is determined by annual appropriations actions. This category includes a wide diversity of Federal programs ranging from basic activities of government such as the conduct of foreign affairs, to grants to State and local governments for education, highway construction and community development.

International Affairs

This budget requests increased funding for international affairs discretionary programs to meet emerging needs of developing countries, to respond to reform by the United Nations, and to enhance U.S. Government and Government-sponsored radio broadcasting abroad. The increases are partly offset by a program termination and selective reductions. Overall, international discretionary programs are funded at $19.4 billion in budget authority, $1.1 billion above the 1989 enacted level. Under the budget proposals, 1990 outlays are estimated to be $1.1 billion above 1989.

For the foreign aid component of international affairs the budget proposes a $0.8 billion budget authority increase over 1989. One major element of this increase is international security assistance which provides grants for the export of U.S. military goods and services and for related support of the economies of key recipient governments. The $8.5 billion in budget authority proposed ($0.4

REQUEST FOR INTERNATIONAL DISCRETIONARY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Foreign aid:						
Proposed budget authority	13.8	14.6	14.7	14.8	14.9	15.1
Proposed outlays	12.7	13.4	13.4	14.1	13.9	14.0
Outlay change from 1989 level		0.6	0.7	1.3	1.2	1.3
Export-Import Bank:						
Proposed budget authority	0.7	0.1				
Proposed outlays	−0.3	−0.2	−0.4	−0.5	−0.6	−0.7
Outlay change from 1989 level		0.1	−0.1	−0.2	−0.3	−0.4
Other:						
Proposed budget authority	3.8	4.7	4.4	4.5	4.5	4.6
Proposed outlays	3.9	4.3	4.4	4.4	4.5	4.6
Outlay change from 1989 level		0.4	0.4	0.5	0.6	0.6
Total, international discretionary:						
Proposed budget authority	18.3	19.4	19.1	19.3	19.5	19.6
Proposed outlays	16.3	17.5	17.4	18.0	17.8	17.9
Outlay change from 1989 level		1.1	1.0	1.6	1.5	1.6

* $50 million or less.

billion over 1989) will continue or enhance activities promoting the security of countries in such areas as the Middle East, Central America and South Asia. Other increases in foreign aid would pay arrearages on contributions due in past years to multilateral lending institutions such as the World Bank and finance the U.S. share of a major multilateral effort to further democracy in the Philippines by strengthening that country's economy.

The budget also proposes a $0.3 billion increase in payments to the United Nations and related agencies including some arrearages. This responds to the budget reforms these entities are undertaking at U.S. insistence and also would finance vital international peacekeeping operations in the Persian Gulf, Southern Africa and elsewhere. Further, the budget would provide for the construction of new radio transmitters in three countries to be used by the Voice of America and/or Radio Free Europe/Radio Liberty to broadcast to Eastern Europe, the Soviet Union and other regions.

The budget proposes that the direct lending program of the Export-Import Bank be terminated. This proposal is largely the result of the successful efforts of the administration to reduce subsidized export lending by all developed countries through international credit restraint agreements. The Bank's broad range of guaranteed loan and insurance programs will continue to provide comprehensive support for U.S. exporters.

Domestic Discretionary

As in the international affairs area, requests for domestic discretionary programs are based on the relative merits of each program. Increases are requested for high priority programs, while those

that are either of low priority or the responsibility of State and local governments are proposed for termination or deep reductions. Budget authority of $145.0 billion is requested for domestic discretionary programs in 1990, $1.4 billion over the 1989 enacted level. Outlays for discretionary programs are estimated to total $181.5 billion in 1990.

REQUEST FOR DOMESTIC DISCRETIONARY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Space and science:						
Proposed budget authority	12.7	15.5	17.4	18.9	19.9	20.7
Proposed outlays	12.6	14.8	16.6	18.0	19.1	20.1
Outlay change from 1989 level		2.3	4.1	5.4	6.5	7.5
Transportation and public works:						
Proposed budget authority	16.2	15.5	15.3	15.3	15.4	15.4
Proposed outlays	32.2	32.3	32.4	32.1	31.9	31.6
Outlay change from 1989 level		0.1	0.2	−0.1	−0.3	−0.6
Economic subsidies and development:						
Proposed budget authority	27.6	26.0	25.8	25.2	25.1	24.3
Proposed outlays	33.8	31.8	30.1	28.7	27.3	26.4
Outlay change from 1989 level		−2.0	−3.7	−5.1	−6.5	−7.4
Education and social services:						
Proposed budget authority	40.6	40.8	49.6	49.1	48.3	48.0
Proposed outlays	47.0	49.1	51.0	52.1	53.1	54.1
Outlay change from 1989 level		2.1	4.0	5.1	6.1	7.1
Health research and services:						
Proposed budget authority	25.7	26.3	27.4	27.9	28.5	29.1
Proposed outlays	24.8	25.9	26.8	27.5	28.0	28.6
Outlay change from 1989 level		1.1	2.0	2.7	3.2	3.8
Law enforcement and other:						
Proposed budget authority	20.8	21.3	21.7	22.2	22.4	22.3
Proposed outlays	27.0	27.9	29.4	29.4	29.8	29.4
Outlay change from 1989 level		0.9	2.4	2.4	2.8	2.9
Allowances:						
Proposed budget authority		−0.4	0.8	1.9	2.9	3.7
Proposed outlays		−0.4	0.9	2.0	3.1	4.0
Outlay change from 1989 level		−0.4	0.9	2.0	3.1	4.0
Total, domestic discretionary:						
Proposed budget authority	143.5	145.0	157.9	160.5	162.5	163.5
Proposed outlays	177.4	181.5	187.3	189.8	192.2	194.6
Outlay change from 1989 level		4.1	9.9	12.4	14.8	17.2

* $50 million or less.

Space and Science.—The programs in this category—the National Science Foundation (NSF), space programs in the National Aeronautics and Space Administration (NASA) and the general science programs of the Department of Energy—help ensure U.S. strength and leadership in science and space technology. The budget requests $15.5 billion in budget authority for these programs, 22 percent more than the 1989 enacted level.

The budget includes a major initiative to increase 1990 budget authority for the *National Science Foundation* (NSF) to $2.1 billion,

14 percent more than the 1989 enacted level. NSF would emphasize the need for academic basic research and for science and engineering education. Continued U.S. leadership in science and industry depends on the future availability of high-quality scientists and engineers. Also proposed is a second competition for interdisciplinary basic science and technology centers to complement the 11 established in 1989. These centers would focus on research across scientific disciplines and encourage substantial participation by industry and the States to speed the transfer of new knowledge from the laboratory to the marketplace. Support for basic research is a key element in helping to ensure, over the long-term, the ability of the United States to compete in increasingly global markets. University-based research not only generates the "intellectual capital" of new knowledge, but also, through the training of future scientists and engineers, the essential "human capital" necessary for continued economic growth.

Budget authority of $12.2 billion is proposed for *space-related activities of NASA*, a $2.3 billion increase above the 1989 level. The administration continues to place a high priority on a safe and sustainable space shuttle flight rate. The budget request would allow for the completion of modifications and redesigns identified by post-Challenger accident reviews. The total cost of these activities will be about $3.6 billion through 1991. Continued development of a new advanced solid rocket motor is also proposed to improve the safety, reliability, and performance of the shuttle fleet. Improvements to the shuttle that would extend the length of time in orbit would also be continued with private sector financing sought for elements of this program. A continued national commitment to a permanently manned space station is essential to technological and economic progress. The budget provides for continued expansion of the manned space station, which is to become operational in the mid-1990's. Through 1989, $2.0 billion will have been spent on definition and development of the space station. The administration proposes advance funding for 1991 and 1992 and a total development cost ceiling both to provide stable funding and to control program costs. The administration reaffirms and strengthens its commitment to private sector investment and involvement in the space station. NASA is preparing guidelines and criteria for private sector participation in the space station. NASA will rely, to the extent feasible, on private sector design, financing, construction, and operation of future space station requirements.

The budget requests $1.2 billion in budget authority in 1990, an increase of 27 percent over the 1989 enacted level for *Department of Energy general science programs*. This includes $0.2 billion for the Federal share of the initiation of construction of the Superconducting Super Collider (SSC). The SSC will be the world's most

powerful proton-proton collider, producing particle collisions with total energies 20 times greater than can be produced today. The actual start of site specific construction will depend on settling the details of non-Federal cost sharing commitments to the project. The budget projections assume one-third cost sharing by the host State and by other nations, with the first cost sharing beginning in 1990.

Transportation and Public Works.—This category includes air, water, and ground transportation programs as well as Federal water resource projects. The budget requests $15.5 billion in budget authority for these programs, a 4.5 percent decrease from the 1989 enacted level. Increases for modernizing the air traffic control system would be offset by reductions in low priority programs such as mass transit. The budget also proposes termination of unnecessary subsidy programs, such as payments to air carriers for providing service to certain communities, and grants to Amtrak.

The administration requests $0.1 billion in budget authority for eleven new *construction starts for the Corps of Engineers*, including the Santa Ana flood control project in southern California. Construction of these projects would be contingent on the willingness of State and local governments, and other non-Federal project sponsors, to share in project costs in accordance with the Water Resources Development Act of 1986 (WRDA). By requiring non-Federal cost-sharing for water development projects, WRDA created a new partnership with project beneficiaries. This partnership helps ensure that projects are supported locally, that they are the appropriate size, and that they provide the benefits claimed.

For 1990, the administration requests $2.0 billion in budget authority to continue the *Federal Aviation Administration's (FAA) airspace modernization program*, $0.6 billion more than the $1.4 billion enacted for 1989. This 41 percent increase above the 1989 level reflects the administration's continued strong commitment to improving the reliability, capacity, and safety of the air traffic control system. The increased funds would be used for a variety of important activities and improvements, including acquisition of terminal doppler weather radar systems designed to detect deadly wind shears. It is estimated that the total cost of airspace modernization and other critical improvements from 1982 through 2000 will equal about $25 billion.

In addition, the budget includes a proposed 14 percent increase in funding for *FAA's operations*. The administration requests $3.9 billion in budget authority for 1990 to continue the augmentation and upgrading of FAA's safety-critical workforces, $0.5 billion more than the $3.4 billion enacted for 1989. This increase in funding will be used to provide for an additional 695 air traffic controllers, an additional 400 aviation safety inspectors and support positions, and

an additional 120 civil aviation security specialists. Funding will also be provided to modernize the air traffic training program.

The budget recommends legislation to reform the *operating differential subsidy program*. The legislation would increase the competitiveness of the U.S. flag fleet by expanding carriers' operating flexiblity, implementing certain cost-saving reforms and allowing additional carriers to participate in the program.

In keeping with the administration's policy of reducing Federal responsibility for rail activities unrelated to safety, the administration proposes terminating *subsidies for Amtrak*. Since 1970, the Federal Government has provided Amtrak with about $14 billion in direct and indirect subsidies, including $0.6 billion in 1989. Amtrak serves less than one percent of all intercity travel. Given limited budgetary resources and competing demands of higher priority Federal programs, the administration believes the Federal Government cannot afford to continue subsidizing the trips of business travellers and vacationers.

The budget proposes an immediate end to *mass transit* discretionary grant funding, which has promoted the construction of local transit systems that often have been too costly and underutilized. Funding for these grants is provided by the one cent of the Federal motor fuel tax that is dedicated to transit. The administration believes it is inequitable to continue subsidizing the projects of fewer than 20 cities by motor fuel taxes paid throughout the Nation. The administration proposes terminating operating subsidies to large and medium-sized cities, but not those to small urban and rural areas. Most of the operating subsidies are absorbed by high wages and low labor productivity in public mass transit systems. Given that State and local support for transit accounts for less than 2 percent of combined State and local spending, more should be done at that level to address transit systems operating costs.

Economic Subsidies and Development.—This category includes programs for energy, natural resources and the environment, agriculture, commerce and housing credit, and community and regional development. Many programs in this area are proposed for reduction or termination in the 1990 budget because they no longer warrant Federal support. Many reward inefficient private activities and support State and local development more appropriately financed by State and local governments or the private sector. The administration proposes reducing budget authority for this category from $27.6 billion in 1989 to $26.0 billion in 1990.

The budget increases funding over the 1989 level for basic operations and maintenance by the *Federal land management agencies*: the National Park Service, Forest Service, Fish and Wildlife Service, and the Bureau of Land Management. The budget also includes

a proposal to fund future forest fire fighting costs (projected at $0.4 billion in 1990) outside the annual appropriations process. Fire protection is an integral part of the maintenance of Federal land. The budget proposes deducting these costs from timber and mineral receipts generated from Federal lands prior to the sharing of those receipts between the Federal Treasury, States and counties. The administration also proposes capping budget authority for the Wallop-Breaux Sport Fish Restoration and the Pittman-Robertson Federal Aid in Wildlife programs at $0.1 billion each, beginning in 1990. Savings from this proposal will allow continuation of other Federal programs directly contributing to fish and wildlife restoration.

The administration proposes to increase funding for the *Superfund hazardous waste cleanup program* by $0.3 billion over the 1989 enacted level. The proposed level of $1.7 billion continues the Superfund program's momentum and supports a stronger enforcement role. This level would keep the Environmental Protection Agency on target to meet the statutory deadline for cleanup starts.

The budget proposes direct funding to fill the *strategic petroleum reserve* at an average rate of 50,000 barrels per day over the two year period 1989–90. As a result of recent oil price reductions, a portion of the planned 50,000 barrels per day rate in 1990 will be accelerated into 1989. The budget also proposes to sell the Government-run naval petroleum reserves as discussed in the revenues section below. Proceeds from the sale would include oil that would be used to provide additional inventory for defense purposes and accelerate the strategic petroleum reserve fill rate to an average 75,000 barrels per day from 1990 through 1994.

The budget proposes termination of the Small Business Administration's *disaster assistance program*, which provides loans to homeowners and businesses for uninsured losses suffered as a result of physical disaster. Elimination of this program would encourage homeowners and businesses to obtain and maintain adequate private insurance coverage against disaster-related losses instead of relying on the availability of direct Federal loans at preferential interest rates.

The administration again proposes to implement most of the Postal Rate Commission's 1986 recommendations for reform of the *postal subsidy program*, including elimination of nearly all postal service subsidies that allow certain preferred mailers to receive reduced postal rates. The American taxpayer should not be burdened with these inefficient subsidies, which are often misused. Subsidies would be eliminated for materials with high commercial advertising content, political advocacy mail, and "educational" mail from organizations that do not maintain teacher/student relationships. The administration would continue lower rates for most

religious and charitable mailings but shift the residual cost of these lower subsidies from taxpayers to commercial mailers. In 1989, $0.4 billion in budget authority was provided for postal subsidies.

The budget requests $1.2 billion in budget authority for *sewage treatment construction grants* for 1990, $0.8 billion less than the 1989 enacted level. This level is consistent with the administration's long-term plan of providing $12.0 billion for the period 1986 to 1993, first proposed in the 1988 budget. This program level was designed to be sufficient to fund the Federal share for all projects needed to meet the 1988 municipal compliance requirements, complete all treatment plants that were started with Federal funds, and give States and localities the flexibility they need to make the transition back to financial independence in this area.

The budget proposes major reforms in the repayment practices of the *Power Marketing Administrations (PMAs).* The PMAs currently have wide discretion in amortizing the Federal investments to be repaid, including the ability to unilaterally re-schedule principal payments. The PMAs also pay interest costs well below Treasury borrowing costs. As a result of these financial subsidies, PMA power rates are often significantly below prevailing electric power rates. The proposed reforms would establish sound business practices by requiring a fixed straight line amortization schedule for principal repayments and by establishing interest rates on unpaid principal at the rate paid by equivalent private electric utilities.

The administration proposes shifting the *Rural Electrification Administration (REA)* loan program from direct loans to partially guaranteed loans. Since most REA borrowers are financially healthy, they can and should increase their reliance on private sector financing. Under the budget proposal, power supply borrowers would be eligible for 90 percent guarantees of private loans, and electric distribution and telephone borrowers would be eligible for 70 percent guarantees. A priority system would be established to target guarantee assistance to borrowers of highest need.

Reforms are also proposed for *Farmer's Home Administration (FmHA) loan programs.* The rural housing insurance fund would reduce its direct loan program and rely more heavily on housing vouchers. Vouchers increase family housing choices and permit more efficient use of existing private market housing. The agricultural credit insurance fund, the "lender of last resort" to agricultural producers, would continue to shift toward guaranteed loans as directed by the 1985 Farm Bill. The rural development insurance fund would also shift to greater use of guaranteed loans. This assistance, part of the administration's rural development initiative, provides a bridge between rural borrowers and private lenders. Loans would be used by rural communities to obtain necessary water, waste and community facilities, as well as to assist business

development. No funding is requested for the rural development grants program in 1990. This program has been poorly targeted and is duplicative of other FmHA programs.

The administration proposes elimination of several grant programs currently providing support for *local community development projects,* including the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC). There is no evidence that these programs have resulted in net job creation nationwide. EDA does not target assistance to those in need, but instead serves narrow and specialized local and regional political interests at the Nation's expense. Similarly, ARC development programs target resources to rural districts that are no worse off economically than rural communities in other parts of the country, and therefore not deserving of special injections of Federal resources.

Education and Social Services.—This category includes funding for elementary, secondary, and higher education, job training, and a variety of social services. The Federal Government's role in this area is primarily to provide support for meeting the educational, social services, and training needs of the disadvantaged through programs that allow States and localities flexibility to tailor solutions to their individual problems. The administration believes that States and localities must continue to bear the major financial responsibility for these programs. Programs in this category have been strengthened with these priorities in mind, and the administration proposes termination and phase out of numerous programs that are either highly categorical and thus restrict State options, are duplicative of other Federal activities, have relatively low priority purposes or are best carried out by the private sector. Programs that serve the needs of the disadvantaged are maintained at the 1989 level or increased. The request for budget authority for this category is $40.8 billion, $0.2 billion above the 1989 enacted level.

For the Education Department's programs, the budget requests $21.9 billion in budget authority for 1990, the same as the 1989 enacted level. The administration proposes to increase *compensatory education* programs (grants to State and local school districts that partially finance remedial education services for the educationally disadvantaged) by $0.2 billion in budget authority above the 1989 enacted level. These programs provide the Federal Government's major contribution to improving the quality of education for children most in need. Most of the increase is for concentration grants, which provide aid to school districts with the highest proportions of disadvantaged children.

The administration proposes *terminating 25* of the over 200 *Education Department programs* including impact aid 'b' payments.

Under impact aid, the Federal Government makes payments to school districts whose revenues are deemed to be adversely affected by Federal activities. The budget proposes to terminate the portion of impact aid funding ('b' payments) that is based on a category of children who pose little or no burden to school districts. Other programs proposed for termination are narrowly focused and provide benefits already available under one or more of the larger education programs.

The budget maintains most *job training programs* assisting low-income unemployed adults and youth at the 1989 enacted level. However, a $0.1 billion increase over 1989 is requested for a new program that helps dislocated workers find or train for new jobs bringing the total amount for this program to $0.4 billion in 1990.

The budget proposes adding 132,000 new *housing subsidies for low-income households*. Most of these are housing vouchers, the cornerstone of the administration's housing policy. Vouchers, which are targeted to very low-income households, provide tenants with more housing choices, including the opportunity to live in better neighborhoods with access to available jobs and higher quality schools. They also make more efficient use of private sector housing and are far less costly than other housing programs. For example, a new public housing unit costs over $700 per month for each family served, while a voucher can provide the same assistance for around $300 a month. The administration also proposes a new method of financing housing for elderly and handicapped persons using credit vouchers to generate private lending.

The administration again proposes terminating Federal funding for the *Legal Services Corporation*, a private, non-profit organization that funds State and local agencies providing free civil legal assistance to the poor. State and local bar associations have developed programs to provide assistance to indigent clients, and these efforts are expected to continue to grow, consistent with private attorneys' ethical obligations to provide such services. In 1989, $0.3 billion in budget authority was provided for this program. The administration also reproposes termination of *community services block grants*, which have been estimated to provide less than 15 percent of the funding for community action agencies. States may continue community services programs using funds from the social services block grant program.

The administration proposes $0.3 billion less in budget authority than the 1989 enacted level of $1.4 billion for the *low-income home energy assistance program*, which provides block grants to States to help pay fuel bills for low-income families. With lower energy prices, low-income households spend a much lower percentage of their income for heat. Since many assistance programs include a

component for energy, there is a decreasing need for a program specializing in energy assistance.

Health Research and Services.—This category includes research at the National Institutes of Health, block grants to States for health, and hospital and medical care for veterans. The President's budget recognizes the importance of many programs in this area. The budget authority request for health research and services is $26.3 billion, a $0.6 billion increase over the 1989 enacted level. Proposed increases for high-priority Human Immunodeficiency Virus (HIV) research would be partially offset by reductions in some programs of lesser priority such as subsidies for clinical health professions training.

Combatting HIV is the administration's highest public health priority. Supplementing State and local programs, the Federal effort encompasses health education and prevention as well as research on the causes of, potential treatment for, and vaccination against HIV. The budget authority request for Public Health Service (PHS) HIV programs is $1.6 billion, a 24 percent increase over the 1989 enacted level.

The budget requests $0.9 billion in budget authority for 1990 for PHS *drug abuse treatment, research, prevention, and deterrence programs,* a 9 percent increase over the comparable 1989 enacted level. These funds will support the President's initiative to combat drug abuse. The budget also requests an increase in budget authority over the 1989 enacted level for veterans medical care to $10.7 billion for 1990. This increase would provide the necessary resources to meet the objective of sustaining quality medical care for American's disabled and needy veterans who use veterans' medical services.

Law Enforcement and Other Core Functions of Government.—Programs in this category include the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), and other agencies involved in law enforcement, as well as the Internal Revenue Service and administrative expenses for the major entitlement programs. The budget requests $21.3 billion in budget authority for these programs in 1990, $0.5 billion more than the 1989 enacted level.

The administration places a high priority on law enforcement activities of the Federal Government. Budget authority requested for criminal investigations of the *FBI and DEA* for 1990 is $2.1 billion, an increase of 10 percent over the 1989 enacted level. The FBI and DEA frequently work together with other Federal agencies in 13 regional task forces on organized crime drug enforcement, and have concurrent jurisdiction to combat drug trafficking. The increased funding would provide 275 new positions for DEA

and allow for improved technical capabilities. It would also allow the FBI to intensify its drug enforcement and other field investigative activities and enhance capital investment funding in automated data processing and technical field support.

The budget also requests increased funding for *Federal prisons.* In response to the continuing growth of the Federal prison population, the administration is proposing to acquire three new facilities, lease two new facilities, and expand capacity at nine existing facilities. This expansion would respond to the demands of tougher law enforcement and longer sentencing created by a number of recent initiatives. Budget authority requested for funding Federal prisons in 1990 is $1.6 billion, a 14 percent increase over the 1989 enacted level.

The budget provides a 19 percent increase for various *civil and criminal litigation activities,* including organized crime, drug enforcement, environmental enforcement, and commercial litigation. In addition, enhancements to continue implementation of office automation for Department of Justice attorneys and computerized litigation support are included. Resources are also requested to administer payments authorized by the Civil Liberties Act of 1988 providing compensation for persons of Japanese ancestry who were deprived of liberty or property during World War II.

The budget also requests an increase in budget authority for the *Internal Revenue Service* to $5.5 billion, $0.3 billion above the 1989 enacted level. This funding would allow expanded tax law enforcement programs and improved accuracy and accessibility in taxpayer information services as well as redesigned tax processing systems.

Allowances.—This category includes budgetary transactions that are expected to occur but are not reflected in program detail. Allowances include funding to cover civilian agency pay raises and savings from two proposed reforms. The proposed civilian agency pay raises for 1990 are 2 percent for civilian personnel and 3.6 percent for Coast Guard military personnel. It is assumed that agencies will absorb 75 percent of the increased costs associated with the civilian pay raise in 1990. Reductions in the government contribution for Federal employee health benefits, resulting from reforms discussed in the Entitlements and Other Mandatory Programs section below, would save $0.3 billion in 1990. Savings from the proposed establishment of new government mail subclasses would also total $0.3 billion in 1990. Government mail is easier and cheaper to handle than other mail and should be priced accordingly.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

Spending for entitlement and other mandatory programs is determined by eligibility criteria and benefit formulas set in substantive law. Entitlements and other mandatory programs have been one of the fastest growing parts of the budget. If currently enacted policy continued unchanged, this category would grow by 4.5 percent between 1989 and 1990 and by an additional 27.3 percent by 1994. The administration seeks a number of important reforms in these programs to slow their growth. Under the budget proposals, this category would grow by 0.9 percent between 1989 and 1990 and by an additional 24.9 percent by 1994.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Social security benefits:						
Proposed outlays	230.0	244.3	259.9	274.5	288.2	301.0
Proposed savings						
Unemployment compensation and aid to the poor:						
Proposed outlays	60.3	58.6	61.0	63.7	66.5	70.0
Proposed savings	−0.1	−2.0	−1.7	−1.6	−1.7	−1.8
Medicare and medicaid:						
Proposed outlays	118.8	128.5	143.7	161.1	176.1	190.7
Proposed savings	−0.1	−6.7	−10.4	−13.5	−16.5	−19.9
Federal employee health and retirement benefits:						
Proposed outlays	51.3	51.5	53.8	56.8	60.0	63.0
Proposed savings	*	−4.4	−5.5	−6.5	−7.2	−7.8
Agriculture:						
Proposed outlays	16.9	12.4	12.5	11.0	8.5	5.8
Proposed savings	0.9	−2.6	−2.1	−2.5	−2.2	−2.1
Other:						
Proposed outlays	46.1	32.7	35.3	32.5	31.3	29.1
Proposed savings	0.2	−2.3	−3.3	−2.9	−3.0	−3.6
Total, entitlements and other mandatory:						
Proposed outlays	523.3	528.0	566.2	599.4	630.7	659.6
Proposed savings	1.0	−18.0	−23.1	−26.9	−30.6	−35.1

* $50 million or less.

Social Security.—The budget does not propose any reductions in *social security* benefits. Social security affects most Americans, either through benefits received or through payroll taxes deducted from earnings. Primarily because of benefit increases tied to the consumer price index and increases in the number of beneficiaries, outlays for social security benefits are expected to grow from $230.0 billion in 1989 to $244.3 billion in 1990.

Unemployment compensation and aid to the poor.—The budget proposals also exempt unemployment compensation and aid to the truly needy from fiscal restraint. No benefit reductions are pro-

posed for regular unemployment compensation, food stamps, aid to families with dependent children (AFDC), the earned income tax credit, or supplemental security income. Improved targeting of nutrition aid is proposed. Under current law, over 15 percent of child nutrition funding provides subsidies to families who earn more than 185 percent of the poverty line—approximately $21,553 per year for a family of four. Under the budget proposals, schools and institutions would no longer receive Federal *subsidies for meals* served to upper and middle-income households. Meal subsidies to households with income below 185 percent of the poverty line would be unaffected. One major program termination is also proposed—*Trade Adjustment Assistance (TAA)*, which provides additional weeks of cash assistance and training to workers who have lost their jobs to imports. This program inequitably favors one group of unemployed workers over others. Workers who lose their job because of imports would continue to receive the full range of unemployment benefits paid to other unemployed workers and would be eligible for training and adjustment services in other programs.

Medicare and medicaid.—The Federal Government is the largest payor of health care costs in the Nation. Spending for medicare, which provides health care for the elderly, and medicaid, which provides health care for low-income Americans, is projected to increase by $16.3 billion from 1989 to 1990 and by $75.4 billion from 1990 to 1994. The administration proposes reforms in both programs to slow this rapid growth rate.

Medicare is one of the fastest growing segments of the budget. The program expanded from $6.8 billion in 1970 to $34.0 billion in 1980 to $84.5 billion in 1989, an increase of more than twelve fold since 1970. Under administration proposals, medicare would be reduced by $5.0 billion from the current services level in 1990, which would reduce growth between 1989 and 1990 from 15.4 percent to 9.5 percent. The administration proposes a moderate increase in the medicare prospective payment reimbursement rate (one modestly below the inflation rate for hospital costs), and reductions in hospital capital payments as well as in medical education payments. In an attempt to restrain excessive growth in *supplementary medical insurance (SMI)* costs, the administration also seeks the extension of the current law SMI premium, limitations on physician payments, reductions in payments for certain overpriced procedures, and reforms in the durable medical equipment payment system.

The administration also proposes reforms in the *medicaid program* that would reduce the growth between 1989 and 1990 to $1.7 billion rather than the $3.3 billion that would occur under current law. The administration proposes renewal of cost containment in-

centives that were originally authorized by the Omnibus Budget Reconciliation Act of 1981, but which expired at the end of 1984. This proposal provides the States with incentives to constrain program growth in order to receive a rebate on their reduced Federal matching rate The budget also proposes to restructure Federal financing of administrative expenses from a matching formula to a block grant indexed by inflation. The proposal to extend the current law medicare part B premium would moderately increase costs for the medicaid program.

Federal employee retirement and health benefits.—Under current law, outlays for Federal employee retirement and health benefits are estimated to grow from $51.3 billion in 1989 to $55.9 billion in 1990. The administration proposes reforms in these benefits that would reduce this growth by $4.4 billion in 1990. The administration proposes two reforms in the *Federal employee health benefits program,* the world's largest multiple-choice health program. The formula used to determine the Government's contribution to enrollees' health premiums would be changed from the current Big Six formula (based on the premiums of six of the largest FEHB plans) to reflect a weighted average of all plans. The new formula would lead to a more equitable distribution of cost sharing between the Government and its employees because it would reflect the premiums of all FEHB plans and the distribution of enrollees among these plans. Under the weighted average formula, trends in the program, such as the shift of enrollees from high to low option plans, would be accounted for when the Government contribution is determined. The budget also proposes that employer health insurance costs for all annuitants of the District of Columbia government and the Postal Service, who participate in Federal personnel benefits, be paid by those entities rather than the Federal taxpayer. Costs for Postal Service annuitants who retired after October 1, 1986 are already funded in this manner.

The budget proposes that no cost-of-living adjustment (COLA) be given to *Federal retirees* in 1990. After 1990, retirees would receive cost-of-living adjustments equal to 1 percentage point less than the annual percentage change in the consumer price index (CPI). This would make the treatment of COLAs for Federal retirement programs generally consistent with the Federal Employees' Retirement System (FERS), which covers employees hired after January 1, 1984, and with the new Military Retirement System, which covers members entering active duty after August 1, 1986. Between 1969 and 1976, COLAs exceeded inflation by 1 percent and were made twice each year. Although COLAs have since been scaled back to the CPI, and awarded on an annual basis, much remains to be done to bring program costs under control. Consistent with the administration's efforts to scale back overly generous features of

the civilian retirement program, the administration also proposes to end the ability of retirees covered by civilian employee retirement systems to receive lump-sum payments based on their contributions to the retirement system. Private sector and state retirement plans generally do not have such a provision. The budget also proposes that, beginning in 1991, the Postal Service and D.C. Government make annual payments to the retirement fund to cover the full cost of COLA liabilities for their annuitants.

Agriculture.—Under current service estimates, *farm price and income supports* are projected to decline from $13.0 billion in 1989 to $12.6 billion in 1990, a level still far above normal historical levels. In order to mitigate the adverse effect of the 1988 drought on farm income, and to ensure that our farmers have a sufficient level of operating funds for the 1989 crop year, the administration proposes to increase the level of advance deficiency payments to 50 percent, the maximum allowable under current law. This increase in advance payments adds $0.9 billion to 1989 outlays while reducing 1990 outlays by a like amount.

The administration's goal of developing more market-oriented agricultural programs and enhanced competitiveness in export markets is working. A limited number of actions are proposed to bring program outlays back to historical levels. These proposals would reduce farm price and income support outlays by $1.1 billion in 1990. Outlay reductions could be achieved by a 5 percent reduction in target prices for the 1990 crops, with slightly higher percentage reductions for the 1991–1993 crops. It would also be possible to reduce the share of production eligible for deficiency payments. Either approach would continue the administration's policy of shifting to a more market-oriented sector. In addition, outlays for non-target price commodities would be reduced by a fixed percentage—5 to 7 percent—to lower costs and provide equitable reductions across the farming sector. Further, the counterproductive sugar price support program needs to be modified. This program poses significant problems in the areas of trade policy, foreign policy and agricultural policy.

The *Farm Credit System Financial Assistance Corporation (FAC)* provides assistance to Farm Credit System (FCS) institutions mainly by purchasing their preferred stock using proceeds from federally guaranteed debt issuances. Legislation enacted last year transferred an unacceptable amount of the financial risks for the corporation from the private sector to the Federal Government. As a result, FAC outlays will be counted in the budget totals beginning in 1990. The administration proposes repealing the legislation enacted last year, thus reducing 1990 budget outlays by $0.7 billion below current law.

Federal Savings and Loan Insurance Corporation (FSLIC).—During 1988 the *FSLIC* spent over $16.4 billion (net budget outlays were $8.1 billion) as it accelerated its efforts to close or merge the burgeoning number of insolvent thrift institutions. The 1990 budget projects FSLIC spending another $15.9 billion in 1989 and $9.1 billion in 1990 to continue resolving insolvent thrift institution cases. This spending would be offset, in part, by continuation of normal and special assessment insurance premiums and receipts from the Financing Corporation (FICO), an off-budget subsidiary of the Federal Home Loan Banks created in the 1987 Competitive Equality Banking Act to help recapitalize FSLIC. Net budget outlays for FSLIC are estimated to be $8.7 billion in 1989 and $2.1 billion in 1990. These projected levels of spending would allow FSLIC to close at least 100 of the most unprofitable and insolvent institutions, which accounted for over 77 percent of the third quarter losses realized by all insolvent thrifts. The administration has also initiated an effort to formulate a comprehensive plan to resolve remaining thrift insolvency problems and reform the Federal depository insurance system. It is expected to be presented to the new President within 60 days.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

(In billions of dollars)

	1989	1990	1991	1992	1993	1994
Disbursements	15.9	9.1	10.2	8.6	10.0	10.2
Receipts	−7.2	−7.0	−3.6	−3.7	−5.1	−6.8
Net outlays	8.7	2.1	6.6	4.9	4.9	3.4

REVENUES

In addition to the programmatic changes discussed above, the budget proposes a number of revenue changes, including increased user fees, and sales of both loans and real assets—but no new taxes.

Asset sales.—The budget estimates include proceeds from loan asset sales and loan prepayments of $3.4 billion above the current services level in 1990. The loans are to be sold without recourse. Sales of new loans, which provide an incentive for agencies to improve loan origination and documentation, and assist in determining the subsidies inherent in Federal credit programs, are estimated to yield $0.7 billion in 1990. In addition, the budget includes $1.7 billion from the 1990 sale of loan assets for programs that are proposed to be terminated.

The administration continues to promote the sale of real assets. It again proposes that the Federal Government sell the two oil

ASSET SALES

(In billions of dollars)

	1990	1991	1992	1993	1994
Savings from loan asset sales:					
Rural housing insurance fund	−1.7	−0.4	−0.4	−0.4	−0.4
REA prepayments	−0.5	−0.2	−0.2	.....	.....
Elderly and handicapped housing	−0.5	−0.6	−0.6	.....	.....
Other	−0.7	−0.2	−0.2	−0.2	−0.2
Asset sale offsets	.....	0.7	0.9	1.1	1.1
Subtotal, loan asset sales	−3.4	−0.8	−0.6	0.5	0.5
Savings from real asset sales:					
Naval Petroleum Reserve	−1.0	.....	.....	.....	.....
Power marketing adminstrations	−1.3	−1.5	−1.2	−1.0	−1.0
Other	−0.1	−0.2	−0.2	−0.2	−0.2
Asset sale offsets	.....	0.6	0.5	0.5	0.5
Subtotal, real asset sales	−2.4	−1.1	−0.8	−0.6	−0.6
Total, asset sales savings	−5.9	−1.9	−1.4	−0.1	−0.1

fields it operates—Elk Hills, California and Teapot Dome, Wyoming. Running an oil field is a business, not a Government activity. In addition to an estimated $1.0 billion in revenues from the sale, the buyer of the fields would be required to provide oil to the strategic petroleum reserve in order to accelerate the fill rate to 75,000 barrels per day for 1990 through 1994.

The administration is also reproposing the sale, by the end of 1990, of the Alaska Power Administration (APA), which supplies electricity in the Anchorage and Juneau areas. State and local groups in Alaska have offered to buy APA's two hydropower projects. The administration believes that the divestiture of APA would make operation of these systems more responsive to local and customer needs, without significant increases in power rates. The budget also proposes sale of the Southeastern Power Marketing Administration in 1990, as well as the sale of selected assets of the other power marketing administrations in 1991 through 1994.

Other real assets proposed for sale are helium-processing operations of the Bureau of Mines and additional surplus property held by the General Services Administration.

User fees.—The Federal Government provides numerous services that directly benefit clearly-identifiable, narrow groups of business and private users. Because these services evolved over time, the Federal agencies providing them recover widely varying proportions of their costs through fees levied on the users. User fee financing has several important advantages over general fund financing. It is more equitable for those receiving benefits to pay for them. Also, it is more efficient for these types of Government services to be allocated to those willing to pay for them. User fees

for Government services also allow the private sector to compete more effectively to provide such services. The budget proposes establishing or increasing a variety of fees that in total will reduce the deficit by $1.0 billion in 1990 and $8.2 billion for 1990 through 1994. The fees include:

Credit fees.—The administration proposes increasing loan origination fees for a variety of Federal credit programs. The proposed increases would bring Federal credit terms more in line with private sector alternatives. Fees for some Government-sponsored enterprises are also proposed. These enterprises would help pay for the benefits they receive through lower interest costs due to their association with the Government.

USER FEES AND OTHER REVENUE INITIATIVES

(In billions of dollars)

	1990	1991	1992	1993	1994
Savings from user fees:					
Credit fees	−0.6	−0.9	−1.2	−1.5	−1.8
Coast Guard	−0.2	−0.2	−0.2	−0.2	−0.2
FDA fees	−0.1	−0.1	−0.1	−0.1	−0.1
Other	−0.2	−0.2	−0.2	−0.2	−0.2
Subtotal, savings from user fees	−1.0	−1.3	−1.7	−2.0	−2.2
Savings from other revenues:					
Customs fees: [1]					
Offsetting collections	0.8	0.9	0.9	1.0	1.1
Governmental receipts	−0.6	−0.8	−0.8	−0.9	−0.9
Offsetting collections:					
FCC competitive bidding	−2.3	−1.1			
CFC production rights	−0.4	−1.4	−0.6	−0.6	−1.0
Arctic National Wildlife Refuge	−2.1	−*	−*	−1.3	−*
OCS receipts	−0.5				
Governmental receipts:					
HI coverage of State & local employees [2]	−1.8	−1.9	−1.9	−1.9	−1.9
R&E revisions	2.1	1.4	1.8	2.0	2.3
Airport and airway trigger repeal [2]	−0.9	−1.6	−1.7	−1.8	−1.9
IRS enforcement initiative	−0.3	−0.6	−0.7	−0.7	−0.7
NRC fees	−0.3	−0.3	−0.3	−0.4	−0.4
Other	0.1	*	*	0.2	0.2
Subtotal, savings from other revenues	−6.2	−5.4	−3.2	−4.2	−3.1
Total, revenue initiatives	−7.3	−6.7	−4.9	−6.2	−5.3

* $50 million or less.
[1] Part of the customs fee proposal involves repeal of a provision that requires OMB to account for the existing customs user fee as an offsetting collection. Under the proposal, the fees would be classified as governmental receipts consistent with budget principles.
[2] Net of income tax offsets.
NOTE: Increases in receipts are shown as negatives since they reduce the deficit.

Coast Guard.—A fee on recreational boaters who use the navigable waters of the United States is proposed. This largely high-income group receives substantial benefits from Coast Guard activities. Commercial boaters would be assessed similar fees and major shipping companies would share licensing and inspection costs.

Food and Drug Administration (FDA).—The FDA protects consumers from unsafe and impure foods, unnecessary exposure to

radiation from household and medical devices, and unsafe or ineffective drugs, medical devices, and biological products. User fees totalling $0.1 billion are proposed to enhance these activities. The fees will benefit consumers and lessen the economic cost of FDA regulations by shortening the review time for drugs, medical devices, and consumer safety activities.

Other revenues.—Other revenue proposals include:

Customs Service.—The administration proposes reforms in the existing ad valorem fee charged by the Customs Service. The current fee is inconsistent with provisions of the General Agreement on Tariffs and Trade (GATT). Among other concerns, GATT has ruled that the ad valorem structure of the merchandise processing fee is not indicative of the cost of processing individual entries. The proposed reforms would enable Customs to collect user fees that conform to GATT requirements.

Competitive bidding of unassigned spectrum.—Beginning in 1990, the United States Government will use a competitive bidding process to issue licenses for the exclusive use of unassigned spectrum. The bids will reflect the economic value of the spectrum. The competitive bidding process, expected to be more efficient than current procedures, will raise an estimated $2.3 billion in 1990.

Charges for chlorofluorocarbon (CFC) production rights.—Because CFCs deplete the ozone layer, CFC production has been limited by international agreement, which will result in higher prices and potential windfall profits to CFC producers. Charging market value for these limited CFC production rights would eliminate this windfall and raise an estimated $0.4 billion in revenue in 1990.

Arctic National Wildlife Refuge (ANWR).—The budget includes receipts from ANWR oil and gas lease sales. The sales are expected to yield revenue of $2.1 billion in 1990 and $1.3 billion in 1993. Congressional authorization for the leases is needed soon in order to achieve ANRW's economic, energy-security, and deficit-reduction benefits in 1990.

Outer Continental Shelf (OCS) receipts.—The budget proposes to proceed in 1990 with four OCS lease sales currently or previously under one-year oil and gas leasing moratoria for certain areas. These sales are expected to generate $0.5 billion in 1990 receipts. The leasing moratoria are costly and counterproductive, and circumvent effective OCS resource management as set forth in the OCS Lands Act.

Extension of medicare hospital insurance (HI) coverage to all State and local government employees.—Because of eligibility through their spouse or short periods of work in covered employment, as many as three out of four State and local employees who are not contributors to the program 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 eliminate this drain on the medicare trust fund and make eligibility uniform.

Initiation of a permanent research and experimentation (R&E) tax credit and revision in R&E allocation rules.—To reduce taxpayers' uncertainty about future availability of incentives for research and experimentation, the administration proposes to establish a permanent R&E tax credit. The current law credit is scheduled to expire on December 31, 1989. In addition, the administration proposes allowing companies to allocate at least 67 percent of total R&E expenditure to domestic source income.

Repeal airport and airway tax trigger.—Under current law, airport and airway trust fund taxes will automatically decline by about 50 percent, beginning in calendar year 1990. The administration proposes repealing the tax trigger so that the taxes would remain at their current rates. This will avoid a loss of $1.2 billion in 1990 aviation tax revenues. These revenues will be needed in future years to support improvements to the national aviation system.

Internal Revenue Service (IRS) enforcement initiative.—To reduce the gap between taxes owed and taxes voluntarily paid, the administration proposes to increase IRS funding for tax law enforcement. This high yield initiative is designed to ensure that taxpayers are correctly reporting income and to improve collections from past due amounts.

Nuclear Regulatory Commission (NRC) fees.—The administration proposes funding 100 percent of the expenses of the NRC through user fees. Under current law, NRC fees would decrease from 45 percent of expenses in 1989 to 33 percent in 1990. The administration believes that the industry that benefits from these services should pay for them.

CREDIT REFORM INITIATIVE

The administration proposes changing the way Federal credit programs are treated in the budget. The proposal would charge the true economic cost of credit—the present value of the subsidy—to any agency making or guaranteeing loans. This proposal would be a significant improvement over current practice. It would:

- put the cost of credit programs on an expenditure basis equivalent to other Federal spending;
- improve the allocation of resources among credit programs and between credit and other spending;
- measure accurately and equitably the benefits of Federal credit programs; and
- encourage delivery of benefits in the form most appropriate to the needs of beneficiaries.

The administration's proposed legislation makes a major change in accounting for direct and guaranteed loans. For direct loans, agency accounts would reflect only subsidy amounts provided by the loans, while the balance of the loan would be reflected in the central direct loan fund; currently, net flows from direct loans (disbursements minus repayments) are shown in the agency accounts. For guaranteed loans, agency accounts after implementation would reflect the subsidy provided by the loans; currently, only defaults and receipts of fees associated with guarantees are reflected in agency accounts.

The credit reform proposal does not affect the deficit. Estimates for individual credit accounts reflect the new accounting structure. However, all outlay effects of the proposal within the credit accounts are exactly offset in financing accounts. The credit reform proposal does require an additional $10.9 billion in budget authority in 1990 over what would be required under the current accounting treatment.

PRIVATIZATION INITIATIVES

Privatization is an important management tool to raise productivity, cut costs and improve the quality of Government services. Privatization, defined as the transfer of Government services, assets and/or enterprises to private sector providers, replaces monopolies with competition, thereby allowing the competitive pressures of the marketplace to encourage efficiency, quality, and innovation in the delivery of goods and services within the Government. Privatization does not imply abrogation of Government responsibility for any of these services. Rather, it recognizes what matters most is the service provided, not who provides it.

In order for Government departments and agencies to take full advantage of the potential savings opportunities afforded by privatization, the administration has developed the following initiatives designed to realize immediate cost efficiencies as well as long-term fiscal savings.

Competition for Federal Services.—Reducing expenditures and improving quality of service is a top priority of the administration. An important method of achieving this is to inject the incentives of marketplace competition into the public sector. At the Federal level this competitive process is embodied in OMB Circular A-76, which requires the Government to rely on the private sector for the provision of commercially available goods and services. The Circular provides for precise, measurable standards to determine whether the private sector or the Government is best able to meet Federal needs in the most cost effective manner. The administration proposes a series of revisions to the Circular to make greater

use of competitive pressures within the Government framework. These revisions should lead to further improvements in productivity and more contracting with private sector providers.

Specific areas where the Government could place greater reliance on private sector providers include arbitration and legal services, postal delivery, map-making activities, specialized weather services, mass transit, financial services, prisons, prison hospital operations, U.S. and Foreign Commercial Service domestic services, and aircraft services.

Meeting Infrastructure Needs.—Despite significant Federal support, our Nation's public infrastructure (highways, bridges, airports, and harbors) needs improvement. The private sector represents an untapped source of capital resources and management expertise of the magnitude needed to meet these infrastructure needs. The administration proposes a series of initiatives that further the role of the private sector in these areas. In addition to these areas, a major part of the national communications infrastructure is the United States Postal Service, which has increased rates while service has declined. Comprehensive competitive reform of the Postal Service is a top priority of the privatization agenda.

Continuing Initiatives.—The administration continues to support privatization proposals in previous budgets. These include pilot projects on allowing conservation and other groups to manage public lands, customs audit and inspection, and prison construction; privatizing the railroad retirement system; and evaluating options for the eventual transfer of the Transportation Systems Center to the private sector. Finally, the administration continues to support establishing a Government corporation for uranium enrichment as a first step toward privatizing this commercial activity.

OTHER MANAGEMENT INITIATIVES

Improved management of the Federal Government has been a high priority of this administration. The administration has successfully mobilized the extensive resources of the Federal Government to pursue its management improvement agenda.

The cornerstone of the administration's management improvement effort has been Reform '88. This program offered five strategies for achieving better Government through better management. The first strategy was to eliminate the Federal Government role in activities not properly Federal responsibilities. In the process, the administration eliminated excessive and overlapping Federal regulations on State and local Governments, and reduced paperwork burdens on the public. Activities more appropriately State or local government responsibilities were returned to those entities or ter-

minated, and enterprises that should have remained in the private sector, like Conrail, were sold to private bidders.

The second strategy was to make full use of Inspectors General and build on their significant record of accomplishment. This included launching an all-out campaign against fraud, waste, and abuse. There have been over 27,000 successful prosecutions, and almost 11,000 suspensions and debarments since 1981. Internal controls were made a part of every agency's management program and Inspectors General were added in agencies where they did not exist. In addition, the President's Council on Integrity and Efficiency was created to coordinate the activities of agency Inspectors General.

The third strategy was to improve individual agency operations through intensive management reviews and effective corrective actions. This strategy involved making formal management reviews an inherent part of the annual budget review process and implementing recommendations of the President's Private Sector Survey on Cost Control (the Grace Commission).

The fourth strategy was to put in place Government-wide management systems. Modern financial systems based on common standards are being put in place by every executive branch agency. All phases of loan programs are being coordinated between agencies. In addition, methods of handling cash receipts and disbursements have been improved vastly. New technology is being applied to bring Government services into line with the private sector.

The fifth strategy was to improve the timeliness, quality, and efficiency of Government services. Improvements in those programs with which the average taxpayer would have the most contact, including passport applications, income tax processing, and social security benefits and payments have been realized. As the strategy continues, all Federal programs will be subject to intense quality improvement scrutiny.

CONCLUSION

In summary, the proposals put forth in this budget represent a comprehensive program for reducing Federal spending that will enable the Gramm-Rudman-Hollings deficit target for 1990 to be met without an increase in taxes. It contains no cuts in social security and preserves benefits for the truly needy. It provides for strong national defense and high-priority non-defense initiatives while eliminating programs that are ineffective or inappropriate to the Federal Government.

PART 3

THE ECONOMY AND THE BUDGET

3-1

THE ECONOMY AND THE BUDGET

This part of the budget discusses the outlook for the economy and the administration's economic assumptions. The first section reviews economic developments in the 1980's.

This is followed by a discussion of the economic outlook for 1989 and beyond, including the presentation of the budget's economic assumptions for calendar years 1989 through 1994, and an analysis of the budget's effect on international competitiveness, as required by the Omnibus Trade and Competitiveness Act of 1988.

The next section reviews the administration's forecasting record. Administration forecasts are compared with those of the Congressional Budget Office (CBO) and the Blue Chip forecast, a consensus of about 50 private forecasts. The last section reports on the sensitivity of the budget to changes in economic assumptions.

THE ECONOMY IN THE 1980's—RESTORING STABILITY

Six years into the longest recorded peacetime expansion in the history of the United States, it is difficult to recall how troubling the future seemed when President Reagan took office. Inflation and high taxes were the main problems. The Government seemed to have lost control of the price level. Inflation had pushed American families into higher and higher tax brackets. The expectation of further inflation had driven interest rates to unprecedented levels. A massive shift from financial assets to real assets was underway as people sought to shelter their wealth. This held down the prices of stocks and bonds, while driving up the prices of precious metals, farmland, real estate, and collectibles. The excessively high rates of taxation, by reducing incentives to invest, had brought productivity and economic growth to a standstill by the end of the decade.

At the end of 1988, the economic situation is vastly improved. The inflation rate has been cut by two-thirds. Marginal tax rates have been reduced for the typical American family by more than one-third. As a result, real GNP has increased by 27 percent in this recovery, an annual average growth of 4.1 percent per year. Almost 19 million more Americans have jobs, and the unemployment rate has been cut nearly in half.

The economic policies and political theories that were dubbed "Reaganomics" in the late 1970's have been put to an eight-year test. The results are in. The test was eminently successful. The

Nation's economy is far stronger than it was eight years ago, and is poised for continued noninflationary growth.

Controlling inflation.—No action by this administration was more important in restoring economic stability than the decision to support the Federal Reserve in bringing the rate of inflation under control. Controlling inflation was a prerequisite for the administration's other policies. Had the inflation rate not been brought down and stabilized, the recovery of the last six years would have been impossible.

In 1980, the inflation rate increased to over 12 percent, the most rapid inflation since wage and price controls were lifted at the end of World War II. But that proved to be the high point. In two years, inflation was cut by two-thirds to just under 4 percent, and, more importantly, the fear that nothing could be done to restrain inflation was dispelled.

Since that time, the inflation rate has been kept in check, averaging under 4 percent per year. Wringing double-digit inflation out of the economy, while vital to restoring our long-term economic growth trend, was not achieved without its own short-run cost. It resulted in a painful adjustment that contributed to the 1981–1982 recession.

Restoring economic growth.—The 1981–82 recession came as a surprise to almost all forecasters. They failed to anticipate how brief the upturn from the 1980 recession would be. That recovery was the shortest since 1920, lasting only one year. In hindsight, the 1980 and 1981–82 recessions look like two phases of a single interrupted recession, but that pattern was not widely expected in early 1981. Most forecasters assumed that the 1980 recession would eventually be followed by a normal business cycle rebound, perhaps following a few more quarters of sluggish growth in 1981. The administration, for example, in its initial budget projections issued in February 1981, actually underpredicted growth for 1981 because it assumed that the economy would remain in the doldrums for much of the year. A normal business recovery was then expected to get underway in 1982. The mistake in the forecast was not that it overestimated how fast the economy could grow once a rapid economic recovery began, but that it missed the start of the recovery by over a year.

The administration assumed that, starting in the fourth quarter of 1981, real GNP would grow at an average annual rate of 4.5 percent for the next five years. In fact, real GNP grew at an average annual rate of 4.4 percent over the first five years of the recovery. The faster growth, however, did not begin until 1983, more than a year after the administration had expected. (More

information about the administration's forecasting record is presented later in this part of the budget.)

Once the economy began to recover, it soared. The early quarters of the recovery saw one of the strongest rebounds from a business recession ever recorded. In the year and a half following the trough of the recession, real GNP grew at an average annual rate of 7 percent. Employment rose by more than 6.5 million, and the total unemployment rate plunged from 10.7 percent, at its high point in December 1982, to 7.1 percent in June 1984. Real disposable income per person climbed at an average annual rate of 4.3 percent. Business fixed investment, measured in constant dollars, surged ahead at a 12.8 percent annual rate. Labor productivity in the nonfarm business sector finally surpassed its previous peak, reached in 1978, and then bounded forward.

To some observers, this was merely a normal cyclical reaction in view of the severity of the economic downturn in 1980–1982. But equally important were administration policies designed to promote efficiency and a higher pace of economic activity: the individual income tax rate reductions passed in 1981, which only became fully effective in 1983; other provisions of the 1981 tax law that reduced the after-tax cost of capital; and deregulation that opened markets and reduced prices, benefiting consumers while reducing costs for business.

In the second half of 1984, economic growth continued but at a slower pace. For the next two years, the economy continued to expand and millions of new jobs were created, but the average rate of growth was only 2.7 percent, which was not fast enough to cut into the unemployment rate. This slower pace of economic activity was both inevitable and could be considered desirable following the rapid initial rebound from the recession. While the rate of economic growth in 1983–1984 was not sustainable, the slowdown in 1985–1986 was greater than expected and one of the main reasons was the deterioration in the U.S. trade balance. Stagnation in the real volume of U.S. exports and the rapid increase in the volume of imports contributed to a pause in the growth of industrial production.

Trade deficit.—U.S. trade problems in this decade have prompted a flood of analysis, much of it arguing that the trade deficit is a sign of American weakness—of America's decline as an economic power. In a narrow sense, U.S. price competitiveness certainly did deteriorate in the early 1980's. The rise in the exchange rate of the dollar drove down the dollar price that farmers received for their crops, and U.S. manufacturers found that their international competitors could undersell them. These changes made it far more difficult for them to compete in world markets. But it is only partly correct to equate the rise in the dollar with U.S. weakness. If

foreign investors had shared that view, the dollar would never have risen in the first place.

The dollar rose for many reasons and, even now, it is not possible to quantify the factors that were most important. The high real interest rates in the U.S. relative to those abroad encouraged the inflow of foreign capital in search of the highest rate of return. The U.S. recovery itself, which began earlier and was more robust than the corresponding upturn overseas, was a factor. The political stability and security of the U.S. was also a contributing factor, especially in the early part of the decade when worldwide recession and debt problems raised the risk of investment in many other countries.

The trade deficit can be explained in part by the dollar appreciation. Another factor was the more rapid recovery in the United States in 1983–84 relative to that abroad. Still another was the financial distress of some of the less developed countries. This cut into U.S. exports as those countries sought to reduce their imports. The trade deficit was not due to a decline in America's ability to produce high-quality products.

Since 1985, the dollar has retreated. Currently, the trade-weighted exchange rate is only slightly higher than it was in the late 1970's. In these years, as the dollar has reversed direction, U.S. competitiveness has returned in many industries and U.S. exports have risen sharply. Foreign exports to the U.S. remain high, but the trade balance has begun to turn around.

Indeed, in the last two years, the economic recovery that began in 1982 has entered a new phase. Growth has picked up, unemployment has fallen, and productivity and investment are rising more rapidly again. The expansion has become more balanced as the manufacturing sector has responded favorably to the surge in U.S. exports and the farm sector has recovered from its earlier extremely depressed level. This, along with the continuation of moderate rates of inflation, provides a strong foundation for further growth in the years ahead.

ECONOMIC DEVELOPMENTS IN 1987–1988 AND THE OUTLOOK FOR 1989–1994

Recent Developments.—The economic resurgence of the last two years can be traced partly to the turnaround in the foreign sector of the economy. Measured in volume terms, U.S. net exports reached a low point in the third quarter of 1986. Since then, they have increased by $58 billion (in 1982 prices). Over this period, real GNP has grown at an average annual rate of 3.8 percent, while Americans' total real purchases were rising at only a 2.9 percent rate. The difference is accounted for by a declining trade deficit.

The recovery of net exports has reinvigorated the industrial sector of the economy. In the past two years, about 840,000 new manufacturing jobs have been created, and industrial production has risen at an average annual rate of 5.5 percent. The export boom has been accompanied by another strong increase in real business fixed investment, which expanded at a 7.8 percent annual rate between the third quarter of 1986 and the third quarter of 1988. Net business investment after adjustment for inflation rose even more sharply, at a 25 percent annual rate. Net investment, however, is still below its peak level reached earlier in the expansion, and below historical levels when measured as a share of total net output.

While industrial output has risen, the growth of consumer spending and government purchases has slowed down. Over the last eight quarters, real consumer spending has grown at an annual rate of just 2.5 percent, while real government purchases of goods and services have risen at just 0.4 percent a year. This is a sharp contrast with earlier in the expansion. From the trough of the recession until mid-1986, real consumer spending rose at an average annual rate of 4.8 percent, slightly outpacing the increase in real GNP. Real government purchases were up at an average annual rate of 4.1 percent.

Critics of the Reagan Administration have sometimes pointed with alarm to the rapid growth of consumer spending. They call it a consumption binge financed by borrowing from overseas, and note that such "overindulgence" cannot go on forever. They argue that, when the inevitable reduction in the trade deficit occurs, it will cut into the American standard of living. The critics, however, are only partly correct.

While the trade deficit in the mid-1980's was unsustainably high and a correction was unavoidable, the fact that is often overlooked is that the needed adjustment has already been taking place. It began over two years ago, when the volume of U.S. exports first began to increase more than the volume of U.S. imports.

The nominal balance of trade was slower to reverse direction because import prices rose sharply in 1986–87, reflecting the decline in the exchange value of the dollar. The rising prices pushed up the dollar value of imports even though the increase in the volume of imports was beginning to slow down. Finally, in 1988, the nominal trade deficit also fell sharply. The merchandise trade balance was running at an annual rate of $161 billion in the fourth quarter of 1987. By the third quarter of 1988, it had dropped to $118 billion, the lowest level since early 1985.

Further improvements in the trade balance are needed, but the progress already made is substantial and further improvements are likely. In this process, real GNP should continue to grow more

rapidly than real spending by consumers and Government. An actual decline in consumption is not needed to complete the adjustment, however, if the growth in government spending is also controlled. By holding the increase in government and consumer spending below the increase in real GNP, the resources needed to produce the extra exports will be released without requiring an actual drop in consumption.

The stock market crash.—As 1988 began, there were widespread fears that the economy was on the brink of a downturn. The single most important reason for this alarm was the steep decline in the stock market from August to October 1987, climaxed by the largest one-day drop in the market's history on October 19th. The stock market crash was frightening and brought pressure to bear on the Congress to negotiate a two-year Bipartisan Budget Agreement in late 1987.

The crash's effects on the economy, however, proved to be ephemeral. Economic growth did slow down somewhat in 1988 compared with 1987, and the unemployment rate stopped falling in the second half of the year, but that was all. Indeed, had it not been for the effects of the drought on farm output, total output growth for the year would have been up by an estimated 3.3 percent. As it was, real GNP rose at nearly a 3 percent rate through the first three quarters of the year, despite the drought.

The effects of the stock market crash would be expected to show up most clearly in consumer spending and business investment. Consumers normally reduce spending when their wealth drops, and businesses are inclined to reduce investment when their market value has fallen. Neither effect, however, was especially noticeable this time. The four quarters since the crash have been much like the four quarters that immediately preceded them. Consumer spending, for example, had already moderated. From the third quarter of 1986 through the third quarter of 1987, real consumer spending rose by 2.7 percent. Over the next four quarters, it grew only slightly less—2.3 percent. There was a sharp drop in purchases of consumer durables in the fourth quarter of 1987, but that was reversed over the next two quarters. Real business fixed investment continued to grow rapidly, rising 7.0 percent in the four quarters following the crash, only slightly less than the 8.7 percent pace over the previous four quarters. This modest deceleration may reflect the fall in the market, but it could equally well be accounted for by other factors: the rise in interest rates since the beginning of 1987 or the slower pace of overall economic growth in 1988.

The crash also seems to have had little effect on investors' views about the economy. Although well below the highs reached in the summer of 1987, market averages are higher now than they were

two years ago, and most of the one-day loss on October 19th has been recouped.

Monetary policy.—Following the crash, interest rates fell as the Federal Reserve acted promptly to maintain liquidity and bolster public confidence; until then, they had been gradually rising for most of the year. In 1988, interest rates, especially for short-term securities, began rising again, partly as a result of a tighter monetary policy. Broad monetary aggregates were growing at annual rates of 1 to 3 percent. This put them at the middle of the Federal Reserve's target ranges for the year, after being at the upper ends of their ranges earlier. The Federal funds rate reached 8¾ percent in December, compared to about 6½ percent in March.

This tightening of monetary policy was a response to the stronger-than-expected pace of economic activity following the stock market crash and the concern about the risk of inflation. Although short-term rates have risen sharply, long-term rates have remained quite stable. Since May, the yield on 10-year Treasury bonds has fluctuated in a narrow range around 9 percent, suggesting that the market has not changed its expectation of the inflation rate over the longer term.

Current economic conditions.—During 1988, prices overall rose at about the same rate as in 1987. The 12-month increase in the CPI for 1987 was 4.4 percent; the increase over the most recent 12-month period was 4.2 percent. The index rose more rapidly after mid-year, led by sharp increases in the price of food, a result of the drought. The underlying inflation rate excluding volatile food and energy prices shows a modest acceleration this year, rising from 4.2 percent in 1987 to 4.4 percent in the most recent 12-month period.

Unemployment continued to decline in 1988, following a sharp drop in 1987. The total unemployment rate fell one-half percentage point in the first half of 1988, reaching 5.2 percent in June, its lowest level since 1974. In the second half of the year, the unemployment rate fluctuated between 5.2 and 5.5 percent. The unemployment rate is now reaching levels that have not been seen since before the first oil price shock in the mid-1970's.

The demographic changes that reduced the average age of the working population and raised unemployment in the 1970's are now reversing themselves. The work force is becoming older and more experienced. That should lead to a slower rate of job turnover and lower unemployment. It should also manifest itself in higher productivity, permitting more rapid growth with less inflation. The current unemployment rate does not necessarily signal excess labor demand and, although wages are now rising somewhat more rapidly than they were earlier in the expansion, the average rate of

wage increase remains moderate. In the most recent 12-month period, the hourly earnings index was up less than 4 percent.

Thus, the main macroeconomic indicators show a picture of stability in 1988: robust growth, moderate inflation and low unemployment. The only major shock to the economy came not from the stock market, as feared at the beginning of the year, but instead from the weather. This year was one of the driest and hottest on record. The result of the bad weather was poor harvests, especially for corn and wheat. From the fourth quarter of 1987 to the third quarter of 1988, total farm output fell at a 26 percent annual rate. The full effect will not be seen until the fourth quarter figures are in, but the Commerce Department has already announced that real GNP for the year will be held down 0.7 percent because of the drought. There have also been sharp increases in food prices as a result of the poor harvests. This is already showing up in the food component of the CPI. Although the drought has had a drastic effect on the farm economy, much of its macroeconomic effect will be quickly reversed if the weather returns to normal this year. The budget assumes that this will happen.

Economic assumptions for 1989 and 1990.—If it were not for the effects of the drought, the assumptions would call for a slower growth rate of real GNP this year than in 1988. The assumed growth rate for 1989 is 3.5 percent but, without the expected rebound from the drought, it would be 2.8 percent measured on a fourth-quarter over fourth-quarter basis. The fourth-over-fourth quarter growth rate for 1988 would have been 0.7 percentage point higher, or 3.3 percent, had it not been for the drought-induced decline in farm output in the latter part of the year. Thus, adjusted for the drought, real economic growth is lower in 1989 than in 1988.

A slower rate of growth in nonfarm output may occur for several reasons. First, the rapid growth that resumed in late 1986 could be pushing the economy closer to its capacity limits. The economic assumptions underlying the budget last year projected a slowdown in the rate of growth in 1988, and a return to the long-term path in 1989. Because 1988 was stronger than expected, the 1989 growth rate could well be slower. The total growth rate over the two years is essentially unchanged from last year's assumptions. Second, monetary policy tightened somewhat last year, as reflected in a slower rate of money growth and higher short-term interest rates. This should reduce the rate of growth in dollar spending this year. Third, the effects of the sharp dollar depreciation of recent years have been largely realized so that slower growth of U.S. exports can be expected, although the rapid expansion of the world economy ought to prevent a major falloff. Japan's real GNP growth during the first three quarters of 1988 came in stronger than most

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1987	Forecast		
		1988	1989	1990
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	8.3	6.6	7.4	7.0
Constant (1982) dollars	5.0	2.6	3.5	3.4
GNP deflator (percent change, fourth quarter over fourth quarter)	3.1	3.9	3.7	3.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) [1]	4.6	4.2	3.6	3.5
Unemployment rate (percent, fourth quarter) [2]	5.8	5.3	5.2	5.1
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	4,527	4,857	5,211	5,570
Percent change, year over year	6.8	7.3	7.3	6.9
Constant (1982) dollars:				
Amount	3,847	3,994	4,123	4,254
Percent change, year over year	3.4	3.8	3.2	3.2
Incomes:				
Personal income	3,780	4,052	4,326	4,633
Wages and salaries	2,248	2,434	2,605	2,780
Corporate profits before tax	277	301	351	396
Price level:				
GNP deflator:				
Level (1982=100), annual average	117.7	121.6	126.4	130.9
Percent change, year over year	3.3	3.4	3.9	3.6
Consumer Price Index:				
Level (1982–84 = 100), annual average	112.5	116.9	121.4	126.0
Percent change, year over year	3.6	4.0	3.8	3.7
Unemployment rates:				
Total, annual average [2]	6.1	5.4	5.2	5.1
Insured, annual average [3]	2.4	2.1	2.0	1.9
Federal pay raises, January (percent):				
Military	3.0	2.0	4.1	3.6
Civilian	3.0	2.0	4.1	2.0
Interest rate, 91-day Treasury bills (percent) [4]	5.8	6.7	6.3	5.5
Interest rate, 10-year Treasury notes (percent)	8.4	8.9	8.3	7.2

[1] 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.
[2] Percent of total labor force, including armed forces residing in the U.S.
[3] Unemployment under State regular unemployment insurance as covered employment under the program; does not include recipients of extended benefits under the program.
[4] Average rate on new issues within period, on a bank discount basis.

analysts had predicted earlier in the year, and the pace of economic activity has also picked up in Germany.

A slower rate of economic growth (adjusted for the effects of the drought), together with the marked deceleration in the rate of growth of the money supply, suggest a moderation in the rate of inflation. The forecast assumes that the CPI will rise 3.7 percent this year on a fourth quarter-over-fourth quarter basis. The implicit price deflator for GNP is expected to rise by the same percentage. This represents a modest slowdown in the CPI of about one-

half percentage point. For the deflator, there is only a marginal decline from its 1988 rate of increase.

Continued weakness in oil prices should also contribute to moderating the rate of inflation. As the budget assumptions were being drawn up, the oil market was in disarray. OPEC production has recently been about 23 million barrels per day (mb/d), or about 5 mb/d greater than current demand. This excess supply has pushed world oil prices down to levels not seen since 1986. Even though oil prices recovered in late November, in the aftermath of OPEC's most recent agreement on production quotas, crude oil prices should remain weak for the foreseeable future. Few analysts believe the cartel has succeeded in permanently reversing the fundamental supply imbalance that has caused the downward pressure on oil prices. In any case, the fall in crude oil prices over the last few months should translate into falling prices for petroleum products in the first half of 1989. This will lower the rate of increase in the overall price level. The effect on the CPI should be greater than on the implicit price deflator because of the greater weight of energy components in the CPI.

A lower inflation rate and slower economic growth (adjusted for the effects of the drought) should also lead to some decline in nominal interest rates this year. The economic assumptions call for declines in both short-term and long-term rates, with short-term rates expected to fall somewhat more from current levels. The unemployment rate is not expected to decline much further this year. Indeed, the total unemployment rate is expected to average 5.3 percent, which is the level it reached last November.

Taken altogether, then, the forecast for 1989 calls for continued expansion, but at a slower pace than in 1988 allowing for the effects of the drought. The slower growth should be accompanied by moderating interest rates and inflation, and a stable rate of unemployment.

The forecast for 1990 shows a pickup in the rate of economic growth. Some of the special factors that are likely to restrain economic growth this year (after adjusting for the drought) are not expected to last into next year. The growth rate forecast for 1990 is 3.4 percent on a fourth quarter-over-fourth quarter basis. This is about the same as it would have been in 1988 had it not been for the drought, and is actually lower than the average growth rate over the period since the real trade deficit began to improve. Further improvement in the trade deficit is expected to propel economic growth in 1990. Further reductions in inflation and interest rates are also projected for 1990, along with a marginal decline in the unemployment rate.

IMPACT OF THE BUDGET ON U.S. INTERNATIONAL COMPETITIVENESS

The Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418) requires that the Office of Management and Budget, after consultation with the Chairman of the Council of Economic Advisers, prepare an analysis of the budget's impact on the international competitiveness of U.S. business and the U.S. balance of payments position.

The Act requires several forecasts for fiscal year 1990, including the amount of borrowing by the Government in private credit markets. Government borrowing from the public is discussed in detail in *Special Analysis E*, and is estimated to be $125.6 billion under the current services baseline and $91.2 billion with the President's proposed budget. This compares to actual borrowing of $162.1 billion in fiscal year 1988.

The Act also requires forecasts of several other variables related to saving, investment, and trade. They include net private domestic investment, net domestic saving by major sector, net foreign investment, the merchandise trade balance, and the current account balance. A range of estimates for these variables is shown below, based on the projected values of GNP, unemployment, and the other economic assumptions, including underlying saving-investment relationships.

PROJECTIONS OF SAVING, INVESTMENT, AND TRADE

(Fiscal years, in billions of dollars)

	1988 actual	1990 estimates
Net domestic saving (excluding Federal saving) [1]	276	285 to 315
Net private domestic investment	265	300 to 330
Net foreign investment	−142	−120 to −90
Merchandise trade balance	−136	−100 to −70
Current account balance	−135	−120 to −90

[1] 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 balance.

The projected narrowing of the merchandise trade deficit reflects the improved competitive position of U.S producers in foreign and domestic markets. The gains expected through 1990 are a continuation of the trend of the past few years when the foreign sector made significant contributions to real GNP growth. The current account deficit is projected to be larger than the trade account's because the current account includes net investment income. The latter will decline as a consequence of the need to service our growing international debt.

The Act also requires an estimate of the influence of the Government's borrowing on private credit markets, on U.S. interest rates, and on the real effective exchange rate of the dollar. Projections for interest rates are presented above. Interest rates, however,

depend on many factors besides Government borrowing. They are determined through the complicated interaction of Government policy with the private demand for and supply of credit. The projected decline in interest rates is consistent with the reduction in Government borrowing that would be achieved by adopting the administration's policy proposals, and also with the Federal Reserve's commitment to achieve a gradual reduction in the rate of inflation.

Federal borrowing is just one of many influences on exchange rates, and most experts agree that no consistent relationship can be observed in recent data. The wide swings in the dollar so far in this decade are not yet fully understood. Exchange rates are affected not only by the variables displayed above, but also by public perceptions of future monetary and fiscal policy and the policies and performance of our trading partners. While the administration's proposals in this budget are not projected to exert a substantial independent influence on exchange rates, exchange market stability should be enhanced as the deficit reductions proposed in this budget are achieved and the Federal Government comes closer to budget balance.

LONG-RUN ECONOMIC ASSUMPTIONS

The economic assumptions shown here for 1991–1994 are not an economic forecast in the usual sense. They presume that the policy proposals in this budget are all adopted. That means, specifically, an assumption that the budget deficit will be eliminated by 1993. Moreover, the Federal Reserve is assumed to persist in its announced policy of eliminating inflation through a gradual program of monetary restraint. Further restraint will curb inflation, while the gradualness of the policy should allow the economy time to adapt without slowing real economic growth.

If the budget is balanced within four years, and if inflation is reduced to the levels assumed here, a modest improvement in productivity growth is likely. Such an improvement would permit the economy to achieve the average growth rate of 3.2 percent assumed for 1991–1994.

The rate of economic growth can be divided into two parts: the expected increase in the hours worked by the employed labor force and the projected rate of increase in those workers' productivity. The sum of these two components equals the overall growth rate.

Hours worked.—Most forecasters assume that total hours worked will rise at an average rate between 1.0 and 1.5 percent a year in the 1990's, based on population projections and reasonable estimates of labor force participation and rates of unemployment. Hours could rise faster than this if, for example, the women's labor

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

Item	Assumptions			
	1991	1992	1993	1994
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	6.4	5.8	5.3	4.7
Constant (1982) dollars	3.3	3.2	3.2	3.2
GNP deflator (percent change, fourth quarter over fourth quarter)	3.0	2.5	2.0	1.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) [1]	3.0	2.5	2.0	1.5
Unemployment rate (percent, fourth quarter) [2]	5.0	5.0	5.0	5.0
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	5,939	6,296	6,640	6,968
Percent change, year over year	6.6	6.0	5.5	4.9
Constant (1982) dollars:				
Amount	4,396	4,539	4,684	4,834
Percent change, year over year	3.3	3.2	3.2	3.2
Incomes:				
Personal income	4,924	5,202	5,461	5,719
Wages and salaries	2,969	3,159	3,342	3,515
Corporate profits before tax	442	475	498	522
Price level:				
GNP deflator:				
Level (1982=100), annual average	135.1	138.7	141.8	144.2
Percent change, year over year	3.2	2.7	2.2	1.7
Consumer Price Index: [1]				
Level (1982–84 = 100), annual average	130.0	133.5	136.4	138.7
Percent change, year over year	3.2	2.7	2.2	1.7
Unemployment rates:				
Total, annual average [2]	5.0	5.0	5.0	5.0
Insured, annual average [3]	1.8	1.8	1.8	1.8
Federal pay raises, January (percent):				
Military	3.2	3.0	3.0	3.0
Civilian	3.0	2.8	2.3	1.8
Interest rate, 91-day Treasury bills (percent) [4]	4.5	4.0	3.5	3.0
Interest rate, 10-year Treasury notes (percent)	6.0	5.0	4.5	4.0

[1] 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.
[2] Percent of total labor force, including armed forces residing in the U.S.
[3] Unemployment under State regular unemployment insurance as a percentage of a percentage of covered employment under that program; does not include recipients of extended benefits under that program.
[4] 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.

force participation rate continues to rise rapidly, or they could rise more slowly if women's labor force participation stabilizes near current levels. Other factors, such as a change in the gradual trend toward fewer hours worked per employee or a shift in men's labor force participation, would also affect the outcome. The risk of a major departure from the consensus estimate, however, is probably less for this component of growth than for its counterpart, the expected rate of change in productivity.

Productivity.—The behavior of productivity growth over the last fifteen years is something of a mystery. Productivity growth slowed sharply following the first oil price shock in 1973 and, for the rest of the decade, the rate of improvement in output per hour in the nonfarm business sector averaged only one-half percent a year. By contrast, in the 25-year period prior to 1973, output per hour of nonfarm workers rose at an average rate of 2.5 percent a year. Since the last normal business cycle peak in the first quarter of 1980, productivity growth has picked up. In the nonfarm sector, productivity has risen at an average rate of 1.3 percent, and in manufacturing it has fully recovered from the 1970's slowdown; it has been rising faster in the 1980's than at any other time in the postwar period. But manufacturing accounts for only about a quarter of total output in the nonfarm economy, and other industries have not matched its extraordinary productivity performance. Consequently, broader measures of productivity still show a subpar performance relative to the earlier postwar period.

The economic assumptions project a return to rates of productivity growth that are closer to those that prevailed prior to 1973. Such an improvement is possible if the policy proposals in this budget are adopted. In that case, the deficit will be eliminated and more resources will be available for capital formation. Price stability is also important if higher productivity growth is to be achieved. Inflation lowers productivity through many subtle channels by distorting price signals and diverting management attention. A higher rate of capital formation and lower inflation should raise the productivity growth rate noticeably.

Continued macroeconomic stability should also be conducive to higher rates of productivity growth. The current expansion has lasted six years. It is the longest peacetime expansion in the Nation's history, but just because it has lasted a long time does not mean that it is about to end soon. Economic expansions do not have a predetermined lifespan. In the post-World War II period, expansions have varied greatly in length. The 1960's expansion lasted almost nine years, while the brief 1980–81 expansion lasted only a single year.

An expansion can continue indefinitely if the economy is not shocked by disturbances that threaten growth. Oil prices, for example, are currently falling, and they are likely to remain subdued for some time to come. If so, this would eliminate a major source of potential disturbances, one that helped to bring on two recessions in the 1970's. A stable U.S. dollar and a steadily improving trade deficit would remove another potential source of economic disturbances. Other shocks are possible, of course, such as last year's harsh weather conditions, and disturbances of some type are inevitable in a dynamic economy. But, with macroeconomic policy

geared to long-run stability rather than short-run demand management, the prospects for continued economic growth are excellent. In this environment, long-range plans that boost productivity will be more attractive.

Over most of the past century, the rate of growth of productivity has averaged about 2 percent a year. That rate is achievable again with appropriate government policies. If it is achieved and if inflation is kept under control and reduced, the long-run growth assumptions in this budget should be realized.

Inflation and interest rates.—The budget assumptions also call for a decline in nominal interest rates. In 1994, the 91-day Treasury-bill rate is projected to reach 3 percent, and the 10-year Treasury bond rate is assumed to fall to 4 percent. These rates would be lower than at any time since the early 1960's. These low nominal rates are a direct consequence of the administration's policy objectives with respect to inflation. Inflation is assumed to reach the lowest rate on a sustained basis since the early 1960's. A return to price level stability would certainly mean a return to lower nominal interest rates. Moreover, these changes would go a long way toward eliminating the risk premium that is incorporated in current interest rates, thus reducing real rates as well. The real interest rates assumed in the budget are only moderately below current levels. If the deficit is eliminated, as projected here, and if inflation declines below 4 percent, lower real interest rates are probable.

THE ADMINISTRATION'S FORECASTING RECORD

From the beginning, the administration has believed that appropriate policies could bring inflation under control, place interest rates and unemployment on a downward path, and raise the economy's rate of real economic growth. These beliefs have been reflected in every set of economic projections made by the administration—from the first set, released in February 1981, to those in this budget.

Economic performance during the past eight years has largely vindicated the administration's vision. Despite this, however, there is a widespread, but mistaken, view that its economic forecasts have been wildly inaccurate because of excessive optimism. Economic forecasting is more art than science, and it is true that the administration has made some large forecasting errors. But critics typically forget that mistakes are common in economic forecasting, and large mistakes are not infrequent. They also overlook the fact that not all of these mistakes were on the optimistic side; some forecasts proved to be too pessimistic.

The record shows that the administration's near-term forecasts have been about as accurate as those prepared by the Congressional Budget Office (CBO), or by the private sector, as represented by the Blue Chip consensus, an average of approximately 50 private forecasts. The record also shows that the administration has not been biased toward optimism or pessimism.

The comparisons of forecasting accuracy in this section are based entirely on the administration's near-term economic forecasts presented in each budget and the comparable forecasts made by CBO and the Blue Chip panel at about the same time. The comparisons are for only two years into the future. This includes the calendar year just begun when the forecast is published and the following calendar year, which overlaps the budget year.

Comparisons of longer term forecasts are not appropriate. The administration's outyear projections differ conceptually from those of other forecasters. They are based on the assumption that all of the administration's policies will be implemented and that steady progress is made toward achieving its macroeconomic policy objectives. Private forecasters and CBO do not make the same policy assumptions in preparing their long-term projections. They typically rely much more heavily on projections of existing trends.

The near-term forecasts are also affected by the difference in policy assumptions, but the consequences are much less significant because, in the near-term, the economic outlook is most strongly influenced by the existing state of the economy and previous policy actions that cannot now be modified. Although the predictions made by all forecasts share these common background conditions their interpretations of where the economy is headed differ significantly. However, differences in policies, as such, do not decide the outcome. Only over a longer forecast horizon do differences in policy assumptions come to dominate the forecast results. Therefore, while it is meaningful to compare the administration's near-term forecasting record with that of other forecasters, it is not meaningful to compare its long-term economic projections with forecasts that do not share its policy assumptions.

There are different ways to measure forecast accuracy. One common procedure is to compute the differences between the forecast and the actual outcome irrespective of the sign. On this method, an error of -1 and an error of $+1$ are both counted as an error of $+1$, so that the average of these two errors would be 1, rather than 0. Calculating the mean absolute errors in this way shows how close a forecast comes, on average, to the actual outcome, because large errors of opposite sign do not cancel each other out. But this method does not reveal the forecast's bias, if any. To assess bias, it is necessary to take account of the direction of the forecast errors. For this purpose, the errors should be averaged

with regard for signs so that offsetting errors cancel each other out. Both methods are used to measure forecast errors by the administration, CBO, and Blue Chip in the accompanying table. The table shows the most important economic variables for projecting the budget: GNP, inflation, interest rates and unemployment.

FORECASTING RECORD, CALENDAR YEARS 1981–1988*

(Forecast minus actual, in percentage points)

	Nominal GNP	Real GNP	GNP deflator	91-Day Treasury Bill Rate	Civilian unemployment rate
MEAN ABSOLUTE ERRORS					
Current year:					
Administration	1.3	1.2	0.7	1.2	0.5
CBO	1.2	1.1	0.6	0.9	0.5
Blue Chip	1.4	1.2	0.7	0.9	0.5
One year ahead:					
Administration	3.1	2.0	1.4	1.3	1.2
CBO	2.9	1.5	1.8	2.2	1.1
Blue Chip	2.8	1.5	2.0	1.6	1.3
MEAN ERRORS					
Current year:					
Administration	0.5	−0.2	0.7	−0.4	0.2
CBO	0.3	−0.3	0.6	−0.2	0.2
Blue Chip	0.3	−0.4	0.7	−0.4	0.2
One year ahead:					
Administration	2.6	1.1	1.4	0.0	0.0
CBO	2.4	0.6	1.8	1.3	0.0
Blue Chip	2.6	0.4	2.0	0.9	0.1

* For the final quarter of 1988, which was not known at the time of these calculations, the actual outcome was assumed to be the December 1988 Blue Chip consensus forecast. For nominal GNP, real GNP, and inflation, the actual growth rate was measured as a percentage and subtracted from the forecast growth. The errors in interest rates and unemployment are computed by subtracting the actual level, measured as a percentage from the forecast values. Administration forecasts are from the Budgets for fiscal years 1983 through 1989 and from the fiscal year 1982 Budget revisions.

Two striking conclusions emerge from the error record for the current year. First, the errors are remarkably close across forecasters. The mean absolute errors, which provide the best measure of forecast accuracy, and the mean errors, which reveal bias, are nearly the same for all variables. Even the widest difference, the 0.3 percentage point difference in the mean absolute error between the administration's interest rate forecast and the other two, is quite small compared with the average Treasury-bill rate of 8.6 percent during these eight years.

Second, contrary to the conventional view, there is no evidence of an optimistic bias in the administration's current year forecasts. In fact, the forecasts for real growth were too pessimistic, underestimating it by 0.2 percentage point per year on average. The administration was also too pessimistic concerning the rate of inflation, overestimating it by 0.7 percentage point on average. Inflation actually declined much faster in the 1980's than was anticipated in the budget. Also, the administration tended to overestimate the

unemployment rate slightly. The only consistently optimistic forecast made by the administration was for interest rates, which were higher than forecast. Taken together, the administration's forecasts for all the variables do not display a consistent pattern of bias.

Exactly the same conclusions can be drawn about CBO and Blue Chip. They also were not optimistically biased. Their errors were in the same direction as the administration's—underpredicting growth, overpredicting inflation, too high on unemployment, and too low on interest rates. The extent of their bias was also about the same as the administration's. This is further confirmation that the administration's forecasts were not especially optimistic. Even its forecasts of interest rates, which were too optimistic, were no more biased than those of the Blue Chip consensus (−0.4 percentage point).

For the year-ahead forecasts, some differences in accuracy emerge. As revealed by the mean absolute forecast errors, the administration was less accurate than the other forecasters in predicting real economic growth; it was more accurate, however, in predicting inflation and interest rates. The forecast errors are quite similar for unemployment and nominal GNP growth. On balance, the administration was about as accurate as the other forecasters, although the pattern of its errors is different.

It is also true that, for all the variables, the year-ahead forecasts made by the administration, CBO, and Blue Chip were less accurate than those for the current year. It is common for forecasting errors to increase as the time horizon of the forecast lengthens.

As in the current year forecasts, the administration's year-ahead forecasts were not biased in an optimistic direction. Although real GNP growth was overestimated, as shown by the positive mean error, the inflation rate was also overestimated. The first is an optimistic error, while the second is pessimistic. The administration's mean errors in its forecasts of interest rates and unemployment were zero, so there is no evidence of bias either way in forecasting these variables. The other forecasters' errors were in the same direction as the administration's, once again. They, too, overestimated real growth and inflation. They were less strongly biased in terms of real growth but more strongly biased in terms of interest rates and unemployment.

The administration's largest error occurred in February 1981. It predicted 4.2 percent real growth for 1982, when real GNP actually fell by 2.5 percent. The reason for this was the failure to anticipate a second recession following so closely on the heels of the 1980 downturn (as explained in the first section of this part). Almost without exception, other forecasters also missed the second recession, although the administration's mistake was larger than most. Excluding 1981, the administration's mean error in forecasting real

GNP growth was just 0.1 percentage point, evidence of an essentially unbiased forecast. (Over the same period the mean errors of CBO and the Blue Chip were −0.2 and −0.5, respectively.)

Summing up this record, the administration has been about as accurate and unbiased as CBO and the Blue Chip consensus—not any better, but not any worse. This is clearly at variance with the widespread perception that the forecasts underlying the budget have been overly optimistic and highly inaccurate. The administration's largest mistake was in missing the onset and depth of the 1981–82 recession. Since that time, its near-term forecasts have been much more accurate, but the earlier error is still remembered. What has been forgotten is that other forecasters made a similar mistake at that time, and what has been ignored is the administration's record in the following seven years. Taking those mistakes into account as well, the administration's forecasting record for the past eight years is not much different from that of others; no one has a clear advantage in the art of forecasting the economy's future.

CHANGES IN ECONOMIC ASSUMPTIONS AND THE BUDGET

The table below shows changes in economic assumptions (on a calendar year basis) since last year's budget. The following table shows how those changes affected the budget outlook for fiscal years 1989–1993.

COMPARISON OF FEBRUARY 1988 AND CURRENT ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	1987	1988	1989	1990	1991	1992	1993
Nominal GNP:							
1988 assumptions [1]	4,522	4,825	5,162	5,535	5,907	6,269	6,613
1989 assumptions	4,527	4,857	5,211	5,570	5,939	6,296	6,640
Real GNP (percent change): [2]							
1988 assumptions [1]	4.6	2.4	3.5	3.5	3.4	3.3	3.2
1989 assumptions	5.0	2.6	3.5	3.4	3.3	3.2	3.2
GNP deflator (percent change): [2]							
1988 assumptions [1]	3.2	3.9	3.7	3.5	3.0	2.5	2.0
1989 assumptions	3.1	3.9	3.7	3.5	3.0	2.5	2.0
Interest rate on 91-day Treasury bills (percent):							
1988 assumptions	5.8	5.3	5.2	5.0	4.5	4.0	3.5
1989 assumptions	5.8	6.7	6.3	5.5	4.5	4.0	3.5
Unemployment rate (percent):							
1988 assumptions	6.1	5.8	5.6	5.4	5.3	5.2	5.2
1989 assumptions	6.1	5.4	5.3	5.1	5.0	5.0	5.0

[1] Adjusted for July 1988 revisions.
[2] Fourth quarter to fourth quarter.

Several developments occurred in 1988 that affected the economic outlook and the forecast of the budget deficit. The Commerce Department's benchmark revisions of the National Income and

Product Accounts in July revealed that incomes were higher in 1985–1988 than previously measured. An unexpected rise in short-term interest rates altered the near term outlook for Federal interest payments. The drought and its effects on output and prices have also affected the pattern of growth in the forecast.

EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(Fiscal years; in billions of dollars)

	1989	1990	1991	1992	1993
Budget totals, February 1988 budget:					
Receipts	964.7	1,044.1	1,124.4	1,189.9	1,258.1
Outlays	1,094.2	1,148.3	1,203.7	1,241.0	1,281.3
Deficit (−)	−129.5	−104.2	−79.3	−51.1	−23.3
Policy and techical estimating changes since last year:					
Receipts	−6.2	−2.6	−1.3	3.0	0.0
Outlays	30.9	−7.0	−2.0	1.8	0.2
Deficit increase (+)	37.1	−4.4	−0.7	−1.2	0.1
Budget totals under February 1988 economic assumptions and January 1989 policies:					
Receipts	958.5	1,041.5	1,123.1	1,192.9	1,258.1
Outlays	1,125.1	1,141.3	1,201.7	1,242.8	1,281.5
Deficit (−)	−166.6	−99.8	−78.6	−49.9	−23.4
Changes due to economic assumptions:					
Receipts	17.0	17.8	17.4	19.3	23.3
Outlays:					
Inflation and pay raises	2.8	1.8	1.4	1.0	−1.2
Unemployment	−1.3	−1.4	−1.4	−1.0	−1.0
Interest rates	11.2	11.3	7.4	4.1	3.0
Interest on changes in borrowing	−0.8	−1.2	−1.8	−2.5	−3.3
Total, outlays	11.9	10.5	5.6	1.6	−2.5
Decrease in deficit (−)	−5.1	−7.3	−11.8	−17.7	−25.8
Budget totals under January 1989 economic assumptions and January 1989 policies:					
Receipts	975.5	1,059.3	1,140.5	1,212.2	1,281.4
Outlays	1,137.0	1,151.8	1,207.3	1,244.4	1,279.0
Deficit (−)	−161.5	−92.5	−66.8	−32.2	2.4

Real GNP grew 5.0 percent over the four quarters of 1987, which was considerably higher than the 3.8 percent growth rate for the year shown in last February's budget. This means that the jumping off point for 1988 was higher than envisioned last year. The rate of growth in 1988 is now expected to be 2.6 percent, slightly higher than the 2.4 percent forecast in last year's budget. The discrepancy would have been even larger had it not been for the drought. The economy is expected to rebound in 1989 with a growth rate of 3.5 percent, of which 0.7 percent is due to the recovery from the drought. By the end of next year the level of real GNP should be considerably higher than was forecast in last year's budget.

Inflation, as measured by the GNP deflator was about as expected in 1988, and the rate projected for 1989 and subsequent years is unchanged. The CPI has risen slightly faster than expected in 1988, but it is expected to return to the forecast path by 1990.

The net result of these changes upon the level of nominal GNP is a substantial increase in all years from last year's projections. This, in conjunction with adjustments to the income components of GNP resulting primarily from the July 1988 GNP benchmark revisions, results in significant increases in estimated receipts for 1989–1993, compared to last year's estimates.

Changes in other economic assumptions—in particular higher interest rates and higher cost-of-living adjustments to benefits such as social security (due to higher CPI increases)—result in higher estimated outlays for 1989 and subsequent years than were estimated in last year's budget. These offset part of the estimated receipts gains, but the net impact of economic effects is a $7.3 billion deficit reduction in 1990, which grows to nearly $26 billion by 1993.

Thus the performance of the economy in 1987–88 and the resulting changes in the economic assumptions have made the near-term outlook somewhat better than expected in last year's budget and produce a significant improvement in the long run budget outlook.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

Both receipts and outlays are significantly affected by changes in economic conditions. This sensitivity seriously complicates budget planning because the inevitable errors in economic forecasting lead to errors in the budget forecast. The budgetary effects of changes in economic assumptions are fairly predictable, however, and a set of rules of thumb can be used to estimate how much various changes in the economic forecast would alter outlays, receipts, and the deficit.

Several observations can be made concerning the sensitivity rules shown in the table. The economic variables that affect the budget do not change independently of one another. Output and employment move together in the short run; a higher rate of real GNP growth tends to be associated with a declining rate of unemployment. In the long run, however, changes in the average rate of growth in real GNP result in large part from changes in the rate of growth of productivity, and are not necessarily associated with changes in the average rate of unemployment. Inflation and interest rates are also closely interrelated: a higher expected rate of inflation raises interest rates while less expected inflation leads to lower rates. The connections between nominal and real variables are less predictable; there is no regular connection between changes in the rate of inflation and the rate of real economic

growth or the unemployment rate. Finally, a change in either real GNP growth or inflation has a much greater cumulative effect on the budget over time if it is sustained than if it occurs for only one year.

These patterns are the basis for the combinations of changes examined in the table. The unemployment rate is generally assumed to vary by one-half percentage point for each one percentage point change in real growth. Inflation and interest rates are generally assumed to vary directly by equal percentage point changes; interest rates are higher by one percentage point for each percentage point rise in the rate of inflation. Examples are also shown where only one of these variables changes.

The first section illustrates the effects of changes in real variables on the deficit. If real GNP growth is lower by one percentage point in fiscal year 1990, then 1990 receipts will be lower by $6.7 billion, and 1990 outlays will be higher by $1.9 billion, primarily for unemployment-sensitive programs. In 1991, receipts would decline further, by $11.5 billion, and outlays would increase by $3.5 billion, compared to the base, even though the growth rate after 1990 followed the path originally assumed. This is because the level of real GNP would be permanently lower. The budget effects would grow slightly in future years.

The effects are much larger if the growth rate is assumed to be one percentage point less in each year. The levels of real and nominal GNP then are below the base case by a cumulatively growing percentage and the unemployment rate steadily rises, compared to the base. The deficit is $83.0 billion higher than originally projected by 1994.

The effects of slower productivity growth are shown in the third example. Real growth is one percentage point lower per year, while the unemployment rate is unchanged. In this case also the budget effects mount steadily over the years, but more slowly, reaching $73.5 billion by 1994.

Changes in interest rates and inflation have a smaller effect on the deficit, because their effects on receipts and outlays are substantially offsetting. The first example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during fiscal year 1990 only. In subsequent years, the price level and nominal GNP are one percent higher than in the base case, but interest rates return to their base levels. Outlays for 1990 would rise by $7.4 billion and receipts by $7.5 billion, for a net decrease of $0.1 billion in the 1990 deficit. In 1991, outlays would increase further above the base, by $13.9 billion, due in part to lagged cost-of-living adjustments, and the increase in receipts would rise to $12.0 billion, for a net $1.9 billion increase in the deficit. In subsequent years, the amounts added to receipts and

to outlays would remain close and would continue to have roughly offsetting effects on the deficit. The add-on to receipts would rise slightly over time, while the add-on to outlays would decline.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, then 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 $66.5 billion to outlays and $64.8 billion to receipts in 1994. These estimates assume that discretionary program levels and Federal pay are adjusted for the rising price level to maintain real program levels. Under this assumption, receipts rise by nearly the same amount as outlays; the net impact is only a $1.7 billion increase in the 1994 deficit.

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) and changes in Federal pay rates.

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

These rules of thumb ignore changes in the income share composition of GNP that would be likely to accompany any changes in real growth, inflation, or interest rates. 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.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(Fiscal years, in billions of dollars, current services basis)

Budget effect	1990	1991	1992	1993	1994
REAL GROWTH AND EMPLOYMENT					
Effects of 1 percent lower real GNP growth in fiscal year 1990 only, including higher unemployment: [1]					
Receipts	−6.7	−11.5	−12.4	−13.6	−14.4
Outlays	1.9	3.5	4.3	5.1	5.7
Deficit increase (+)	8.6	15.0	16.7	18.7	20.1
Effects of a sustained 1 percent lower annual real GNP growth rate during fiscal years 1990–1994, including higher unemployment: [1]					
Receipts	−6.7	−18.7	−32.4	−46.8	−62.6
Outlays	1.9	5.5	9.8	14.9	20.4
Deficit increase (+)	8.6	24.2	42.2	61.7	83.0
Effects of a sustained 1 percent lower annual real GNP growth rate during fiscal years 1990–1994, with no change in unemployment:					
Receipts	−6.9	−19.3	−33.8	−49.2	−66.4
Outlays	0.3	1.2	2.8	4.7	7.1
Deficit increase (+)	7.2	20.5	36.6	53.9	73.5
INFLATION AND INTEREST RATES					
Effects of 1 percentage point higher rate of inflation and interest rates during fiscal year 1990 only:					
Receipts	7.5	12.0	11.8	11.9	12.6
Outlays	7.4	13.9	13.8	13.1	13.0
Deficit increase (+)	−0.1	1.9	2.0	1.2	0.4
Effects of a sustained 1 percentage point higher rate of inflation and interest rates during fiscal years 1990–94:					
Receipts	7.5	20.2	34.1	48.6	64.8
Outlays	7.4	21.7	36.2	50.9	66.5
Deficit increase (+)	−0.1	1.5	2.1	2.3	1.7
Effects of a sustained 1 percentage point higher interest rate during fiscal years 990–94 (no inflation change):					
Receipts	0.7	1.6	2.2	2.6	2.9
Outlays	5.2	11.0	15.1	17.7	19.9
Deficit increase (+)	4.5	9.4	12.9	15.1	17.0
Effects of a sustained 1 percentage point higher rate of inflation during fiscal years 1990–94 (no interest rate change):					
Receipts	6.9	18.6	31.9	46.0	61.9
Outlays	2.2	10.8	21.4	33.6	47.1
Deficit increase (+)	−4.7	−7.8	−10.5	−12.4	−14.8
INTEREST COST OF HIGHER FEDERAL BORROWING					
Effect of $100 billion additional borrowing in fiscal year 1990	4.8	8.1	8.3	8.2	8.0
FEDERAL PAY RAISES					
Outlay effect of a 1 percentage point increase in Oct. 1989	1.1	1.2	1.2	1.2	1.3

[1] The unemployment rate is assumed to be 0.5 percentage point higher per 1 percent shortfall in the level of real GNP

PART 4

FEDERAL RECEIPTS BY SOURCE

4-1

FEDERAL RECEIPTS BY SOURCE

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.

This section of the budget discusses receipts for 1989 and 1990, and the legislative proposals and administrative actions affecting them.[1]

SUMMARY

Total receipts in 1990 are estimated to be $1,059.3 billion, an increase of $83.8 billion or 8.6 percent from the $975.5 billion estimated for 1989. These estimates include the effects of:

- previously enacted tax legislation, including the Technical and Miscellaneous Revenue Act of 1988; and
- the receipts proposals in this budget.

As a share of GNP, receipts are projected to rise from 19.1 percent in 1989 to 19.3 percent in 1990. This is primarily due to real economic growth and an increase in the combined employer-employee social security (OASDHI) tax rate from 15.02 percent to 15.3 percent on January 1, 1990.

Composition of Receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1990:

- Income taxes paid by individuals and corporations are estimated at $466.7 billion and $117.4 billion, respectively. These sources together account for 55.1 percent of estimated receipts.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are paid in equal amounts by employers and employees—will yield an estimated $391.5 billion, 37.0 percent of the total.
- Excise taxes imposed on selected products, services, and activities are expected to provide $35.3 billion, 3.3 percent of the total.

[1] Detailed estimates of receipts by source for 1989 and 1990 are shown in Tables 11 and 15 of Part 10. The economic assumptions on which the receipts estimates are based are presented in Part 3, and estimates of receipts for 1989—1994 are presented in Table 2 of Part 10. Part 7 analyzes the difference between the actual receipts for 1988 and the estimates for 1988 transmitted to the Congress in January 1987. Part 8 explains the conceptual basis for classifying certain amounts collected by the Federal Government as receipts and other amounts as offsetting collections.

- Estate and gift taxes, customs duties and fees, and miscellaneous receipts are estimated at $48.4 billion, the remaining 4.6 percent of receipts.

RECEIPTS BY SOURCE

(In billions of dollars)

Source	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Individual income taxes	401.2	425.2	466.7	508.5	549.3
Corporation income taxes	94.5	107.0	117.4	129.2	137.2
Social insurance taxes and contributions	334.3	363.9	391.5	419.0	441.9
On-budget	(92.8)	(97.0)	(102.6)	(106.5)	(110.1)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)
Excise taxes	35.2	34.0	35.3	33.7	33.1
Estate and gift taxes	7.6	7.8	8.1	8.3	8.3
Customs duties and fees	16.2	16.3	18.0	19.2	20.2
Miscellaneous receipts	19.9	21.4	22.4	22.6	22.2
Total receipts	**909.0**	**975.5**	**1,059.3**	**1,140.5**	**1,212.2**
On-budget	(667.5)	(708.7)	(770.4)	(828.0)	(880.4)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)

Because of legislated tax changes, the composition of receipts in 1990 is estimated to be much different than in 1980, the year before the administration took office. Although the Federal tax system relied predominantly on income and payroll taxes in 1980, as it will in 1990, the income tax share of total receipts in 1990 is expected to be 4.6 percentage points less than in 1980. In contrast, the social insurance taxes and contributions share of receipts in 1990 is estimated to be 6.4 percentage points higher than in 1980. The share of all other receipts is expected to decline 1.9 percentage points, from 9.8 percent in 1980 to 7.9 percent in 1990.

ENACTED LEGISLATION

Several major tax laws—including one of the most sweeping overhauls of the tax code in our Nation's history—have been enacted since the administration took office in January 1981. These legislated changes have improved the fairness and efficiency of the tax system and broadened the income tax base by eliminating unintended benefits and obsolete incentives, curbing tax shelter abuse, limiting unwarranted tax benefits, and providing mechanisms to improve tax law enforcement and collection techniques. They have also reduced individual and corporation income tax rates and provided other incentives for work, saving, and investment.

NET EFFECT OF MAJOR ENACTED LEGISLATION ON RECEIPTS [1]

(In billions of dollars)

	1988	1989	1990	1991	1992	1989–90
Economic Recovery Tax Act of 1981	−264.4	−290.9	−322.8	−357.7	−397.6	−613.7
Tax Equity and Fiscal Responsibility Act of 1982	57.3	55.7	57.2	61.2	64.7	112.9
Highway Revenue Act of 1982	4.9	5.1	5.1	5.1	5.1	10.2
Social Security Amendments of 1983	24.6	30.9	23.4	23.8	25.2	54.4
Interest and Dividends Tax Compliance Act of 1983	−1.8	−2.0	−2.5	−2.8	−3.1	−4.4
Railroad Retirement Revenue Act of 1983	1.2	1.1	1.1	1.1	1.2	2.3
Deficit Reduction Act of 1984	25.4	27.7	31.0	33.8	37.9	58.7
Consolidated Omnibus Budget Reconciliation Act of 1985	2.9	3.0	3.0	3.2	3.5	6.0
Federal Employees' Retirement System Act of 1986	−0.2	−0.2	−0.3	−0.4	−0.4	−0.5
Omnibus Budget Reconciliation Act of 1986	2.4	2.0	1.0	0.1	1.0	3.0
Superfund Amendments and Reauthorization Act of 1986	0.6	0.6	0.8	0.8	0.8	1.6
Continuing Resolution for 1987	2.8	3.0	2.6	2.6	2.6	5.6
Tax Reform Act of 1986	−8.9	−24.4	−20.3	−16.4	−20.9	−44.6
Omnibus Budget Reconciliation Act of 1987	8.6	13.9	16.1	15.4	12.2	30.0
Continuing Resolution for 1988	2.0	2.7	2.6	2.7	2.7	5.3
Medicare Catastrophic Coverage Act of 1988 [2]	.....	0.6	6.6	7.2	6.9	7.2
Family Support Act of 1988	.....	0.1	0.2	0.3	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988	.....	−0.4	−0.1	0.1	−0.3	−0.6
Net tax reduction (−)	−142.6	−171.3	−195.3	−219.8	−258.3	−366.6
ADDENDUM						
Net effect on receipts by source:						
Individual income taxes	−201.4	−237.6	−259.4	−288.4	−326.9	−496.9
Corporation income taxes	24.0	27.2	33.7	42.6	43.7	60.8
Social insurance taxes and contributions	29.2	35.9	27.6	25.9	27.8	63.5
Excise taxes	12.9	11.5	11.7	9.5	8.0	23.3
Estate and gift taxes	−8.0	−8.9	−9.3	−9.6	−11.1	−18.1
Customs duties and fees	0.2	0.2	*	.....	.....	0.2
Miscellaneous receipts	0.5	0.3	0.3	0.3	0.3	0.7

*$50 million or less.

[1] 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.

[2] Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medigap insurance that would have been otherwise provided.

For individuals, the sixteen individual income tax brackets and tax rates of pre-1981 tax law—ranging from 14 percent to 70 percent—have been reduced to two tax brackets with rates of 15 and 28 percent.[2] The zero bracket amount, which was $3,400 for a married couple filing a joint return and $2,300 for a single taxpayer or a head of household under pre-1981 tax law, has been re-

[2] The benefit of the 15 percent bracket is phased out for taxpayers with taxable income exceeding specified levels, implicitly creating a marginal tax rate of 33 percent in the affected income range.

placed with a standard deduction of $5,000 for a married couple filing a joint return, $3,000 for a single taxpayer, and $4,400 for a head of household. The personal exemption has been increased 100 percent, from $1,000 in 1980 to $2,000 in 1989. In addition, effective January 1, 1989, the individual income tax brackets and the standard deduction are adjusted annually for inflation; the personal exemption will be adjusted annually beginning in 1990.

Corporate income, which was subject to tax under a 5-bracket rate schedule with rates ranging from 17 to 46 percent under pre-1981 tax law, is now subject to tax under a 3-bracket rate schedule with rates of 15, 25, and 34 percent.

Other legislated changes affecting receipts have restructured highway-related taxes to make the taxes paid by various highway users correspond more equitably to the wear and tear that they cause to the highway system, restored the solvency of the social security trust funds, placed the railroad industry pension program on a more sound financial basis, established the Federal Employees' Retirement System (FERS), reauthorized the Superfund toxic waste cleanup program, established a fund to finance the cleanup of wastes from leaking underground petroleum storage tanks, provided catastrophic illness and prescription drug benefits to individuals eligible for medicare, and reformed the aid to families with dependent children (AFDC) program.

As a result of these legislated changes, taxes have been reduced, on net, by $171.3 billion in 1989 and $195.3 billion in 1990, relative to what they would have been under pre-1981 tax law. Individuals have benefited the most from these legislated changes, realizing income tax reductions of $496.9 billion over these two years.

The provisions of the major laws enacted in 1988 affecting receipts—the Medicare Catastrophic Coverage Act of 1988, the Family Support Act of 1988, and the Technical and Miscellaneous Revenue Act of 1988—are described below.[3]

MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

Under prior law, medicare consisted of two parts: (1) hospital insurance (Part A), funded primarily by the medicare hospital insurance (HI) payroll tax, and (2) supplementary medical insurance (Part B), the optional part of medicare, funded through a subsidy from general revenue and a flat rate premium paid by enrollees.

[3] For a more detailed discussion of the Economic Recovery Tax Act of 1981, see Part 4 of the 1983 *Budget*. A more detailed discussion of the Tax Equity and Fiscal Responsibility Act of 1982 and the Highway Revenue Act of 1982 is provided in Part 4 of the 1984 *Budget*. Detailed discussions of the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983 are provided in Part 4 of the 1985 *Budget*. The major provisions of the Deficit Reduction Act of 1984 are described in Part 4 of the 1986 *Budget*. Part 4 of the 1988 *Budget* includes a detailed discussion of the Tax Reform Act of 1986, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Federal Employees' Retirement System Act of 1986, the Omnibus Budget Reconciliation Act of 1986, the Superfund Amendments and Reauthorization Act of 1986, and the Continuing Resolution for Fiscal Year 1987. Discussions of the Omnibus Budget Reconciliation Act of 1987 and the Continuing Resolution for 1988 are provided in Part 4 of the 1989 *Budget*.

While the payroll tax is classified as a budget receipt, the flat rate premium is classified as an offset to outlays.

The Medicare Catastrophic Coverage Act of 1988 provides benefits for catastrophic illness and outpatient prescription drugs to elderly and disabled individuals eligible for medicare. These benefits are financed through a combination of a supplemental premium based on income tax liability and an additional flat rate premium, which is classified as an offset to outlays. The supplemental premium based on income tax liability, which is mandatory for all individuals eligible for hospital insurance (Part A), is classified as a trust fund individual income tax receipt. The rate of this premium for each $150 of Federal income tax liability is 15 percent in 1989, 25 percent in 1990, 26 percent in 1991, 27 percent in 1992, and 28 percent in 1993. Beginning in 1994, the rate of this premium will be indexed in accordance with data on program costs, reserve funds, and premium revenues; however, the annual increase in the rate will be limited to 1 percentage point. The maximum annual supplemental premium per enrollee is capped at $800 in 1989, $850 in 1990, $900 in 1991, $950 in 1992, and $1,050 in 1993. Beginning in 1994, the maximum annual premium is indexed in accordance with increases in the subsidized portion of Part B benefits. It is estimated that collections from this supplemental premium based on income tax liability will be $0.6 billion in 1989 and $6.5 billion in 1990.

FAMILY SUPPORT ACT OF 1988

This Act reforms the aid to families with dependent children (AFDC) program to encourage and assist parents of needy children obtain the education, training, and employment necessary to avoid long-term welfare dependence. The costs of the new program are financed by the extension of the IRS debt refund offset program (the collections of which are classified as an offset to outlays) and several modifications in taxes. These changes in taxes, most of which are discussed below, are estimated to increase receipts by $0.1 billion in 1989 and $0.2 billion in 1990.

Modification of eligibility for the dependent care credit and the exclusion for employer-provided dependent care assistance.—Dependent care expenses incurred by a taxpayer for children under the age of 15 were eligible for the dependent care credit and assistance exclusion under prior law. Effective for taxable years beginning after December 31, 1988, expenses incurred for children age 13 and above are no longer eligible for the credit and the exclusion. In addition, for a given taxpayer, the amount of expenses eligible for the dependent care credit is reduced, dollar for

dollar, by the amount of expenses excludable from the taxpayer's income under the dependent care exclusion.

Provision of taxpayer identification number for dependent care provider.—Effective for taxable years beginning after December 31, 1988, a taxpayer may no longer claim the dependent care credit or exclusion for eligible dependent care expenses unless the correct name, address, and taxpayer identification number of the child care provider is reported to the Internal Revenue Service.

Provision of taxpayer identification number for dependents.—Under prior law, a taxpayer was required to report a taxpayer identification number for each dependent who was at least five years old and claimed as an exemption. Effective for taxable years beginning after December 31, 1988, the reporting requirement is extended to dependents who are at least two years old.

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

This Act, which was signed by President Reagan on November 11, 1988, makes technical corrections to the Tax Reform Act of 1986, extends a number of expiring tax provisions, puts into place tax administration changes, and restricts or closes several tax loopholes. The revenue provisions of this Act, many of which are highlighted below, are estimated to reduce receipts by a net $0.4 billion in 1989 and $0.1 billion in 1990.

Acceleration of corporation estimated tax payments.—In order to avoid an estimated tax penalty, a corporation that uses the annualization method to determine a quarterly estimated tax payment, but does not use that method for a subsequent payment, must make up 100 percent of any shortfall resulting from the use of the annualization method in the subsequent payment. Under prior law a penalty could be avoided if 90 percent of any shortfall in payment resulting from the use of the annualization method was made up in the subsequent payment. This change is effective for estimated payments due after December 31, 1988.

Restrictions on single-premium life insurance.—A life insurance contract that is fully funded more quickly than ratably over the first seven years after issuance is defined statutorily as a modified endowment contract. Any amounts (other than death benefits) received under such contracts entered into or materially changed after June 20, 1988 are treated first as income and then as recovery of basis. Amounts received are also subject to an additional 10 percent tax under rules similar to those applicable to premature

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withdrawals from annuities and other retirement savings arrangements.

Repeal of Alaska Native Corporations loophole.—Special rules that allowed Alaska Native Corporations to transfer tax losses and credits to other corporations are repealed retroactive to April 26, 1988. However, substantial transition relief is provided.

Limitations on completed contract method of accounting.—Under prior law, companies engaged in the production of property under a long-term contract were required to compute income from the contract under either the percentage of completion method or the percentage of completion-capitalized cost method. Under the percentage of completion-capitalized cost method, 70 percent of contract income must be reported according to the percentage of completion method and 30 percent according to the taxpayer's normal method of accounting. Effective for contracts entered into on or after June 21, 1988, 90 percent of contract income must be reported according to the percentage of completion method and 10 percent according to the taxpayer's normal method of accounting.

Modification of railroad unemployment financing.—Railroad employment is the only sector not covered by the Federal/State unemployment insurance system. The separate Railroad Sickness and Unemployment Insurance Fund (RSUI), which is financed by payroll taxes paid by rail employers, is deeply in debt to the rail pension fund. To ensure sound financing of rail unemployment benefits and repayment of debts to the financially ailing rail pension fund, several changes in railroad unemployment insurance financing were provided. Effective January 1, 1989, the maximum monthly wage base upon which the unemployment tax is levied ($600 in 1988) is increased annually, based on the index used to increase the social security tax base. The 8 percent flat rate unemployment insurance tax, which has been in existence since January 1, 1981, will be replaced by a tax rate based on an experience rating formula beginning in 1991. In addition, the temporary unemployment repayment tax, which would have been 2.9 percent in 1989 and 3.2 percent in 1990, is increased to 4 percent and will remain in effect until all borrowing by the railroad unemployment system from the rail pension fund prior to October 1, 1985 has been repaid with interest.

Exemption from capitalization rules for authors, artists, photographers and certain animal producers.—Under the Tax Reform Act of 1986, self-employed authors, artists and photographers were required to capitalize expenses incurred in the production of creative properties, generally meaning that deductions for such expenses were deferred until the creative property was sold. The Act also

required the capitalization of expenses incurred by certain animal producers in the production of livestock with a preproduction period of more than two years. Effective retroactive to January 1, 1987, these self-employed individuals are exempt from the capitalization requirement. Most animal producers—except corporations, partnerships or tax shelters required to use the accrual method of accounting—are exempt from the capitalization requirement effective for expenses incurred after December 31, 1988.

Depreciation of agricultural properties.—The useful life of single-purpose agricultural and horticultural structures is lengthened from 7 years to 10 years. Also, property used in a farming business that was eligible to be depreciated under the double-declining balance method must now be depreciated under the 150 percent declining balance method. Both provisions apply to property placed in service after December 31, 1988.

Relief from diesel fuel excise tax collection.—Under prior law, waterway operators, farmers, fishermen and other off-road users of diesel fuel (including the Department of Defense) were required to pay the diesel fuel excise tax at the time the fuel was purchased. Some of these users were then eligible to apply for a refund. Effective January 1, 1989, all off-road users are exempt from the tax at the time of purchase from a producer.

Restoration of exclusions for employer-paid educational assistance and group legal services.—The exclusions for employer-paid educational assistance and group legal services, which had expired effective December 31, 1987, are extended retroactively through December 31, 1988. However, graduate level educational assistance generally is no longer eligible for the exclusion.

Modification of low-income rental housing tax credit.—In order for a property to be eligible for the low-income rental housing tax credit, prior law required that the property be placed in service before January 1, 1991. This Act extends the deadline through December 31, 1991; however, to be eligible for the credit, at least 10 percent of the expected project costs must be incurred before January 1, 1990.

Extension of authority to issue qualified mortgage bonds and mortgage credit certificates.—The authority of State and local governments to issue tax-exempt qualified mortgage bonds and mortgage credit certificates is extended through December 31, 1989. This authority had been scheduled to expire on December 31, 1988.

Extension of business energy tax credits.—Business energy tax credits for solar, geothermal and ocean thermal properties and

equipment, which were scheduled to expire on December 31, 1988, are extended through December 31, 1989.

Extension of 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, 1988, is extended for one year through December 31, 1989.

Revision in research and experimentation (R&E) allocation rules.— The rules for allocating R&E expenses to U.S. or foreign source income are modified retroactively, effective for the first 4 months of the first taxable year beginning after August 1, 1987. The change generally requires that 64 percent of U.S. R&E expenses be allocated to U.S. income and that 64 percent of foreign R&E expenses be allocated to foreign-source income. The remaining expenses are to be allocated on the basis of gross income or sales.

Extension of targeted jobs tax credit.—The targeted jobs tax credit, which was scheduled to expire December 31, 1988, is extended through December 31, 1989. The use of the credit is restricted by changes in the definition of "economically disadvantaged youths" and by a reduction in the percentage of the credit applicable to summer jobs for disadvantaged employees.

Exemption of mutual fund expenses from the 2 percent floor for miscellaneous deductions.—The prior law exemption of mutual fund expenses from the 2 percent floor for miscellaneous deductions is made permanent, effective retroactive to January 1, 1988. This exemption had expired on December 31, 1987.

Extension of Federal Savings and Loan Insurance Corporation (FSLIC) relief provisions.—Three provisions providing tax relief to financially troubled thrift institutions, which were scheduled to expire on December 31, 1988, are extended through December 31, 1989. These provisions exclude certain FSLIC assistance payments from gross income, relax the rules for tax-free reorganizations, and permit the carryforward of net operating losses. The Act also requires that effective January 1, 1989, net operating losses and certain other tax attributes be reduced by an amount equal to 50 percent of tax free FSLIC assistance payments. Effective from the date of enactment through December 31, 1989, the relief provisions are expanded to apply to troubled banks receiving assistance from the Federal Deposit Insurance Corporation (FDIC).

Initiation of education savings bonds.—Interest on Series EE U.S. Savings Bonds may be excluded from gross income if the bond

(including both principal and interest) is transferred to an eligible education institution to pay for qualified educational expenses. The exclusion is phased out for taxpayers filing a joint return with modified adjusted gross income from $60,000 to $90,000 and for single taxpayers with modified adjusted gross income from $40,000 to $55,000. The exclusion applies to bonds issued after December 31, 1989.

Issuance of Taxpayer Bill of Rights.—A series of provisions, commonly know as the "Taxpayer Bill of Rights," creates and expands certain rights of taxpayers in dealing with the Internal Revenue Service. Generally, these rights address IRS collection activities, and interview processes and procedures. In addition, IRS is required to provide a summary of rights to all taxpayers contacted with respect to the collection or determination of taxes.

EFFECT OF MAJOR LEGISLATION ENACTED IN 1988 ON RECEIPTS [1]

(In billions of dollars)

	1988	1989	1990	1991	1992
Medicare Catastrophic Coverage Act of 1988					
Individual income taxes		0.6	6.6	7.2	6.9
Total, Medicare Catastrophic Coverage Act of 1988 [2]		0.6	6.6	7.2	6.9
Family Support Act of 1988					
Individual income taxes		*	0.2	0.2	0.2
Social insurance taxes and contributions		*	0.1	0.1	0.1
Total, Family Support Act of 1988		0.1	0.2	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988					
Individual income taxes		−0.5	−0.2	−0.2	−0.2
Corporation income taxes		0.5	0.1	0.2	−0.1
Social insurance taxes and contributions		−0.1	*	0.1	0.1
Excise taxes		−0.4	−0.1	−*	−*
Estate and gift taxes		*	*	*	*
Total, Technical and Miscellaneous Revenue Act of 1988		−0.4	−0.1	0.1	−0.3
ADDENDUM					
Total effect on receipts by source:					
Individual income taxes		0.1	6.6	7.2	6.9
Corporation income taxes		0.5	0.1	0.3	−*
Social insurance taxes and contributions		−0.1	*	0.1	0.1
Excise taxes		−0.4	−0.1	−*	−*
Estate and gift taxes		*	*	*	*
Total effect on receipts		0.2	6.7	7.6	6.9

* $50 million or less.

[1] 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.

[2] Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medicap insurance that would have been otherwise provided.

RECEIPTS PROPOSALS

The receipts changes proposed in this budget are estimated to increase receipts by $1.8 billion in 1990. However, because the proposed reclassification of the ad valorem customs user fee is estimated to increase 1990 outlays by $0.8 billion, the combined impact is a reduction in the 1990 deficit of $1.0 billion.

Extension of 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 three out of four State and local employees who contribute nothing to the program 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 in coverage, proposed to be effective October 1, 1989, is estimated to increase receipts to the HI trust fund by $2.0 billion in 1990.

Revision in research and experimentation (R&E) allocation rules.—For the first 4 months of the first taxable year beginning after August 1, 1987, 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 income or sales. For taxable years prior to August 1, 1987, such companies were allowed to allocate at least 50 percent of R&E expenditures to domestic income. The administration is again proposing to allow companies to allocate at least 67 percent of total R&E expenditures to domestic source income. This proposal is estimated to reduce 1990 receipts by $1.7 billion.

Initiation of a permanent research and experimentation (R&E) tax credit.—The 20 percent tax credit provided certain incremental research and experimentation expenditures is scheduled to expire on December 31, 1989. To reduce taxpayers' uncertainty about the availability of this incentive for research and experimentation, the administration proposes to establish a permanent R&E tax credit. This proposal, which was reflected in last year's budget, is estimated to reduce 1990 receipts by $0.4 billion.

Internal Revenue Service (IRS) enforcement initiative.—To close the gap between taxes owed and taxes voluntarily paid, the administration proposes to increase IRS funding for tax law enforcement in 1990. This high yield initiative, designed to ensure that taxpay-

ers are correctly reporting income and to improve collections from past due amounts, is expected to result in increased collections of $0.3 billion in 1990.

Increase in Nuclear Regulatory Commission (NRC) user fees.—Under current law, 45 percent of NRC's costs incurred in regulating nuclear power plants are recovered through user fees in 1989, decreasing to 33 percent in 1990. The administration proposes to increase these fees to a level sufficient to recover 100 percent of NRC's costs effective October 1, 1989. This proposal is estimated to increase receipts by $0.3 billion in 1990.

Initiation of Federal Emergency Management Agency (FEMA) user fees.—Under current law, FEMA's costs incurred, as NRC's agent in regulating the evacuation plans of nuclear power plants, are not recovered through user fees. The administration proposes to recover 100 percent of FEMA's costs through user fees, effective October 1, 1989. This proposal is estimated to increase receipts by $10 million in 1990.

Modification of customs user fee.—Under the Omnibus Budget Reconciliation Act of 1987, the ad valorem fee on imported merchandise (currently 0.17 percent of value), which would have expired on September 30, 1989, was extended through September 30, 1990. The Act also reclassified collections from the fee as offsets to outlays, rather than as receipts. A ruling of the General Agreement on Tariffs and Trade (GATT) requires correcting legislation to make the user fee consistent with GATT requirements. The Administration is again proposing that the ad valorem fee structure represent the costs of processing individual entries and that collections from the fee be reclassified as budget receipts. In 1990, this proposal is estimated to increase receipts by $0.6 billion; however, it will also increase outlays by $0.8 billion, for a net deficit increase of $0.2 billion.

Increase in the District of Columbia (D.C.) employer contributions to the civil service retirement system (CSRS).—The D.C. government currently contributes 7 percent of wages and salaries to CSRS; D.C. government employees contribute an additional 7 percent. The cost of civil service retirement exceeds the combined contribution of the D.C. government and its employees. The budget reflects a proposal making the D.C. government responsible for paying costs of retirement cost-of-living adjustments (COLAs) paid to D.C. government retirees and their survivors. Because the budget proposes a COLA freeze for government annuitants in 1990, the D.C. government's initial annual payment would begin in 1991 and is estimated to be $6 million.

Modification of oil and gas depletion rules.—Independent oil producers are limited in their use of depletion deductions by two provisions: (1) "proven" properties transferred from integrated oil companies to independent producers are ineligible for percentage depletion, and (2) the deduction may not exceed 50 percent of the owner's net income from the property. Because these restrictions discourage the transfer of marginal wells to independent producers and result in the premature abandonment of producing wells, the administration proposes to remove the transfer rule restrictions and to raise the deduction limit to 100 percent of the property's net income, effective January 1, 1990. These changes, which were proposed in last year's budget, are estimated to reduce 1990 receipts by $39 million.

Repeal of reduction in aviation-related taxes.—The Airport and Airway Safety and Capacity Expansion Act of 1987 extended the airport and airway trust fund taxes, which had been scheduled to expire on December 31, 1987, at their prior law rates. However, the Act also provided that most of these taxes be reduced by 50 percent, beginning in calendar year 1990, if 1988 and 1989 appropriations for the capital programs funded by these taxes are less than 85 percent of authorizations. Given congressional action for 1988 and 1989, airport and airway trust fund taxes would be reduced by $1.2 billion in 1990 in accordance with this provision. The administration is proposing to override this tax reduction trigger, resulting in increased receipts to the trust fund in 1990 of $1.2 billion.

Initiation of Federal marine fishing licenses and fees.—The costs associated with Federal efforts to conserve and manage the Nation's marine fishery resources currently are borne by the general taxpayer, rather than by those who benefit directly from Federal fishery research, conservation, and management services. The administration is renewing its proposal to fund the conservation and management of the Nation's federally managed fishing resources through the establishment of a permit and an ad valorem fee on commercial sales. This proposal would apply only to those fishermen who fish in the fishery conservation zone (3 to 200 miles offshore) or who fish for federally managed species. These fees, proposed to become effective January 1, 1990, are estimated to increase 1990 receipts by $42 million.

Extension of reimbursable status to Amtrak.—Under the Technical and Miscellaneous Revenue Act of 1988, public commuter railroads are exempted from the full rail unemployment tax rate in 1989 and 1990; instead, they are required to reimburse the unemployment fund for the actual costs of their employees. This provision was enacted to prevent public subsidies, given to commuter

lines to hold down fares, from being diverted to pay for the high unemployment costs of the private sector railroads. Amtrak is in much the same position as the commuter lines but was not given the same treatment in the 1988 reforms. To help Amtrak reduce its operating deficiency and prevent unintended cross-subsidization of high unemployment freight railroads, the budget proposes to extend the same reimbursable status to Amtrak. This proposal is estimated to reduce 1990 receipts by $5 million.

Elimination of tax differentials in superfund petroleum tax.—The superfund petroleum tax is imposed at a rate of 8.2 cents per barrel of domestic crude oil and 11.7 cents per barrel of imported petroleum products. This tax differential, if not changed, could subject the United States to retaliation or possible compensatory damage payments under the General Agreement on Tariffs and Trade (GATT). A revenue neutral change in the excise tax rates, slightly increasing the rate on domestic crude oil and lowering to an equal level the rate on imported petroleum products, would be GATT-consistent and have no effect on receipts.

Other.—Additional changes affecting receipts include the administration's pay raise proposals; extension of the customs processing fee, which is scheduled to expire September 30, 1990, at current rates; and the establishment of a fee for the U.S. Travel and Tourism Administration (USTTA).[4] A user fee on taxpayer telephone information services is proposed for 1991; a design evaluation will be conducted in 1989 and 1990 that will include an actual demonstration of the technologies and systems capabilities.

EFFECT OF ENACTED AND PROPOSED CHANGES ON RECEIPTS

The actual change in receipts that will result from an enacted or proposed tax revision will depend on both the direct effect of the tax change and the indirect or "feedback" effect. The direct effect is the increase or decrease in receipts due only to the tax change at the levels of income reflected in the administration's forecast. The indirect or feedback effect is the increase or decrease in receipts due to the effect of the tax change on income levels.

The estimates of the effect of enacted and proposed tax changes shown in this budget represent only the direct effect of these changes on receipts, based on the levels of corporate and individual income reflected in the administration's forecast. These levels of income already reflect enactment of the tax change; therefore, the estimated indirect or feedback effect on receipts due to the tax-

[4] Fees are requested to recover the full cost of the USTTA program. Collections equal to the cost of the program would offset outlays; anticipated excess fees would be classified as receipts. Once the fees are collected, additional appropriations would be adjusted to allocate the excess fees to finance USTTA programs.

EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS [1]

(In billions of dollars)

	1989	1990	1991	1992
HI coverage of State and local employees [2]		1.8	1.9	1.9
R&E allocation rules		−1.7	−0.7	−0.8
R&E tax credit		−0.4	−0.7	−1.0
IRS enforcement initiative		0.3	0.6	0.7
NRC fees		0.3	0.3	0.3
FEMA fees		*	*	*
D.C. contributions to CSRS			*	*
Oil and gas depletion rules		−*	−*	−*
Aviation-related taxes [2]		0.9	1.6	1.7
Marine fishing licenses		*	0.1	0.1
Reimbursable status to Amtrak	−*	−*	−*	*
Other		−0.1	0.1	0.1
Subtotal, policy proposals	−*	1.2	3.2	3.0
Subtotal, customs reclassification		0.6	0.6	0.6
Total effect on receipts	−*	1.8	3.8	3.6
Total effect on customs outlays		0.8	0.9	0.9
Total deficit increase/decrease (−)	*	−1.0	−2.9	−2.7
ADDENDUM				
Effect of proposals on receipts by source:				
Individual income taxes		−0.3	−0.4	−0.4
Corporation income taxes		−2.0	−1.2	−1.5
Social insurance taxes and contributions	−*	2.0	2.0	2.1
Excise taxes		1.2	2.1	2.2
Customs duties and fees		0.6	0.8	0.8
Other		0.4	0.5	0.4
Total effect on receipts	−*	1.8	3.8	3.6
Total effect on customs outlays		0.8	0.9	0.9
Total deficit increase/decrease (−)	*	−1.0	−2.9	−2.7

* $50 million or less.
[1] 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.
[2] Net of income tax offsets.

induced change in incomes is already included in the baseline (pre-tax change) estimates of receipts.

For example, the estimates of the effect of the Economic Recovery Tax Act of 1981 (ERTA) shown in this budget represent only the direct effect of the changes provided in the Act, based on the levels of income reflected in the administration's forecast. These levels of income already reflect enactment of ERTA; therefore, the increased receipts resulting from the tax-induced increase in incomes are included in the baseline estimates of receipts. The estimates of the direct effect of the Economic Recovery Tax Act of 1981 on receipts therefore overstate, in this sense, the net loss to the

Treasury of the income tax reductions and other tax changes provided in the Act.

The estimates in this budget of the effect of the administration's proposals on receipts also represent only the direct effect of these changes. The indirect effect of these proposals is likewise included in the baseline estimates of receipts.

CHANGES IN RECEIPTS

Receipts are estimated to increase by $66.6 billion in 1989 and $83.8 billion in 1990. These year-to-year changes can be divided between changes due to growth in the tax base and changes due to revisions in the tax structure. For example, under the administration's forecast and the tax rates and structure in effect on January 1, 1981, receipts would have risen by $85.6 billion in 1989 and $79.1 billion in 1990. Administrative action and enacted and proposed tax changes reduce the growth in 1989 receipts by $19.0 billion and increase the growth in 1990 receipts by $4.7 billion.

COMPONENTS OF CHANGES IN RECEIPTS

(In billions of dollars)

	1989	1990	1991	1992
Growth in receipts:				
Under existing law and administrative action and proposed legislation	66.6	83.8	81.2	71.7
Under tax rates and structure in effect January 1, 1981	85.6	79.1	85.4	97.2
Difference	−19.0	4.7	−4.3	−25.5

CHANGES IN RECEIPTS

(In billions of dollars)

	1988	1989	1990	1991	1992
Receipts under tax rates and structure in effect January 1, 1981 [1]	1,002.6	1,088.2	1,167.3	1,252.7	1,349.9
Administrative action	0.8	0.8	0.6	0.2	0.2
Enacted legislative changes:					
Economic Recovery Tax Act of 1981	−264.4	−290.9	−322.8	−357.7	−397.6
Tax Equity and Fiscal Responsibility Act of 1982	57.3	55.7	57.2	61.2	64.7
Highway Revenue Act of 1982	4.9	5.1	5.1	5.1	5.1
Social Security Amendments of 1983 [2]	10.9	11.8	14.5	17.2	18.1
Interest and Dividends Tax Compliance Act of 1983	−1.8	−2.0	−2.5	−2.8	−3.1
Railroad Retirement Revenue Act of 1983	1.2	1.1	1.1	1.1	1.2
Deficit Reduction Act of 1984	25.4	27.7	31.0	33.8	37.9
Consolidated Omnibus Budget Reconciliation Act of 1985	2.9	3.0	3.0	3.2	3.5
Federal Employees' Retirement System Act of 1986	−0.2	−0.2	−0.3	−0.4	−0.4
Omnibus Budget Reconciliation Act of 1986 [3]	1.2	2.0	1.0	0.1	1.0
Superfund Amendments and Reauthorization Act of 1986	0.6	0.8	0.8	0.8	0.8
Continuing Resolution for 1987	2.8	3.0	2.6	2.6	2.6
Tax Reform Act of 1986	−8.9	−24.4	−20.3	−16.4	−20.9
Omnibus Budget Reconciliation Act of 1987	8.6	13.9	16.1	15.4	12.2
Continuing Resolution for 1988	2.0	2.7	2.6	2.7	2.7
Medicare Catastrophic Coverage Act of 1988 [4]		0.6	6.6	7.2	6.9
Family Support Act of 1988		0.1	0.2	0.3	0.3
Technical and Miscellaneous Revenue Act of 1988		−0.4	−0.1	0.1	−0.3
Social security taxable earnings base increases: [5]					
$29,700 to $32,400 on Jan. 1, 1982	6.9	8.0	9.0	10.0	11.1
$32,400 to $35,700 on Jan. 1, 1983	6.9	8.1	9.2	10.4	11.6
$35,700 to $37,800 on Jan. 1, 1984	3.6	4.3	5.0	5.7	6.4
$37,800 to $39,600 on Jan. 1, 1985	2.8	3.4	3.9	4.5	5.1
$39,600 to $42,000 on Jan. 1, 1986	3.3	4.0	4.7	5.5	6.2
$42,000 to $43,800 on Jan. 1, 1987	2.2	2.7	3.1	3.7	4.2
$43,800 to $45,000 on Jan. 1, 1988	0.5	1.6	1.9	2.2	2.6
$45,000 to $48,000 on Jan. 1, 1989		1.5	4.4	5.2	6.1
$48,000 to $50,700 on Jan. 1, 1990			1.4	4.0	4.7
$50,700 to $53,400 on Jan. 1, 1991				1.4	4.2
$53,400 to $56,100 on Jan. 1, 1992					1.4
Social security (OASDHI) tax rate increases: [5] [6]					
13.3% to 13.4% effective Jan. 1, 1982	1.8	2.0	2.0	2.2	2.2
13.4% to 14.0% effective Jan. 1, 1984	13.6	14.5	15.3	16.1	16.8
14.0% to 14.1% effective Jan. 1, 1985	2.5	2.7	2.8	2.9	3.1
14.1% to 14.3% effective Jan. 1, 1986	4.5	4.8	5.1	5.4	5.7
14.3% to 15.02% effective Jan. 1, 1988	10.8	15.8	16.7	17.7	18.6
15.02% to 15.3% effective Jan. 1, 1990			6.1	10.4	10.7
Other	3.4	3.8	3.3	2.9	3.0
Proposed legislation and administrative action		−*	1.8	3.8	3.6
Total, receipts under existing and proposed legislation and administrative action [7]	**909.0**	**975.5**	**1,059.3**	**1,140.5**	**1,212.2**

* $50 million or less.

[1] These estimates assume a social security taxable earnings base of $29,700 through 1992.

[2] Excludes the effect of increases in the OASDHI tax rate that are shown below.

[3] Excludes the effect of increases in the social security taxable earnings base that are shown below.

[4] Includes the effect on income taxes of the substitution of cash benefits for a portion of employer medigap insurance that would have been otherwise provided.

[5] When the tax rate and the taxable earnings base increase at the same time, dividing up the total effect on receipts is arbitrary to some small extent because of an interaction effect. The increase in receipts due to this interaction effect is attributed to the rate and base changes in proportion to the increases in receipts that would occur if the rate and base were each changed separately.

[6] The combined employer-employee old age and survivors, disability, and hospital insurance (OASDHI) tax rate.

[7] These estimates include both the direct and indirect effects of administrative action and legislative changes.

RECEIPTS BY SOURCE

Individual income taxes.—Individual income taxes are estimated to increase by $41.5 billion or 9.8 percent from 1989 to 1990, largely due to increases in incomes resulting from both real economic growth and inflation. These estimates reflect the legislated reductions in individual income taxes provided since the administration took office in January 1981, the newly enacted medicare premium based on income tax liability, and the changes proposed in this budget. The administration's proposals are estimated to reduce individual income taxes by $0.3 billion in 1990.

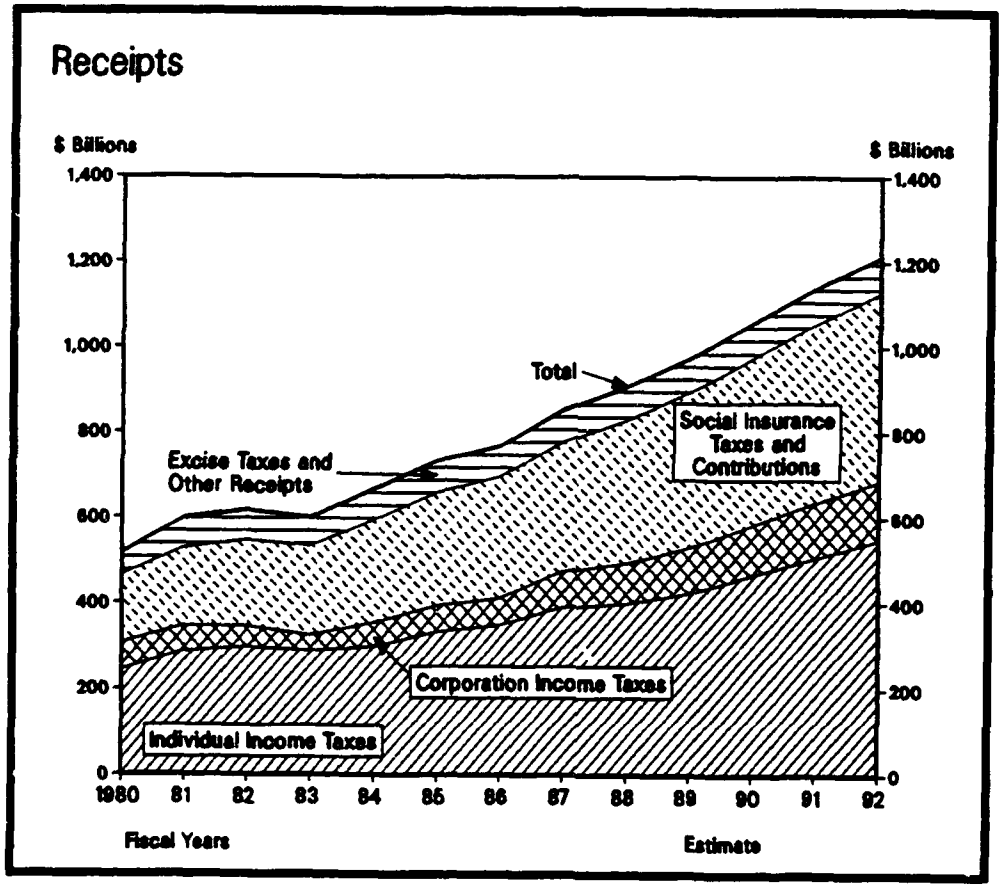
Corporation income taxes.—Corporation income taxes are estimated to increase from $107.0 billion in 1989 to $117.4 billion in 1990, in large part due to higher corporate profits. These estimates reflect the changes in corporation income taxes provided in the Tax Reform Act of 1986, the Omnibus Budget Reconciliation Act of 1987, and other legislation enacted since January 1981. They also reflect the administration's proposals, which include a permanent R&E tax credit and modification of the R&E allocation rules. Together, the administration's proposals are estimated to reduce corporation income taxes by $2.0 billion in 1990.

Social insurance taxes and contributions.—This category includes social security and railroad retirement taxes, unemployment insurance taxes and deposits, and other retirement contributions.

Receipts from this source are expected to increase from $363.9 billion in 1989 to $391.5 billion in 1990. These estimates reflect the scheduled increase in the combined employer-employee social security (OASDHI) tax rate from 15.02 percent to 15.3 percent on January 1, 1990, and annual increases in the social security taxable earnings base from $48,000 in 1989 to an estimated $50,700 in 1990. The estimates also reflect the changes in railroad unemployment financing provided in the Technical and Miscellaneous Revenue Act of 1988 and the administration's proposal to extend medicare coverage to State and local government employees, which is estimated to increase this source of receipts by $2.0 billion in 1990.

Excise taxes.—Excise taxes are levied on a variety of products, services, and activities. Receipts from these taxes are estimated to increase from $34.0 billion in 1989 to $35.3 billion in 1990. These estimates reflect the provision provided in the Technical and Miscellaneous Revenue Act of 1988 that exempts off-road users of diesel fuel from the tax at the time of purchase from the producer. They also reflect the administration's proposal to repeal a current law reduction in airport and airway trust fund taxes, which is expected to become effective in 1990.

Other receipts.—Estate and gift taxes, customs duties and fees, and miscellaneous receipts (consisting primarily of deposits of earnings by the Federal Reserve System) are estimated to total $45.5 billion in 1989 and $48.4 billion in 1990. These estimates reflect the administration's proposal to modify and reclassify the ad valorem customs user fee as a budget receipt.



PART 5

FEDERAL PROGRAMS BY FUNCTION

Pages 5-1 through 5-16 and 5-176 through 5-183 have been extracted and reprinted in that order within.

The entire part may be referred to on pages 5-1 through 5-183 in the "Budget of the United States Government".

PART 5

INTRODUCTION

National Needs and the Functional Classification.—This section discusses budget authority, outlays, and related measures of Federal spending, focusing on the end purposes served by the spending. The presentation is organized in terms of national needs as defined by the functional structure.

The Part 5 structure includes 19 functions and two additional categories—allowances and undistributed offsetting receipts—that are not functions but are needed to encompass the entire budget. Each function is further divided into subfunctions, which consist of more homogeneous groupings of programs. Federal spending is classified in the functional structure according to the primary purpose of the activity. To the extent feasible, this classification is made without regard to agency or organizational distinctions. Classifying each activity solely in the function that defines its most important purpose—even though many activities serve more than one purpose—permits adding the budget authority and outlays for each function to obtain the budget totals.

The function-subfunction-program hierarchy is used in the tables of budget authority and outlays and the text presented for each function. The text begins with a statement of national needs served by programs in the function. This is followed by a paragraph or two that describes the function and summarizes the major proposals. The President's proposals for individual programs are then described in greater detail.

Changes in the Functional Structure.—Although it is desirable to maintain stability in the functional classification from budget to budget so that budget users will not have to learn a new system each year, absolute stability is impossible. Changing conditions frequently require functional modifications. When such changes are made, the historical data base is usually revised to conform to the new functional structure so that budget users can compare program trends over time without discontinuities caused by changes in classification or accounting conventions.

One functional reclassification has been made for this budget. This change involves the shifting of the ready reserve force from the defense related activities subfunction in the defense function to

the water transportation subfunction in the transportation function. The ready reserve force maintains Government-owned merchant ships in an advanced state of readiness to meet surge shipping requirements during a national emergency.

There are two additional modifications that involve changes in subfunctions within the same function. The first involves the creation of an other undistributed offsetting receipts subfunction in the undistributed offsetting receipts category. Estimated receipts from the proposed sale by the Federal Communications Commission of the unassigned radio frequency spectrum, which were previously classified in the sale of major assets subfunction in this category, are included in this new subfunction. Estimated receipts from the proposal to charge for chlorofluorocarbon production rights are also classified in this subfunction. The second subfunction change involves moving the account financing payments to the Asia Foundation from the conduct of foreign affairs subfunction to the foreign information and exchange activities subfunction, both of which are in the international affairs function.

Credit Budget.—While budget authority and outlays are important measures of resources allocated to Federal programs, they do not cover all Federal activities. Federal activity may also take the form of direct loans or loan guarantees, which do not always become budget authority or outlays. For example, Federal loan guarantees generally require no outlays unless the borrower defaults. To monitor and control Federal credit activities, a subsidiary credit budget measures and provides a mechanism for controlling all loan guarantee commitments and direct loan obligations.

Most functions contain Federal credit programs. The functional sections discuss these programs and contain a table of credit activity. The figures in these tables add up to the credit budget totals, which appear in Tables 18 and 19 in Special Analysis F, "Federal Credit Programs."

The budget reflects the administration's proposal to separate the subsidy from the non-subsidy portion of Federal credit activities. The outlays for the subsidy portion are shown in the functional locations of the credit programs, while the non-subsidy portion is shown in the central Federal credit activities function.

The credit budget and the administration's credit reform proposal are explained in Part 6 of this volume and in Special Analysis F.

Tax Expenditures.—Tax expenditures are provisions of the tax laws that provide special benefits in comparison with what would be permitted under the general provisions of the Internal Revenue Code. They arise from special exclusions, exemptions, or deductions from gross income, or from special credits, preferential tax rates, or deferrals of tax liability. In many cases tax expenditures can be

viewed as alternatives to other means by which the Federal Government can carry out policy objectives, such as direct outlays, loan guarantees, regulations, or other tax law provisions.

Tax expenditures are discussed in the functional presentation that follows so that they may be compared with outlays and loan guarantees that serve similar purposes. To aid in this comparison all tax expenditures estimates in Part 5 are shown as outlay equivalents—that is, the amount of outlays that would be required to provide the same level of after-tax benefits if direct spending programs were substituted for the tax expenditure. The definition and measurement of tax expenditures are discussed in Part 7 of this volume and in Special Analysis G, "Tax Expenditures."

Relationship to Other Budget Tables.—The following tables appear in other parts of this volume and supplement the tables shown in Part 5:

- Outlays by function and subfunction for 1980 through 1990, in Table 16 of Part 10.
- Budget authority and outlays by function for 1988 through 1994, in Tables 6 and 3, respectively, of Part 10.
- Budget authority and outlays for 1988 through 1990 for each agency and account, in Part 9. Each account has a 3-digit code indicating the function and subfunction in which it is classified.

Data for earlier years are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1990.*

NATIONAL DEFENSE

The objectives of the national defense program are to protect the United States and its allies from foreign aggression and to maintain sufficient military strength to deter both nuclear and conventional war. Should armed conflict nonetheless occur, we must be prepared to defend ourselves successfully, while limiting the scope and intensity of the conflict.

Carrying out these objectives requires a full range of defense capabilities. These include survivable and flexible capabilities for nuclear deterrence; strong maritime, air, and ground forces forward deployed in Europe and other critical areas; and the means to deploy reinforcements rapidly from the United States and to sustain our military forces anywhere in the world.

Budget authority for national defense declined in real terms for the fourth straight year with funding of $298.8 billion provided in 1989. This decline in real defense funding levels has resulted in smaller annual procurements of equipment, ammunition, and war reserve stocks than previously planned, slower development of new weapons, and delays in equipment maintenance. To reverse this adverse trend, the budget proposes sustained, moderate real growth of about 2 percent per year in 1990 and after. In comparison to last year's estimates, total 1989–1993 funding for national defense is lower by $19.1 billion.

As required by the Defense Authorization Act of 1986, a two-year budget for 1990 and 1991 is submitted for national defense. The budget proposes $315.2 billion in budget authority and estimates $303.0 billion in outlays for the national defense function in 1990 and $330.8 billion in budget authority and $314.4 billion in outlays for 1991. These levels are below those projected in last year's budget request, ($316.4 billion and $333.7 billion, respectively, for budget authority).

The accompanying table shows budget authority and outlays for the three national defense subfunctions: military functions of the Department of Defense, atomic energy defense activities, and defense-related activities of other agencies.

Department of Defense—Military.—Budget authority of $305.6 billion in 1990 and $320.9 billion in 1991 is requested for the military functions of the Department of Defense (DOD). The budget provides for continuing efforts to:

- modernize all components of U.S. strategic forces to ensure that they deter nuclear attack by virtue of their ability to survive and retaliate should an attack occur;
- develop and procure conventional equipment for essential modernization of U.S. conventional forces;

NATIONAL DEFENSE

Major Mission Program	Actual 1988	Estimate 1989	1990	1991	1992
BUDGET AUTHORITY					
Department of Defense—Military:					
Military personnel	76,584	78,566	79,845	82,060	84,283
Operation and maintenance	81,629	85,939	91,725	95,518	97,245
Procurement	80,053	79,232	84,115	91,894	99,759
Research, development, test and evaluation	36,521	37,542	41,024	41,252	42,372
Military construction	5,349	5,703	5,280	5,937	7,104
Family housing	3,199	3,266	3,280	3,671	3,958
Revolving funds and other	1,274	749	853	968	1,224
Offsetting receipts	−855	−811	−786	−749	−759
Allowances: Other legislation (proposed)			309	358	524
Subtotal, Department of Defense-Military	283,755	290,186	305,645	320,909	335,710
Atomic energy defense activities	7,749	8,100	9,027	9,389	9,862
Defense-related activities	504	519	521	525	531
Total, budget authority	**292,008**	**298,805**	**315,193**	**330,823**	**346,103**
OUTLAYS					
Department of Defense—Military:					
Military personnel	76,337	78,229	79,377	81,625	83,833
Operation and maintenance	84,475	85,394	88,673	92,685	95,558
Procurement	77,166	80,651	78,711	81,112	85,840
Research, development, test and evaluation	34,792	37,023	38,700	40,118	41,072
Military construction	5,874	5,751	5,361	5,313	5,747
Family housing	3,082	3,215	3,353	3,521	3,735
Revolving funds and other	1,065	348	330	870	870
Offsetting receipts	−855	−811	−786	−749	−759
Allowances: Other legislation (proposed)			102	226	354
Subtotal, Department of Defense-Military	281,935	289,800	293,820	304,721	316,250
Atomic energy defense activities	7,913	7,945	8,647	9,177	9,653
Defense-related activities	512	510	524	528	535
Total, outlays	**290,361**	**298,255**	**302,991**	**314,426**	**326,439**

- maintain the readiness and improve the combat sustainability of conventional forces;
- develop sufficient sealift and airlift capacity to ensure that U.S. forces can be rapidly deployed overseas in order to protect our critical interests, support our allies, and allow continued access to essential resources; and
- strengthen alliances and coalitions to protect U.S. interests worldwide and, in particular, to achieve NATO objectives.

Budget authority estimates for the Department of Defense—Military are displayed by mission category in the following table.

Strategic Forces.—The budget continues the President's strategic modernization program, which is essential for strengthening deterrence and achieving meaningful arms control agreements. Main-

taining a modern triad of strategic forces remains the highest defense priority. Nevertheless, some adjustments to individual strategic programs have been made as part of the administration's efforts to fit within reduced defense budget levels.

U.S. bomber forces are being modernized by acquiring the B-2 bomber, a modernized short-range attack missile (SRAM II), and the advanced cruise missile. B-1B bomber production was completed in 1988 with the delivery of the one-hundredth aircraft. Continued procurement of the Peacekeeper intercontinental ballistic missile (ICBM) is proposed, to provide for operational and reliability testing and for deployment in rail garrisons. To continue the modernization of U.S. submarine-based forces, the budget provides for procurement of one new Trident ballistic missile submarine each year, as well as procurement of the new Trident II missile. Finally, the budget also supports continued improvements to strategic command and control systems, as well as to early warning and strategic defense capabilities. These programs for strategic forces are essential to ensure that the U.S. deterrent remains strong in the near term and through the 1990's.

MISSION CATEGORIES: DEFENSE, MILITARY [1]

(Functional code 051, in billions of dollars)

Major missions and programs	1988 actual	Estimate		
		1989	1990	1991
Strategic forces [2]	19.8	21.2	23.4	27.6
General purpose forces	114.9	112.8	117.8	122.8
Intelligence and communications	28.3	29.6	31.7	32.8
Airlift and sealift	4.4	5.4	6.3	7.1
Guard and reserve	16.9	17.2	17.2	17.8
Research and development [3]	28.4	29.1	32.1	32.6
Central supply and maintenance	24.3	25.3	27.0	28.1
Training, medical, and other general personnel activities	37.3	38.5	40.0	42.1
Administration and associated activities	6.7	6.9	5.9	6.3
Support of other nations	0.8	1.0	1.1	1.1
Special operations forces	2.0	3.2	3.1	2.6
Total, budget authority	**283.8**	**290.2**	**305.6**	**320.9**

[1] Preliminary data, subject to revision
[2] Excludes strategic systems development included in the research and development category
[3] Excludes research and development in other program areas on systems approved for production

General Purpose Forces.—U.S. conventional forces must be able to respond effectively to all levels of potential conflict—up to and including a war between NATO and the Warsaw Pact—while retaining the flexibility to meet other threats. The budget provides support for 18 active-duty Army divisions, 3 Marine divisions, 3 Marine and 13 Navy active-duty tactical airwings, the equivalent of nearly 24 active-duty wings of Air Force tactical aircraft, a 574-ship Navy in 1990 and a 571-ship Navy (including strategic missile submarines and support ships) in 1991.

The Defense Appropriations Act for 1989 requires the submission of information on the costs of overseas military units and dependents accompanying military personnel abroad. This information will be provided separately by the Department of Defense.

Army General Purpose Forces.—The budget provides for new weapons to improve the firepower, mobility, and survivability of Army forces, and supports the maintenance and training of these forces.

Under the 1990–91 budget request, the Army would procure 448 M–1 Abrams tanks in 1990 and 261 in 1991. Also, the budget proposes procurement of 600 Bradley fighting vehicles a year in 1990 and 1991. The budget would continue procurement of Apache helicopters at a rate of 72 per year and includes funds for buying 83 Blackhawk utility and Special Operations Forces helicopters a year in 1990 and 1991.

The budget continues procurement of air defense missile systems such as the short-range Stinger and Chaparral missiles and the long-range Patriot area defense system. Procurement of a new Forward Area Air Defense (FAAD) system to provide short-range air defense for mechanized infantry and armored divisions will continue.

The 1990–91 budget would support the Army's 18 active and 10 reserve divisions. About 800 older utility helicopters would be eliminated from the Army force structure.

Navy General Purpose Forces.—Naval forces are essential for protecting our national interests in many parts of the world. In peacetime, these forces demonstrate our capability to honor national commitments, as shown by our recent successful naval operations in the Persian Gulf. In wartime, they would engage in offensive operations and protect the movement at sea of U.S. miltary forces and vital supplies.

The Navy's deployable battle force ships will increase from 568 ships in 1989 to 574 ships in 1990. As a result of retiring a large number of older ships, however, the number will decrease to 571 ships in 1991. The 1990–91 shipbuilding plan provides for the construction of 32 conventional force ships, including 4 nuclear attack submarines, 10 guided missile destroyers, 2 amphibious ships, and 16 other ships.

The budget continues modernization of the 13 Navy and 3 Marine Corps active tactical airwings and 24 active land-based patrol air squadrons. Procurement of the F–14, F–18, and AV–8B aircraft for tactical airwings as well as the SH–60B Lamps III ship-based and the SH–60F carrier-based anti-submarine helicopters is proposed. The budget also funds development and initial procurement of the Advanced Tactical Aircraft, the A–12, which will replace the medium range A–6 attack aircraft.

To sustain the substantial increase in naval readiness that has occurred since 1980, the budget will fund the same levels of flying hours per flight crew and steaming days per ship that have been achieved in recent years. However, some maintenance of equipment and facilities will be deferred.

Air Force General Purpose Forces.—The Air Force's tactical forces include fighter, attack, and support aircraft that are employed to gain air superiority and to conduct attacks against enemy ground forces and interdiction targets. Active fighter and attack aircraft comprise nearly 24 fully-equipped active wings. Fighter and attack units of the active Air Force, the Air National Guard, and the Air Force Reserve together provide the equivalent of 35 fully-equipped wings in 1990, a reduction of 3 wing equivalents from the 1988 force level. In addition to these forces, units equipped with the F-117A stealth fighter are now operational.

The Air Force plans to procure 36 F-15E aircraft a year in 1990 and 1991, as well as 150 F-16 multi-mission fighters each year.

Improvements in readiness and combat sustainability will continue. Monthly aircrew flying hours will be maintained near the 1989 level. To enhance air-to-air combat capability and sustainability, the budget provides for procurement of 1,450 advanced medium range air-to-air missiles for the Air Force in 1990 and 2,200 in 1991. These are sizeable increases over the 1989 procurement level of 874 missiles.

Intelligence and Communications.—To employ our weapon systems and forces effectively, we must be able to direct them in accordance with national policy and military strategy. Information on friendly, hostile, and potentially hostile forces must be gathered and evaluated to aid decision makers. Decisions and operational orders, in turn, must be communicated to the appropriate forces.

The budget seeks improvements in intelligence and communications by providing for development and modernization of command centers, sensors, computers, satellites, and other data-gathering and communication links. These improvements will be made in five broad mission areas: strategic and non-strategic nuclear force management; theater and tactical force management; world-wide information and communication systems; electronic warfare; and intelligence.

The budget requests funds to support an initiative in last year's budget to modernize and upgrade our verification capabilities. These capabilities will help the U.S. verify future arms control agreements, ensure compliance with these agreements, and keep pace with changes in technologies in other nations.

Airlift and Sealift Forces.—The ability to deploy military forces to crisis areas and to sustain them once deployed depends on airlift and sealift forces.

The budget proposes increasing funded airlift capability to 48.2 million ton miles per day by 1991, compared to 28.5 million ton miles per day in 1980. As previously planned, the procurement of C-17 cargo aircraft increases from 6 in 1990 to 10 in 1991 as production increases toward an economical production rate.

Government-controlled sealift capability will have increased under this administration from 550,000 short tons in 1980 to 895,000 short tons in 1991 in this budget. Part of this sealift fleet, the Ready Reserve Fleet maintained by the Maritime Administration, will be funded by the Transportation Department and in the transportation function (subfunction 403) beginning in 1990.

Stockpiling equipment and materials near potential trouble spots greatly aids the deployment of forces to distant areas. The Army has stockpiled in Europe heavy equipment for four divisions and supporting units, but the acquisition of equipment for two more divisions has been slowed. Equipment to support the rapid deployment of tactical fighter squadrons is also being stockpiled in Europe.

National Guard and Reserves.—Guard and Reserve forces are essential partners of the active forces in supporting national defense. Total Selected Reserve strength of 1,170,744 in 1989 will increase to 1,178,300 in 1990 and 1,181,700 in 1991. Full-time support personnel, who provide training and administer Reserve programs, will increase from 71,814 in 1989 to 73,709 in 1990 and 74,772 in 1991. In addition, upgrading of Guard and Reserve equipment continues.

Research and Development.—This category includes funds for all research and development (R&D) except improvements to systems that are already operational. Weapon systems are developed, tested, and evaluated to meet new military requirements. At the same time, a strong research and technology base allows continued investigation into promising new technologies and guards against technological surprise by potential adversaries.

Major strategic force development programs include rail garrison basing for the Peacekeeper ICBM, the Trident II submarine-launched missile, the B-2 bomber, and the advanced cruise missile. The budget requests $5.6 billion for R&D and military construction for the Strategic Defense Initiative (SDI) in 1990. Additional SDI funding of $0.3 billion is requested in the Department of Energy budget. Overall, SDI funding for 1990 is $1.8 billion above the level provided in 1989.

Development programs for general purpose forces that are approaching completion and transition to production include the V-22 tilt-rotor aircraft, the C-17 transport aircraft, and the A-12 attack aircraft. Full-scale development of the advanced tactical fighter aircraft would begin in 1991. Major anti-submarine warfare

efforts are also funded, including development of the SSN-21 attack submarine and a new long-range maritime patrol aircraft. In addition, the Army continues development of its new light helicopter, advanced anti-tank weapon systems, precision artillery munitions, as well as systems for air defense.

Training, Medical, and Other General Personnel Activities.—This category includes recruiting, training, and providing medical care to active duty personnel, dependents, and retirees. The budget proposes an increase in resources for recruiting because of the low U.S. unemployment rate, which tends to make recruiting more difficult. Recent innovations to provide more rigorous and realistic training are continued or expanded.

The budget proposes a two-year pilot program to introduce copayments in the provision of health care to non-active duty beneficiaries. The program will be conducted in several geographical areas. Copayments will be consistent with those required in other Federal programs including Department of Veterans Affairs programs. Families of junior enlisted personnel would be exempt. The purpose of the program is to explore how copayments can reduce costs and improve the quality of health care in military medical facilities. The budget also proposes the establishment of an advisory panel whose members will be selected by the Secretary of Defense and will include medical experts from outside the Government. The panel will make recommendations on the design of the pilot program and report these recommendations to the Secretary by June 1, 1989. The Secretary will forward his own recommendations to Congress soon thereafter. The panel will also review the conduct of the program, evaluate its results, and make recommendations for follow-on actions.

Special Operations Forces.—Special operations units include Army Special Forces and Rangers, Navy SEALS, and Air Force special units. Although special operations forces are mainly used for low-intensity conflict situations, they can be employed across the entire spectrum of military operations—from peacetime operations to conventional and nuclear war. Modernization of these forces would continue with procurement and delivery of new and specially modified helicopters, transport aircraft, and high-speed boats.

Military Personnel and Compensation.—The budget proposes military compensation levels that will continue to attract and retain quality personnel. The budget provides for military pay raises of 3.6 percent in 1990 and 3.2 percent in 1991 effective in January of each year. Overall active forces manpower levels will change little, declining from 2,138,200 in 1988 to 2,134,600 in 1991. These strength levels will allow full manning of U.S. ships, aircraft and front line forces, including new equipment and weapon sys-

tems entering service. Some personnel reductions have been made in support areas to meet budget constraints.

SUMMARY OF ACTIVE MILITARY PERSONNEL AND FORCES

(Year end—i.e. as of September 30)

	1988 actual	Estimate		
		1989	1990	1991
Military personnel (in thousands):				
End strength:				
Army	772	772	772	772
Navy	593	593	598	598
Marine Corps	197	197	197	197
Air Force	576	571	571	567
Total, Department of Defense	**2,138**	**2,133**	**2,138**	**2,135**
Average strength:				
Army	769	769	772	772
Navy	582	589	593	596
Marine Corps	198	197	197	197
Air Force	593	578	574	571
Total, Department of Defense	**2,142**	**2,133**	**2,137**	**2,137**
Strategic forces:				
Intercontinental ballistic missiles:				
Peacekeeper	38	50	50	50
Minuteman	950	950	950	950
Poseidon-Trident	624	656	632	656
Strategic bomber squadrons	25	24	21	21
General purpose forces:				
Land forces:				
Army divisions	18	18	18	18
Marine Corps divisions	3	3	3	3
Tactical air forces:				
Air Force wing equivalents	25.5	24.4	23.7	23.7
Navy attack wings	13	13	13	13
Marine Corps wings	3	3	3	3
Naval Forces:				
Attack and multipurpose carriers	14	14	15	15
Battleships	3	4	4	4
Nuclear attack submarines	97	97	95	96
Other warships	200	193	189	180
Amphibious assault ships	61	64	63	62
Airlift and sealift forces:				
C–5 airlift squadrons	4	4	4	4
Other airlift squadrons	15	15	15	15
Sealift fleet	70	70	70	70

Consistent with proposals for Federal civil service retirees, the budget proposes eliminating the cost-of-living adjustment planned for January 1990 and changing future cost-of-living adjustments. Under current law, military retirees who joined the armed services before August 1986 receive cost-of-living adjustments equal to the annual percent change in the Consumer Price Index (CPI). Those who joined after 1986 will receive annual adjustments equal to the percent change in the CPI, minus one percentage point. Beginning

in 1991, it is proposed that all military retirees, current and future, receive annual cost-of-living adjustments equal to the percent change in the CPI, minus one percentage point.

Drug Interdiction Support.—In the 1989 Defense Authorization Act, Congress directed that the Department of Defense serve as the single lead agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. The Authorization Act also charged the Department of Defense with developing a plan for the integration into an effective communications network of all command, control, communication, and technical intelligence assets of the United States that are dedicated to the interdiction of illegal drugs. In 1989, Congress allocated $300 million for transfer to other appropriations once the Department determined the best method for carrying out its new responsibilities.

The Department of Defense will shortly determine how best to carry-out Congress' drug interdiction and law enforcement assignment and will report its plans to Congress.

Management Initiatives.—Over the past eight years the Department of Defense (DOD) has made major improvements in the way it does business. Continued improvements have become increasingly important in light of recent budget reductions. For 1990–91, major goals of the Department's management improvement program include simplifying and improving the acquisition process, strengthening the financial management system by consolidating financial management data within each military department and the defense agencies, and accelerating the Department's efforts to improve productivity.

For 1990, 32 additional programs will be proposed for multi-year procurement to lessen the instability inherent in the traditional, one-year-at-a-time approach to weapons procurement. Savings from these multi-year procurement proposals are estimated to be $8.6 billion over the next eight years. Emphasis has also been placed on avoiding procurement stretchouts and on maintaining production rates at or above minimum economic levels. In addition, six low-priority weapons programs and five ammunition lines have been terminated with 1990–91 savings of more than $1 billion.

Competition will be encouraged in order to keep costs down, quality up, and the industrial base strong. Commercially available products will be used instead of custom-made items wherever possible. The administration proposes to streamline commercial products acquisition procedures, as well as to simplify the basic procurement statutes. A policy on contractors' rights to technical data developed under Government contracts is going into force. DOD plans to continue improving its cash management programs.

The bipartisan Commission on Base Realignment and Closure has submitted to both the Secretary of Defense and Congress its report on bases recommended for closure and realignment. The Secretary must decide on these recommendations by January 16, 1989, at which time planning for the implementation would begin. The budget assumes approval of a significant closure and realignment package. The 1990–91 defense budget proposes appropriations of $500 million each year for the initial costs of consolidation. Savings are expected to be realized by 1992 and to increase to about $2 billion a year by 1994.

As required by Executive Order 12615, the Department will accelerate its program of opening to competition some of its Government-operated commercially available activities. The Order requires studies covering over 29,000 full-time-equivalent positions (FTE) in 1989. For 1990 and beyond, DOD will conduct studies covering no less than 3 percent of its civilian employment annually until all identified potential commercial activities have been studied. In 1988 this program covered 12,000 FTE, achieving cost reductions through increased productivity of $110 million.

The Department will initiate a pilot project to demonstrate innovative ways to organize, staff, reward, and compensate the workforce. Innovations to be explored include pay-for-knowledge experiments, the use of multi-skilled employees without job classifications, gainsharing, and other performance-based pay schemes.

Atomic Energy Defense Activities.—These activities, conducted by the Department of Energy, include research, development, testing, and production of nuclear weapons; production of special nuclear materials; storage and clean-up of nuclear wastes from defense programs; and design of reactors for nuclear-powered Navy vessels.

The accompanying table shows the funding levels for these programs. In total, budget authority of $9.0 billion is requested for 1990 compared to $8.1 billion for 1989. Outlays are estimated to increase from $7.9 billion in 1989 to $8.6 billion in 1990. Budget authority of $9.4 billion is requested for 1991 with outlays estimated to be $9.2 billion.

The nuclear weapons program involves the design, testing, and production of nuclear warheads for the nuclear weapons stockpile, including quality control and periodic inspection of the finished devices. Budget authority proposed for 1990 and 1991 would provide for continuing warhead production for current and new weapon systems, and for production of special nuclear materials for use in these warheads.

The budget provides for conceptual design of two new production reactors to replace the aging reactors at the Savannah River Plant. Spending levels in 1990 and 1991 would maintain the same pace of development for the heavy water reactor and high temperature gas

ATOMIC ENERGY DEFENSE ACTIVITIES

(Functional code 053, in millions of dollars)

Major missions and programs	1988 actual	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Weapons research, development, test and production	4,170	4,234	4,479	4,714	4,855
Weapons materials production, and waste management	2,704	2,960	3,618	3,708	4,007
Naval reactor development	607	630	652	671	692
Other research programs	268	276	278	296	308
Total, budget authority	**7,749**	**8,100**	**9,027**	**9,389**	**9,862**
OUTLAYS					
Weapons research, development, test and production	4,225	4,212	4,381	4,605	4,783
Weapons materials production and waste management	2,803	2,826	3,341	3,621	3,886
Naval reactor development	593	619	641	666	686
Other research programs	292	288	284	285	298
Total, outlays	**7,913**	**7,945**	**8,647**	**9,177**	**9,653**

reactor designs. Additional activities in support of new production reactor capacity include compliance with National Environmental Policy Act requirements, development of the safety review process, initiation of long lead procurement, and tritium target development.

The budget supports a significant increase in activities to bring existing facilities into compliance with all Federal and State environmental, safety, and health requirements and to clean up contamination from prior activities. It also provides for modernization of facilities throughout the nuclear weapons production complex.

The defense nuclear waste management program provides interim storage for all defense nuclear wastes. The program also supports research and development activities for the isolation and permanent storage of these wastes.

The naval reactor development program includes the research and development, design, procurement, and testing of prototype reactors for current and future nuclear-powered naval vessels.

Other atomic energy defense and research and development programs involve security at defense nuclear facilities, security investigations, and arms control and verification technology development.

Defense-Related Activitives.—Activities of departments and agencies that support national defense include emergency preparedness programs and the Selective Service System.

The Federal Emergency Management Agency conducts civil defense and other preparedness programs. Budget authority of $152 million is proposed for 1990 and $154 million in 1991 for civil defense programs in order to improve State and local preparedness

to cope with emergencies. Total outlays for all defense-related activities of this agency are estimated at $318 million in 1990 and $313 million 1991.

CREDIT PROGRAMS—NATIONAL DEFENSE

(In millions of dollars)

	Actual 1988	Estimate			
		1989	1990	1991	1992
Direct loans:					
Navy industrial fund:					
Change in outstandings	−29	−38	−48	−48	−48
Outstandings	1,759	1,721	1,672	1,624	1,576
Total, direct loans:					
Change in outstandings	−29	−38	−48	−48	−48
Outstandings	1,759	1,721	1,672	1,624	1,576

The Selective Service System maintains a high level of readiness to meet defense manpower requirements in case of a national emergency. Activities in support of this objective include national and regional operational planning, maintenance of automated registration information on eligible inductees, and training of Reserve officers and local and appeal board members necessary to set up local offices. The agency has begun development of a post-mobilization system for the registration and classification of health care personnel. Estimated outlays for 1990 and 1991 are $26 and $27 million, respectively.

To advance democracy in Nicaragua and security in all of Central America, it is intended that additional assistance to the Nicaraguan democratic resistance will be requested for 1989 and 1990 as needed to achieve U.S. foreign policy objectives.

Tax Expenditures.—The housing and meals provided military personnel, either in cash or in-kind, are excluded from taxable income, which results in a tax expenditure estimated at $2.3 billion in 1990.

ALLOWANCES

The budget includes allowances to cover certain forms of budgetary transactions that are expected to occur but are not reflected in the program details shown in the preceding functions. When these transactions actually take place, they are reported as outlays for the appropriate agencies and functions rather than as allowances. For this reason, allowances for completed years are always zero. In 1990, allowances included in this category reduce budget authority by $364 million and outlays by $360 million.

Civilian Agency Pay Raises.—This allowance covers the costs of pay raises for civilian agency employees and Coast Guard military personnel in 1990 and subsequent years. Allowances to cover similar pay raises for military and civilian personnel of the Department of Defense-Military are included in the national defense function.

The budget includes a 2 percent increase for civilian employees and a 3.6 percent pay increase for Coast Guard military personnel, effective in January 1990. It assumes that each agency will be required to absorb 75 percent of the costs of these proposed increases. The allowance covers the remaining 25 percent of the proposed increases. The pay raise allowances for 1991 and 1992 assume that Federal civilian employees will receive pay raises of 3.0 percent and 2.8 percent, respectively, effective in January, and that Coast Guard military personnel will receive 3.2 percent and 3.0 percent, respectively, also effective in January.

Employees' Health Benefits Reform (FEHB).—The administration proposes a reform in the FEHB program that would change the formula used to determine the Government's contribution to enrollees' health premiums to a weighted average that reflects the premiums of all FEHB plans and the distribution of enrollees among those plans. This proposal is discussed in further detail in the health function. The savings from this proposal would accrue to agencies throughout the Government. These savings, estimated to be $256 million in 1990, are included as an allowance.

Reduced Government Mail Rates.—The budget reflects a proposed change in postal rates for Government mail. Separate subclasses would be established to eliminate excess overhead charges paid by the Government. Rates would be based on actual attributable costs and overhead charges equal to average overhead rates for comparable classes of mail. Government mail would still be processed in USPS's current mail stream, without change in service standards, but would be charged rates more closely aligned with actual costs incurred. The budget includes an allowance of $261 million in

ALLOWANCES

(Functional code 920, in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY					
Civilian agency pay raises:					
Civilian agency pay raises [1]			136	1,411	2,509
Coast Guard military pay raises			17	46	75
Subtotal, Civilian agency pay raises			153	1,457	2,584
Employee health benefits reform:					
Proposed legislation			−256	−373	−423
Subtotal, Employee health benefits reform			−256	−373	−423
Reduced government mail rates:					
Proposed legislation			−261	−261	−261
Subtotal, Reduced government mail rates			−261	−261	−261
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, budget authority			**−364**	**823**	**1,900**
OUTLAYS					
Civilian agency pay raises:					
Civilian agency pay raises [1]			140	1,445	2,634
Coast Guard military pay raises			17	46	75
Subtotal, Civilian agency pay raises			157	1,491	2,709
Employee health benefits reform:					
Proposed legislation			−256	−373	−423
Subtotal, Employee health benefits reform			−256	−373	−423
Reduced government mail rates:					
Proposed legislation			−261	−261	−261
Subtotal, Reduced government mail rates			−261	−261	−261
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, outlays			**−360**	**857**	**2,025**

[1] Includes allowance for administration of the off-budget social security trust funds.

outlay savings from the reduced rates. The Department of Defense allowances for contingencies also contain $85 million for this reduced Government mail rate proposal.

Allowances for Contingencies.—The Congressional Budget Act of 1974, as amended, requires that the budget include an allowance for unanticipated spending or savings in relatively uncontrollable programs and an allowance for other unanticipated spending or

savings. The contingency allowance for relatively uncontrollable programs is estimated to be zero for all years, because the chance of these outlays being lower than the estimates is as great as the chance of being higher. The contingency allowance for other requirements is also assumed to be zero, with probable increases being offset by unanticipated decreases.

UNDISTRIBUTED OFFSETTING RECEIPTS

Offsetting receipts are collections by the Federal Government that are credited to receipt accounts but are deducted as offsets to outlays rather than recorded as governmental receipts. Such collections may result from intragovernmental transactions or they may arise from business-like transactions between the Government and the public, such as sales of goods and services. Governmental receipts, by contrast, include those collections that arise from the Government's sovereign power (mainly taxes and other compulsory charges).[1] Offsetting receipts are deducted from both budget authority and outlays.

UNDISTRIBUTED OFFSETTING RECEIPTS

(Functional code 950, in millions of dollars)

Major missions and programs	Actual 1988	Estimate			
		1989	1990	1991	1992
BUDGET AUTHORITY AND OUTLAYS					
Employer share, employee retirement (on-budget):					
Military retired contributions	−18,382	−18,798	−16,608	−16,939	−17,257
Contributions to HI trust fund	−1,884	−2,010	−2,131	−2,198	−2,294
Contributions from Postal Service:					
Existing law	−3,705	−3,436	−3,578	−3,905	−4,066
Proposed legislation				−225	−405
Contributions from other civilian agencies	−5,066	−5,183	−5,528	−5,890	−6,262
Subtotal, Employer share, employee retirement (on-budget)	−29,037	−29,427	−27,844	−29,158	−30,283
Employer share, employee retirement (off-budget)	−4,382	−4,849	−5,551	−5,928	−6,444
Rents and royalties on the Outer Continental Shelf	−3,548	−2,655	−3,710	−3,283	−3,516
Sale of major assets:					
Sale of petroleum reserve (proposed)			−1,000		
Sale of power administrations (proposed)			−1,285	−1,500	−1,200
Subtotal, Sale of major assets			−2,285	−1,500	−1,200
Other undistributed offsetting receipts:					
Chlorofluorocarbon production rights			−400	−1,350	−550
Spectrum fees, FCC			−2,252	−1,126	
Subtotal, Other undistributed offsetting receipts			−2,652	−2,476	−550
Total, budget authority and outlays	−36,967	−36,931	−42,042	−42,345	−41,993
On-budget	(−32,585)	(−32,082)	(−36,491)	(−36,417)	(−35,549)
Off-budget	(−4,382)	(−4,849)	(−5,551)	(−5,928)	(−6,444)

Most offsetting receipts are offset against the function that contains the activity that generates the receipts. Such offsetting re-

[1] The conceptual basis for classifying certain amounts collected by the Federal Government as receipts and other amounts as offsetting collections is explained in Part 8 of this volume.

ceipts are deducted before reaching functional outlay totals and are referred to as "distributed" to the functions. However, there are several categories of offsetting receipts that cannot be properly offset against any specific function. These collections are deducted just before reaching Government-wide totals and are referred to as "undistributed offsetting receipts."

There are five categories of undistributed offsetting receipts: 1) on-budget collections of amounts paid by Federal agencies to Federal employee retirement funds and medicare; 2) off-budget collections of amounts paid by Federal agencies for Federal employee retirement funds under social security; 3) collections from the public of bonuses, rents, and royalties on the Outer Continental Shelf; 4) collections from the public arising from the sale of major Federal assets; and 5) collections from the sale of spectrum rights and chlorofluorocarbon production rights.

Undistributed offsetting receipts are estimated to be $36.9 billion in 1989 and $42.0 billion in 1990. Details of all offsetting receipts are shown in table 12 in Part 10. The totals for undistributed offsetting receipts shown on tables organized by agency exceed the totals shown on tables organized by function. This is because interest received by on- and off-budget trust funds are included in the net interest function rather than the undistributed function, but they are undistributed in the agency displays.

Employer Share, Employee Retirement (on-budget).—Classification within the functional structure is relatively straightforward for most Federal Government accounts, because only one type of transaction occurs—a payment to the public. In the case of intragovernmental transactions, which are payments by one Government account to another, the functional classification becomes more complex because of the special accounting conventions used to record these transactions. Outlays are charged to the "paying agency" (for the payment to the "receiving agency" for services provided) and also to the receiving agency (for the expenditures it makes on behalf of the paying agency). Although two expenditures occur, only one is made to the public, and therefore one of these expenditures must be offset (reduced) in order to measure properly the Federal Government's net transactions with the public. Since the paying agency is ultimately responsible for the expenditure to the public, and the receiving agency simply acts on its behalf, the budget authority and outlays of the receiving agency are normally offset (reduced) by the size of the payment. Thus outlays are recorded for the agency ultimately responsible for the expenditure and within the function that best represents the purpose of the expenditure.

Employing agency payments for employee retirement are an exception to this convention. These payments to Federal retirement

funds constitute a funding of the accrued liabilities for retirement benefits earned by current employees and are a cost of fulfilling the employing agency's mission. Hence the payments are recorded as outlays of the paying account and the function within which the paying account is classified. The retirement funds in turn pay retirement and medicare benefits to current retirees, thereby serving important functions that are distinct from the ones served by the employing agencies. Hence the benefits paid are recorded as outlays of the retirement funds and the medicare and income security functions. Neither the employing agency payments nor the retirement benefits are offset directly, because this would seriously understate the resources used to fulfill their purposes. Instead, the offset is recorded as an undistributed offsetting receipt.

Most of the $27.8 billion in 1990 that are collected by on-budget accounts are used to finance the military retirement and the civil service retirement trust funds.

The budget reflects proposed legislation that would require the U.S. Postal Service (USPS) to fund new civil service retirement liabilities created with each new retirement cost-of-living adjustment (COLA) for Postal Service annuitants and survivors. USPS payments to the retirement fund would be equal to the present value of new COLA liabilities amortized over 10 years. Because the budget proposes a 1990 COLA freeze for Government annuitants, USPS's initial annual payment to the retirement fund will begin in 1991.

Employee Share, Employee Retirement (off-budget).—Because, by law, social security is off-budget, and because some of intragovernmental employer retirement contributions are used to finance social security for Federal personnel, the collections by off-budget accounts are recorded in a separate subfunction from the on-budget retirement collections.

Rents and Royalties on the Outer Continental Shelf (OCS).—The Federal Government administers the OCS and collects bonuses, rents, and royalties from the companies that successfully bid for the right to explore and produce oil and gas from the OCS. Because these collections result from business-like transactions rather than from compulsory collections, they are classified as proprietary receipts from the public and not governmental receipts.

However, the income to the Government from this source is large and does not arise in significant measure from any spending program by the function or agency that administers the transactions. As a result, their inclusion as offsetting receipts in any particular function or agency would substantially understate the amount of budget authority and outlays needed to carry out programs in that

function. To avoid this distortion, these collections are undistributed.

The collections in this category include cash bonuses from the leasing of OCS lands with potential oil and gas resources; annual rents on existing leases; and royalties, based on a percentage of the value of production. Current estimates of proceeds from OCS sales are $2.7 billion in 1989 and $3.7 billion in 1990. None of these sales will be conducted until environmental impact studies and other requirements of the National Environmental Policy Act have been completed.

The administration opposes continuation of current "one-year" leasing moratoria enacted in appropriations bills for certain OCS areas, which circumvent the effective management of OCS resources set forth in the OCS Lands Act. The continuation of leasing moratoria and a related prohibition on exploration and development activities on some existing OCS leases would be a clear signal to private industry that the Federal Government can no longer be considered a trustworthy partner, resulting in a retargeting of industry investment in exploration activities to foreign areas. Such moratoria and prohibitions prevent the Nation as a whole from realizing the economic and energy security benefits, including revenues and employment, derived from exploration for and development of OCS oil and gas resources.

Sale of Major Assets.—Certain asset sales result in large offsetting receipts that are not closely related to any particular on-going spending program. As a result, these collections are included as undistributed offsetting receipts rather than as an offset to a function.

The administration's proposals for 1990 include the sale of two Federal dams and associated hydropower systems in Alaska for $85 million, the sale of selected assets of Southeastern Power Marketing Administration for $1.2 billion, and the sale of the naval petroleum reserves (NPR) in Elk Hills, California. The buyer of the NPR is expected to pay the Government $1.0 billion in 1990 and to supply oil to fill the strategic petroleum reserve from 1990 through 1995 at no cost to the Government. These asset sales and swaps are discussed in greater detail in the energy and natural resources functions.

Charges for Spectrum and Chlorofluorocarbon Rights.—The budget proposes that, beginning in 1990, the U.S. Government use a competitive bidding process to grant licenses for exclusive use of certain unassigned portions of the spectrum. These could be used for services such as cellular radio and private land mobile radio services. The 1990 budget estimates revenue of $2.3 billion in 1990

and $1.1 billion in 1991 for bidding on six megahertz of currently unassigned portions of the spectrum.

Currently, the Federal Communicatons Commission (FCC) employs two methods—comparative hearings and lotteries—for awarding non-mass-media licenses. In comparative hearings, the FCC compares the merits of rival applicants in an often complex, prolonged administrative process. In lotteries, the FCC processes thousands of applications prior to a drawing. Both methods are costly to the FCC and delay the introduction of valuable new services. Lotteries also impose delays and costs on the public. In contrast to the delay associated with these processes, competitive bidding would immediately assign frequency channels to users who can put them to their highest valued use without the need for costly, time-consuming allocations and resales.

The administration is also proposing to charge market value for the rights to produce chlorofluorocarbons (CFCs) and related substances that deplete the ozone layer. CFCs are used as refrigerants and solvents as well as to make insulation. Current regulations, which require major reductions in the production of CFCs, will lead to a significant rise in the price of CFCs. By charging market value for these limited production rights, the revenue resulting from the price rise would accrue to the Treasury for the benefit of the general public, rather than to producers as windfall profits. Capturing this windfall will also remove the potential disincentive that such profits might have on current producers to quickly develop environmentally safer but potentially less profitable substitutes for CFCs. The charges for these rights, whether by auction or permit fee, are expected to generate proceeds in 1990 of $0.4 billion.

PART 6

FEDERAL CREDIT

6-1

This part of the budget has not been extracted for reprinting within. It may be referred to on pages 6-1 through 6-33 of the "Budget of the United States Government".

PART 7

PERSPECTIVES ON THE BUDGET

7-1

PART 7

PERSPECTIVES ON THE BUDGET

This part of the budget explains several topics that help to interpret the budget totals and place the budget in perspective:

- the relationship of budget authority to outlays;
- limitations on the availability of funds;
- fiscal activities outside the Federal budget:
  - —off-budget Federal entities,
  - —tax expenditures, and
  - —regulation;
- Federal debt and the relationship of budget funds to changes in Federal debt;
- comparison of the actual and estimated totals in 1988 for:
  - —receipts,
  - —outlays, and
  - —the deficit; and
- comparison of the actual and estimated relatively uncontrollable outlays in 1988.

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 1990, the Administration proposes $1,331.2 billion of new budget authority for the Federal Government. Of this amount, $1,042.3 billion is for agencies included in the budget and $288.9 billion is for off-budget Federal entities.

Of this total new budget authority, both on-budget and off-budget, $607.8 billion will require congressional action. New budget authority of $960.4 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, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. This gross amount of new budget authority is partially offset by $237.0 billion of deductions for offsetting receipts, which consist of proprietary receipts from the public and collections of one Government account from another.

BUDGET AUTHORITY

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Available through current action by the Congress:					
Enacted and pending appropriations	572.7	595.2			
Proposed in this budget:					
Appropriations			602.6	661.8	691.6
Supplemental requests		2.3			
Rescission proposals		−0.1			
To be requested separately:					
Upon enactment of proposed legislation		−0.1	5.0	0.5	−2.7
Allowances:					
Civilian agencies [1]			0.2	1.5	2.6
Department of Defense—Military [2]					
Subtotal, available through current action by the Congress	572.7	597.3	607.8	663.7	691.5
Available without current action by the Congress (permanent appropriations):					
Trust funds (existing law)	506.8	559.7	606.1	647.2	689.4
On-budget	(247.7)	(270.4)	(290.7)	(304.2)	(321.6)
Off-budget	(259.1)	(289.3)	(315.5)	(343.0)	(367.7)
Interest on the public debt	214.1	235.6	248.7	251.7	246.6
Other	92.0	95.8	105.6	87.1	88.2
Subtotal, available without current action by the Congress	812.9	891.1	960.4	986.0	1,024.1
Deductions for offsetting receipts	−200.2	−215.7	−237.0	−246.6	−263.2
On-budget	(−182.6)	(−193.3)	(−210.4)	(−216.1)	(−227.3)
Off-budget	(−17.6)	(−22.4)	(−26.6)	(−30.5)	(−36.0)
Total, budget authority	**1,185.5**	**1,272.7**	**1,331.2**	**1,403.1**	**1,452.4**
On-budget	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)

[1] Allowance for civilian agency pay raises, Coast Guard military pay raises, and other purposes.
[2] Allowances for other proposed legislation for Department of Defense—Military.

Not all of the new budget authority for 1990 will be obligated or spent in that year: [1]

- 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

[1] 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.

for which the budget authority is enacted. Some exceptions are made to this convention, notably for water resource programs.

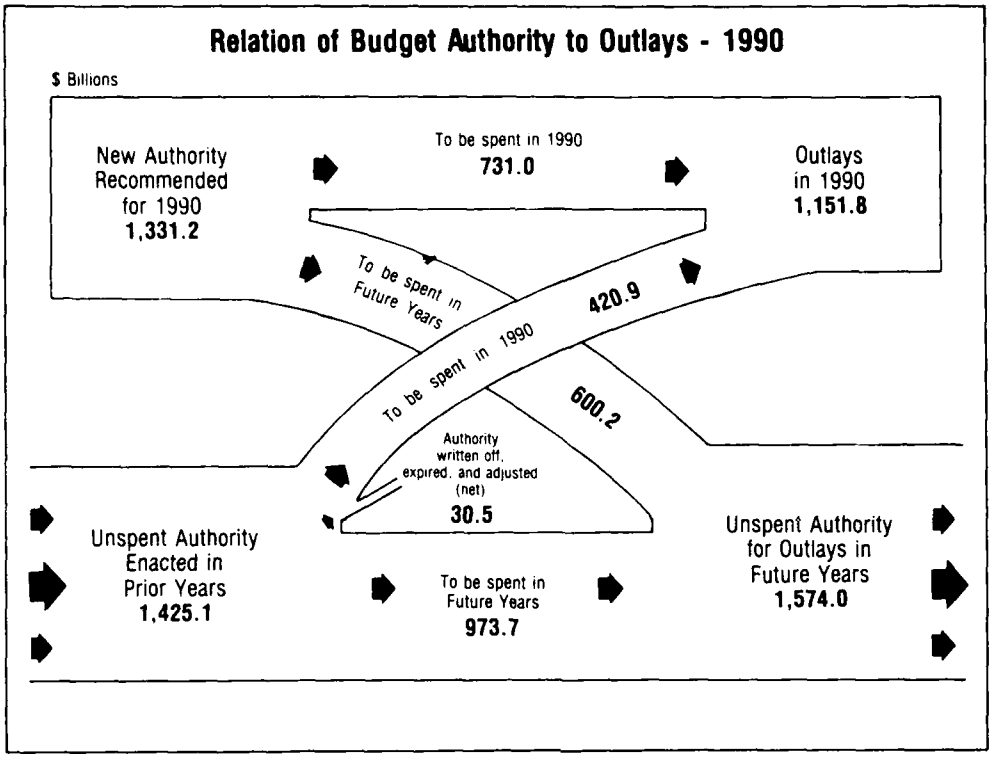
- Budget authority for large portions of the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 20 years.
- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for most education and 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.
- Budget authority for many direct loan programs provides financing for a number of years; budget authority for many insurance and loan guarantee programs provides amounts to be used only in the event of defaults or other contingent claims made upon the programs.
- Government enterprises are occasionally given budget authority for standby reserves 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 chart on the next page, $420.9 billion of the outlays in 1990 (37 percent of the total) will be made from budget authority enacted in previous years. At the same time, $600.2 billion of the new budget authority proposed for 1990 (45 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. Budget authority and its relationship to obligations and outlays are discussed further in Part 8 of this volume, "The Budget System and Concepts," and are displayed in table 9 of Part 10.

LIMITATIONS ON THE AVAILABILITY OF FUNDS

Limitations on the availability of funds are a control mechanism that supplements the use of appropriations and other budgetary resources discussed in the previous section. Unlike budget authority, limitations on the availability of funds generally are not the source of authority to incur obligations; rather, they place a special



ceiling on the use of that authority by limiting the amount that can be obligated or committed for a specific purpose. These limitations are established most often through the appropriations process.

Some limitations establish stricter control over the amounts provided by appropriations or other acts by limiting the amount to be allocated for specific purposes within an appropriation or fund account.

- Many appropriation accounts provide funding for several activities. A limitation can single out and restrict the amount of obligations for one or more of these activities within the overall budget authority provided for the account. For example, the 1989 appropriation of $993 million for Operation of Indian programs in the Department of the Interior includes language specifying that an amount not to exceed $71 million is available for higher education scholarships and assistance to public schools.
- A limitation can be established on the amount that can be used for a particular type of expense, such as travel, consultants, or publications. These limitations can apply to (1) a single account; (2) all amounts within a single appropriations act; or (3) amounts in more than one appropriations act or amounts provided in substantive law.

SELECTED LIMITATIONS THAT AFFECT THE TOTAL LEVEL OF OUTLAYS

(In billions of dollars)

	1988 enacted	1989 estimate	1990 estimate
Administrative expenses	7.0	7.5	7.1
Direct loan obligations	11.2	8.4	2.3
Program levels (other than loans)	17.5	18.0	17.9
Total, selected limitations	35.7	33.9	27.3

Other limitations can affect the total level—not just the composition—of obligations and spending. They are used to control funds that would otherwise become available under relatively broad authority provided in substantive law without further action by the Congress in an appropriations act. In most cases these limitations apply either (1) to trust fund activities, which are normally financed through earmarked receipts, like the payroll tax receipts for the social security trust funds; (2) to revolving funds, which finance business-type operations that generate their own income to pay their expenses; or (3) to other accounts for which substantive law provides spending authority.

For many trust funds, all income of the fund automatically becomes budget authority and is available for spending. The Congress exercises control over the benefits that are paid from these funds through the use of eligibility criteria and benefit levels established in substantive law. Through the use of limitations, the Congress can also exercise control over the administrative expenses of these trust funds. Such limits apply, for example, to the old-age and survivors insurance trust fund and the hospital insurance trust fund.

Under the credit control system, limitations on Federal direct loan obligations and guaranteed loan commitments, most of which are financed by revolving funds, are the principal method of controlling the allocation of Federal credit.[2] These limitations provide a mechanism for annual Congressional review of the gross level of new credit activity. All direct lending results in outlays. Guaranteed loan commitments—also important because of their effects on the credit market and the economy—ordinarily lead to Government spending only in the event of default.

In addition to credit activities, certain other Federal activities are also constrained through the use of limitations (e.g., on the obligations level or the program level of the activity). For example, the use of the budget authority of the highway trust fund and the airport and airway trust fund is controlled by limitations on the

[2] The credit control system is discussed further in Part 6 of this volume, "Federal Credit," and in Special Analysis F, "Federal Credit Programs," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990.*

agencies' ability to obligate the Federal Government to make payments. Non-loan, business-type activities controlled through limitations include the Federal buildings fund, which is controlled through limitations on the use of offsetting collections.

The preceding table summarizes some of the major limits on the availability of funds that affect budget spending. The amounts identified do not include all limitations, but they illustrate that spending can be changed significantly without changing budget authority.

FISCAL ACTIVITIES OUTSIDE THE FEDERAL BUDGET

The budget does not include some activities of the Federal Government that result in spending similar to budget outlays. These activities, nevertheless, channel economic resources toward particular uses in ways that are the same or analogous to the effects of budget spending.

The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. The receipts and outlays of the off-budget Federal entities are a significant exclusion from the budget. The first section below discusses the off-budget Federal entities.

This is followed by a discussion of fiscal activities that are outside the scope of budget outlays by their inherent nature. Taxation and tax expenditures have significant allocative effects on the economy that are analogous to budget outlays. Some types of regulation have economic effects that are similar to budget outlays by requiring the private sector to make expenditures for specified purposes such as safety and pollution control.

Two other major fiscal activities not recorded in budgetary outlays are the outlays of the Government-sponsored enterprises, which are excluded from the budget because the enterprises are privately owned, and loan guarantees, which generally do not result in budget outlays except in the case of default. Government-sponsored enterprises and loan guarantees are discussed in Part 6 of this volume, "Federal Credit," together with Federal direct loans. Part 6 also discusses the Administration's proposal for credit reform, which would make budgetary accounting for loan guarantees and direct loans more comparable with budgetary accounting for other programs.

Off-budget Federal Entities.—The Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. This concept calls for the budget to include all of the Government's fiscal transactions with the public. Starting in 1971, however, various laws were enacted under which several Federal entities were removed from

the budget or created outside the budget. Subsequently, other laws moved certain off-budget Federal entities onto the budget. Under current law the off-budget Federal entities consist of the two social security trust funds, old-age and survivors insurance and disability insurance.[3]

The off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals under provisions of law. When an entity is off-budget, its receipts, outlays, and surplus or deficit are not included in budget receipts, budget outlays, or the budget deficit; its budget authority is not included in the totals of budget authority for the budget; and its receipts, outlays, and surplus or deficit ordinarily are not subject to the targets set by the congressional budget resolution.[4] [5]

Nevertheless, the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act) included the off-budget surplus or deficit in calculating the deficit targets under that Act and in calculating the excess deficit for purposes of that Act.[6] Partly for this reason, attention has focused on the total receipts, outlays, and deficit of the Federal Government instead of the on-budget amounts alone. Many of the tables in the budget documents show the on-budget and off-budget amounts separately, but these tables also add them together to arrive at the total Federal receipts, outlays, and deficit. Other tables include the on-budget and off-budget amounts only in combination in order to concentrate on the total amounts of the Federal Government.

The Federal entities that were off-budget until 1986 primarily made direct loans to the public. The Gramm-Rudman-Hollings Act, however, placed on-budget all of the entities that were then off-budget. This Act also changed the budgetary status of social security. The Social Security Amendments of 1983 had already required that beginning in 1993 the old-age and survivors insurance trust fund (OASI), the disability insurance trust fund (DI), and the hospital insurance trust fund (HI) would be excluded from the budget. The Gramm-Rudman-Hollings Act required that OASI and DI (but not HI) be off-budget as of 1986, even though, as noted above, it also provided that their receipts and disbursements should be included in calculating the deficit targets. In order to provide consistent comparisons over time, the on-budget and off-budget amounts

[3] The "Perspectives" part of the 1986 and preceding *Budgets* describes the history of the off-budget Federal entities.

[4] Financial statements for the off-budget Federal entities are published in the chapter entitled "Department of Health and Human Services, Social Security," in the *Appendix, Budget of the United States Government, Fiscal Year 1990,* Part I.

[5] The Board of Governors of the Federal Reserve System is a Federal organization. It is excluded from the budget and from this discussion. Financial statements are published for information purposes in the *Appendix,* Part IV, "Government-Sponsored Enterprises."

[6] The role of these particular deficit figures is explained in Part 8 of this volume, "The Budget System and Concepts."

COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS [1]

(In billions of dollars)

Fiscal year	Receipts			Outlays			Surplus or deficit (–)		
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget	Off-budget
1970	192.8	159.3	33.5	195.6	168.0	27.6	–2.8	–8.7	5.9
1971	187.1	151.3	35.8	210.2	177.3	32.8	–23.0	–26.1	3.0
1972	207.3	167.4	39.9	230.7	193.8	36.9	–23.4	–26.4	3.1
1973	230.8	184.7	46.1	245.7	200.1	45.6	–14.9	–15.4	0.5
1974	263.2	209.3	53.9	269.4	217.3	52.1	–6.1	–8.0	1.8
1975	279.1	216.6	62.5	332.3	271.9	60.4	–53.2	–55.3	2.0
1976	298.1	231.7	66.4	371.8	302.2	69.6	–73.7	–70.5	–3.2
TQ	81.2	63.2	18.0	96.0	76.6	19.4	–14.7	–13.3	–1.4
1977	355.6	278.7	76.8	409.2	328.5	80.7	–53.6	–49.7	–3.9
1978	399.6	314.2	85.4	458.7	369.1	89.7	–59.2	–54.9	–4.3
1979	463.3	365.3	98.0	503.5	403.5	100.0	–40.2	–38.2	–2.0
1980	517.1	403.9	113.2	590.9	476.6	114.3	–73.8	–72.7	–1.1
1981	599.3	469.1	130.2	678.2	543.0	135.2	–78.9	–73.9	–5.0
1982	617.8	474.3	143.5	745.7	594.3	151.4	–127.9	–120.0	–7.9
1983	600.6	453.2	147.3	808.3	661.2	147.1	–207.8	–208.0	0.2
1984	666.5	500.4	166.1	851.8	686.0	165.8	–185.3	–185.6	0.3
1985	734.1	547.9	186.2	946.3	769.5	176.8	–212.3	–221.6	9.4
1986	769.1	568.9	200.2	990.3	806.8	183.5	–221.2	–237.9	16.7
1987	854.1	640.7	213.4	1,003.8	810.0	193.8	–149.7	–169.3	19.6
1988	909.0	667.5	241.5	1,064.4	861.4	202.7	–155.1	–193.9	38.8
1989 est.	975.5	708.7	266.9	1,137.0	926.2	210.9	–161.5	–217.5	56.0
1990 est.	1,059.3	770.4	288.9	1,151.8	931.7	220.1	–92.5	–161.3	68.8
1991 est.	1,140.5	828.0	312.5	1,207.3	975.6	231.7	–66.8	–147.6	80.8
1992 est.	1,212.2	880.4	331.8	1,244.4	1,003.6	240.8	–32.2	–123.2	91.0
1993 est.	1,281.4	927.1	354.4	1,279.0	1,029.3	249.8	2.4	–102.2	104.6
1994 est.	1,345.0	970.7	374.2	1,311.6	1,053.8	257.8	33.4	–83.1	116.4

[1] The division of transactions between on-budget and off-budget is based for all years on the current definition of off-budget Federal entities.

for previous years that are published in the budget documents are all calculated on the basis of the current definition of off-budget Federal entities. The transactions of HI are shown for the present as on-budget amounts.

The table above compares the total Federal Government receipts, outlays, and deficit with the amounts that are on-budget and off-budget (i.e., OASI and DI). In 1990 the off-budget receipts are an estimated 27 percent of total receipts, and the off-budget outlays are an estimated 19 percent of total outlays. The off-budget surplus of $68.8 billion is large relative to the on-budget deficit of $161.3 billion. As shown in the table, off-budget receipts and outlays have grown more rapidly than the on-budget amounts since 1970 and are estimated to continue growing more rapidly through 1994. The off-budget entities in total had deficits during 1976–82, but because of the Social Security Amendments of 1983 and an expanding econo-

my they have had surpluses beginning in 1983 and are estimated to have growing surpluses through 1994.

Taxation and Tax Expenditures.—Taxation provides the Government with receipts, which withdraw purchasing power from the private sector in order to finance direct Government expenditure. In addition to this effect, the structure of the tax system has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the choice of taxes and by the structural characteristics of each of these different taxes—for example, by the rate schedules, exemptions, deductions, and exclusions of the individual income tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays.

Some features of the tax system have been defined as "tax expenditures" and receive special attention in the budget. Tax expenditures are defined as amounts attributable to provisions of the Federal tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability. The Congressional Budget Act requires that estimates of tax expenditures be published in the budget.

Tax expenditures are so designated because they are one means by which the Federal Government pursues public policy objectives, and because in many cases they can be regarded as an alternative means of achieving the same objectives as direct expenditures. They can also be regarded as an alternative means of achieving the same targetted objectives as other instruments of Government policy, such as loan guarantees, regulations, and general provisions of the tax law. 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 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 permanent legislation. They therefore are not submitted to the 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, such as social security, which do not require annual appropriations. However, tax expenditures as well as other parts of the tax law are generally reviewed whenever policy decisions are considered regarding the overall level of tax receipts. As listed in Part

4 of this volume, "Federal Receipts by Source," several major tax laws have been adopted since 1981. Most recently the Tax Reform Act of 1986, which was enacted after a comprehensive review of the income tax law by the Treasury Department and the Congress, made major revisions to both tax expenditures and other provisions of the individual and corporation income taxes.

The classification of certain provisions of law as resulting in tax expenditures requires some baseline tax structure against which the actual tax law can be compared. By definition, characteristics of the tax structure included in the baseline do not give rise to tax expenditures; deviations of the law from this baseline are deemed to cause tax expenditures. The Congressional Budget Act does not provide an exact specification of the baseline against which tax expenditures are to be measured.

The baseline used in the budget is intended to consist of the general provisions of the Internal Revenue Code. For the income tax, the baseline includes those provisions that exist under current law for the definition of taxpaying units (including the separate corporation income tax), graduated rate schedules, personal exemptions, standard deductions, and basic accounting rules. The use of many of the general provisions of the Internal Revenue Code for defining this baseline tax structure makes it clear that listing an item as a tax expenditure does not imply that it is either a desirable or an undesirable provision. When different provisions of the Code are considered to be in the baseline, the list of tax expenditures is different and the amounts of particular tax expenditures may also be different.

Alternative baselines might be used. In particular, a baseline tax structure might reflect a truly comprehensive income tax base. A truly comprehensive income tax base, among other differences from present law, would adjust income for the effect of inflation; would integrate the individual and corporation income taxes rather than regard the separate tax treatment of individuals and corporations as part of the baseline tax structure; would include not only cash income but also imputed income, such as the consumption benefit received from owner-occupied homes; and would tax income when it was accrued instead of when it was realized. Thus, for example, the failure under present law to tax imputed income would be regarded as giving rise to tax expenditures. On the other hand, the failure under present law to take account of inflation in measuring capital gains, depreciation, and interest income would be regarded as negative tax expenditures, because these deviations from the comprehensive baseline raise the amount of taxes paid. Therefore, under such a baseline structure, the list of tax expenditures and the estimated amounts would be different from what they are now.

Regardless of how the baseline is defined, the provisions of the tax law that do not result in tax expenditures deserve as much scrutiny as the provisions of the tax law that do. This is because the other provisions also have major effects on the allocation of resources and the distribution of income, and because general provisions of tax law may be alternative means of achieving the same targetted objectives or roughly similar objectives as tax expenditures achieve. For example, investment in equipment may be stimulated by either an investment tax credit or a decrease in the corporation income tax rate; the former causes a tax expenditure, but the latter does not. Similarly, income support may be provided by either the exclusion of social security benefits from taxable income or by the standard deduction; the former causes a tax expenditure, but the latter does not.

Tax expenditures are estimated in two steps. First, the revenue loss of a tax provision is estimated, i.e., the difference between tax receipts and the amount that tax receipts would be if the tax law conformed to a specified baseline. If removing a tax provision would increase taxable income, for example, the revenue loss is estimated as the increase in taxable income multiplied by the tax rate that would be paid on the additional income.

The revenue loss is then adjusted to an outlay equivalent, i.e., the amount of outlays that would be required to provide an after-tax income to the taxpayer that was equal to the amount provided by the special tax provision (and that would thereby also provide an equal incentive). In many cases the required outlays are greater than the revenue loss, because taxpayers would have to pay taxes on the higher income derived from the outlays. For example, one tax expenditure provision is the exclusion from taxable income of the value of housing and meals supplied to military personnel. If the Government were to repeal this tax exclusion and instead pay higher salaries, the increase in salaries would be taxed. Consequently, if the Government were to pay higher salaries (a taxable direct expenditure) in place of this tax expenditure—and still provided the same total after-tax compensation—the increase in direct outlays for higher salaries would have to be greater than the revenue loss under the special tax provision. The Federal deficit would be the same in either case, however, because higher outlays would be required only to the extent needed to make up the difference caused by higher tax receipts.

This adjustment makes the tax expenditures more comparable with direct outlays than the revenue loss would be and therefore more useful in analyzing Federal programs. For some tax expenditures, though, the revenue loss is equivalent to a direct outlay without any adjustment. Special Analysis G, "Tax Expenditures," presents estimates of tax expenditures defined both as outlay

equivalents and as revenue losses, but for program analysis in this budget only the outlay equivalent estimates are used.

The size of a particular tax expenditure depends not only on the tax provision in question but also on the interaction of this provision with the rest of the tax structure. The reduction in the individual and corporation income tax rate schedules provided by the Tax Reform Act of 1986, for example, automatically decreased most tax expenditures below what they otherwise would have been. A tax rate reduction decreases the amount of receipts that would be gained by repealing deductions, exemptions, and exclusions, because lower tax rates are applied to the increase in taxable income.

The interaction among tax provisions means that special calculations are generally needed to add tax expenditures together. For example, if more than one exclusion from individual income were ended, the gain in receipts would generally be greater than the sum of the separate tax expenditures, because some taxpayers would move into higher tax rate brackets. If more than one personal deduction were ended, the gain in receipts would generally be smaller than the sum of the separate tax expenditures, because some taxpayers would switch to using the standard deduction. Consequently, adding together separate tax expenditures would usually be inaccurate, and they are not aggregated in this budget except for specially computed totals by functional category.

Tax expenditures are presented at two places in the budget. Part 5 of this volume, "Federal Programs by Function," discusses the major tax expenditures in each functional category, together with outlays and loan guarantees, in order to describe more fully the Government's policy. Special Analysis G, "Tax Expenditures," analyzes the concept and measurement of tax expenditures and presents a complete list of tax expenditure estimates for 1988–90. Special Analysis G in the past has normally shown tax expenditures only for the individual and corporation income taxes. This year, however, it also includes estimates for the estate and gift taxes. The Treasury Department plans to extend the analysis to excise and payroll taxes as well.

As discussed in Part 4 of the 1988 *Budget*, the Tax Reform Act of 1986 made major revisions to the individual and corporation income taxes. Many of its provisions repealed or directly reduced tax expenditures. For example, the investment tax credit was repealed, the personal deduction for sales taxes was eliminated, the personal deduction for interest on consumer credit was phased-out, the exclusion of contributions to individual retirement accounts (IRAs) was restricted, all of long-term realized capital gains were included in income, and the deductibility of passive business losses was limited. The Act also changed provisions of law other than tax expenditures, notably by decreasing the individual and corporation

income tax rates and also by such provisions as raising personal exemptions and the standard deduction. To a significant extent the lower tax rates and the reduction in tax expenditures were a trade-off for each other.

A number of minor changes in tax expenditures were enacted by the Technical and Miscellaneous Revenue Act of 1988. In the present budget, as explained in Part 4, the Administration is proposing several tax changes. Some are tax expenditures, such as enhancing the research and experimentation credit and making it permanent. Other proposed measures would change receipts but not tax expenditures, such as extending medicare (hospital insurance) coverage to the minority of State and local employees who are now exempted.

Regulation.—Federal regulations provide a large variety of goods and services to the public, including the protection of the environment, the creation of incentives for the development of useful innovations, and the fair and efficient disbursement of Federal entitlements. These three types of regulatory activities are examples of the major categories of regulation: social, economic, and managerial. Social regulation generally establishes standards either for the characteristics of products or for the methods of producing products. Social regulations are usually aimed at curbing the unintended, harmful effects of products or production methods, such as pollution and accidents from industrial production or product use. Economic regulation directly controls prices and market entry for objectives such as to promote competition and curb monopolistic behavior. In the last ten years the scope of economic regulation at the Federal level has been significantly reduced as the harmful effects of regulating naturally competitive industries have become better understood. Finally, managerial regulation sets the conditions for the efficient and proper use of Government funds and property and ranges from the terms for procurement of Government purchases to the Federal tax code.[7]

Social regulation differs from the other Federal activities outside the budget—from loan guarantees and tax expenditures, in particular, and also from the other forms of regulation—by directly requiring expenditures for specific public purposes rather than inducing desired private action by offering various types of incentives. Nevertheless, social regulatory activities are directly analogous to budget outlays in two important ways.

First, the expenditures required by regulation have many of the same overall economic effects on output, employment, prices, and growth as do budget outlays. The Federal Government finances

[7] For a short discussion of regulation and recent efforts at regulatory reform, see chapter 5, "Rethinking Regulation," in the *Economic Report of the President* (January 1989).

outlays by diverting resources from the private sector through taxation or borrowing. Similarly, business firms finance expenditures required by regulation (e.g., for pollution control) by borrowing, increasing prices, reducing other expenditures, or reducing dividends. These, of course, are the same ways firms finance taxes and thus have the same general effects on the economy as do many taxes. The incentive effects on working, investing, and saving may differ from income taxes, however, to the extent that tax liability is more directly tied to earnings, profits, and interest income than is regulation. Thus regulation may be closer to user fees and excise taxes in such impacts than to income taxes. In such instances social regulation can be considered a cost of production.

Second, the effects of social regulation on the allocation of economic resources are also similar to the effects of budget outlays. Most fundamentally, both social regulation and budget outlays divert private resources to public purposes. Furthermore, in many cases expenditures required by regulation may be an alternative means of achieving the same public policy objectives as budget outlays or other instruments of Government policy such as taxes, tax expenditures, or loan guarantees. For example, firms can be required by regulation to treat their effluents before dumping. Alternatively, public waste water treatment facilities can be constructed by direct expenditure of the Federal Government; such facilities can be constructed by States and localities with assistance in the form of Federal outlays for grants; they can be constructed by private firms with assistance from Federal loan guarantees for their borrowing, Federal income tax exemption for the interest on their bonds, or rapid amortization of their capital costs for determining their Federal income tax; or the Federal Government could even charge firms an effluent fee sufficient to cause them to cut back on their dumping by the same amount. The basic allocative effects are similar, although the efficiency of the method might differ from one policy instrument to another, and the implications for the distribution of income might also differ.

Perhaps the most basic procedural difference between budget outlays, loan guarantees, and tax expenditures on the one hand, and expenditures to meet social regulations on the other, is that no systematic accounting is kept of the latter. Some incomplete estimates of these expenditures have been made by adding up estimates of the costs of individual regulations made by various researchers, who often use different methods, assumptions, and time periods. Not surprisingly, these estimates show considerable variation. They range from about $50 billion to $150 billion per year, which is equal to about 5 to 15 percent of Federal outlays.

The Federal Government thus does not currently have any formal accounting of regulatory costs or any process analogous to

the budget process for the purposes of reviewing and controlling regulatory costs, either in the aggregate or for individual programs. Nevertheless, new regulatory activities are now examined under a formal review process established by Executive Order 12291, issued in February 1981, and Executive Order 12498, issued in January 1985. Executive Order 12291 established regulatory principles and required each agency covered by the Order to adhere to them, to the extent permitted by law. Agencies must also submit drafts of proposed and final rules and drafts of regulatory impact analyses, before they are issued, to the Office of Management and Budget for review for consistency with the President's principles. According to these principles, agencies must:

- base regulations upon adequate information concerning the need for and consequences of the proposed action,
- not issue regulations unless the potential benefits to society outweigh the potential costs to society, and
- select the alternative approach to a given regulatory objective that involves the least net cost to society.

These policies are conducted within the statutory authorities of the agencies and apply only to the extent of the discretion given by the statutes to Federal regulatory officials.

Executive Order 12498 established that an annual regulatory program would be developed and published each year in order to explain the Administration's regulatory plan and priorities for the upcoming year. Agencies are required to submit to the Office of Management and Budget a statement of the regulatory policies, goals, and objectives they intend to pursue during the coming year. This Executive Order also directs the agencies to provide summary descriptions of all significant regulatory actions underway or planned for the coming year. The Office of Management and Budget is directed by the Executive Order to review each agency's draft regulatory program for consistency with the Administration's regulatory policies and priorities and with the regulatory programs submitted by other agencies. The first *Regulatory Program of the United States Government* was published in August 1985 and the most recent in September 1988.

This program moves the regulatory oversight process a step closer toward the budgetary process, because the Administration's priorities and goals are now spelled out in one document for Congress and the American people to understand and review. This process, however, cannot deal systematically with the overall impact of regulatory activities on the economy until an estimate of the annual incremental expenditures required by regulation is made. This is extremely difficult because, unlike budgetary decisions, regulatory decisions are still to a large extent made on an individual basis.

In an effort to determine better the overall effects of regulatory activities and to improve the regulatory oversight process, members of Congress and the past two Administrations have considered developing an accounting framework to track those expenditures that are directly required by regulation. This framework, however, is still in the proposal stage, and more work needs to be done to solve the practical accounting problems inherent in measuring private expenditures required by Federal regulation.

One practical problem is that in order to get accurate expenditure figures it might be necessary to ask private firms and individuals to keep records, which would not necessarily be accurate and could create a considerable and expensive compliance burden. Second, estimating which expenditures were made because of a regulation compared to which would have occurred in the absence of regulation is often extremely subjective. For example, in the absence of regulations for automobile safety standards some level of safety would still be built into vehicles, but since the amount is unknown the additional cost of regulation cannot be calculated accurately. A third type of problem arises because the indirect costs of regulation are extremely difficult to estimate and probably are relatively more important for regulation than for spending and taxing.

Indirect costs result when regulation reduces otherwise desirable economic activities by raising production or product costs, by making the product less desirable, or, in the extreme, by banning the product or making it unprofitable to produce. The economic loss caused by this decline in economic activity is the excess of the value to consumers of this forgone output above the costs of production. Since this indirect cost is not directly measurable, and can only be estimated by complicated statistical models, it would be problematic to combine estimates of these indirect costs with the direct costs of regulation. Yet measuring only the direct expenditure costs of regulation for use in an oversight program may create a bias toward banning substances and products rather than controlling them, since banning a product, service, or manufacturing process mainly gives rise to indirect costs. These practical problems must be addressed in developing an accounting system for measuring the aggregate impacts of regulation.

One way to address these problems is to begin implementation of a system that makes use of such information. In fact, both the fiscal budgetary process for outlays and receipts and the information collection budget evolved in this fashion. As the budgetary process evolved from the Treasury Act of 1789, the accounting concepts used for Government outlays and receipts were continually refined. It was not until the Budget and Accounting Act of 1921, however, that a comprehensive Federal budget system was estab-

lised. This Act established the institutional framework for the President to prepare a budget for the United States Government as a whole. The new framework included the Bureau of the Budget to assist the President in the preparation of the budget and the General Accounting Office to assist the Congress in carrying out its legislative and oversight responsibilities. Since 1921 the accounting principles and standards for the budget have continued to change as a result of both executive and legislative action.

In a similar manner, the information collection budget evolved over time with refinements to its accounting and estimation procedures and with more centralized and comprehensive controls. The Federal Reports Act of 1942 first set the requirement for agencies to measure and control their paperwork burdens. Executive Order 12174, "Paperwork," issued November 30, 1979, required agencies to plan and budget total paperwork reporting requirements in a manner analogous to fiscal resources. The Paperwork Reduction Act of 1980 directed the Office of Management and Budget to establish general policies and procedures for controlling information collections, and to report to Congress each year the estimated "burden hours" imposed by each Federal agency. That Act and subsequently a 1986 amendment set paperwork burden reduction goals. Over the last nine years of administering the information collection budget, the paperwork coverage and the estimates of the paperwork burden have substantially improved.

In the regulatory cost area, requirements similar to the early fragmented requirements for the fiscal budget and the paperwork burden estimates have been in existence since 1974. In that year President Ford issued Executive Order 11821, requiring agencies to prepare cost impact statements for their major regulations. These requirements were extended, refined, and tightened by various Executive Orders issued by both President Carter and President Reagan. As mentioned above, agencies are now required to list all significant regulatory activities in the *Regulatory Program of the United States Government*, but they are not required to estimate the cost impacts except for certain "major" regulations.

A proposal of regulatory cost estimates for all new and proposed regulations and all proposed legislation was contained in the Economic Bill of Rights issued by the President on July 3, 1987. It would require that every new or proposed regulation and every piece of proposed legislation be accompanied by a "financial impact statement" evaluating the costs to the general economy and consumers, the effect on employment, and the ability of U.S. industries to compete internationally. Making these estimates available to the public for comment and criticism would improve decision making with regard to regulations and legislation. It would also be a valuable first step in developing a consensus as to the proper

general accounting conventions and the validity of specific estimation methods.

One approach to developing a practical accounting scheme that would follow the models of the development of the fiscal budget and the information collection budget would be to require a "regulatory cost ceiling" in any new legislation that imposes private sector costs. Under this scheme, each new statute would include a ceiling on the total private sector costs that agencies could impose in implementing the statute. Agencies would then keep track of the estimated costs imposed by the regulations. Once the statutory ceiling was reached, new regulations would require either additional legislation to raise the ceiling or offsetting changes in other regulations that would keep total private sector regulatory costs within the ceiling.

This regulatory cost ceiling system would give Congress and the agencies even more incentive to make accurate estimates of the likely costs of regulation than simply requiring financial impact estimates of the proposal. Regulatory cost ceilings that were excessively low would frustrate the purpose of the statute because agencies could not issue implementing regulations. Although Congress might be tempted to authorize excessively generous amounts, it would have to declare itself willing to impose a specific level of costs on the public. Moreover, Congressional estimates would have a real effect on agency decision making, and would give agencies strong incentives to choose regulatory approaches that would produce benefits at the least possible cost.

This approach still shares some of the drawbacks mentioned above. Agencies would have incentives to underestimate regulatory costs and to regulate in ways that impose unmeasurable or difficult to measure costs, such as banning products or production processes. However, regulatory cost ceilings would provide more information on the costs of regulation to the public and would internalize more regulatory costs to the political process of regulation setting. The bias toward certain types of regulatory intervention and the tendency toward agency underestimation of costs are problems that, although they remain to be solved, are not unlike those still faced in the fiscal budgetary process.

BUDGET FUNDS AND THE FEDERAL DEBT

The budget consists of two major 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. Most of these funds are part of the general fund, which is not restricted by law to any specific Government program. The trust funds, on the other hand, are financed by certain taxes and other receipts earmarked by law for specified

purposes, such as paying social security and unemployment insurance benefits. The social security trust funds (old-age and survivors insurance and disability insurance) are excluded from the budget by law and consequently classified as off-budget Federal entities.

The budget includes the receipts and outlays of both the Federal funds and the on-budget trust funds and, as shown in the following table, deducts the various transactions that occur between them in order to arrive at the on-budget totals for receipts, outlays, and the deficit. The on-budget totals plus the off-budget totals may be added, as also shown in this table, to arrive at the total receipts, outlays, and deficit of the Federal Government. These latter totals for receipts and outlays generally represent the net transactions of the Federal Government with the public.[8]

TRANSACTIONS BY FUND GROUP

(In billions of dollars)

	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Receipts:					
On-budget:					
Federal funds	560.2	593.8	643.6	695.7	744.2
Trust funds	232.2	250.2	270.5	285.5	300.1
Interfund transactions	−124.9	−135.3	−143.8	−153.2	−163.9
Total, on-budget receipts	667.5	708.7	770.4	828.0	880.4
Off-budget (trust funds)	241.5	266.9	288.9	312.5	331.8
Total, Federal Government receipts	909.0	975.5	1,059.3	1,140.5	1,212.2
Outlays:					
On-budget:					
Federal funds	813.1	877.2	884.6	924.6	946.3
Trust funds	173.2	184.3	190.8	204.1	221.2
Interfund transactions	−124.9	−135.3	−143.8	−153.2	−163.9
Total, on-budget outlays	861.4	926.2	931.7	975.6	1,003.6
Off-budget (trust funds)	202.7	210.9	220.1	231.7	240.8
Total, Federal Government outlays	1,064.0	1,137.0	1,151.8	1,207.3	1,244.4
Surplus or deficit (−):					
On-budget:					
Federal funds	−252.9	−283.4	−241.0	−228.9	−202.1
Trust funds	59.0	65.9	79.7	81.4	78.9
Total, on-budget surplus or deficit (−)	−193.9	−217.5	−161.3	−147.6	−123.2
Off-budget (trust funds)	38.8	56.0	68.8	80.8	91.0
Total, Federal Government surplus or deficit (−)	−155.1	−161.5	−92.5	−66.8	−32.2

Therefore, as shown in the table on the next page the total Federal Government deficit or surplus is the principal determinant

[8] Special Analysis C, "Funds in the Budget," discusses further the two major groups of funds and the off-budget Federal entities.

FEDERAL GOVERNMENT FINANCING AND CHANGE IN DEBT OUTSTANDING [1]

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate	1991 estimate	1992 estimate
Surplus or deficit (−)	**−155.1**	**−161.5**	**−92.5**	**−66.8**	**−32.2**
On-budget	(−193.9)	(−217.5)	(−161.3)	(−147.6)	(−123.2)
Off-budget	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)
Means of financing other than borrowing from the public:					
Decrease or increase (−) in Treasury operating cash balance	−8.0	14.4			
Increase or decrease (−) in:					
Checks outstanding, etc	0.5	2.9	1.7		
Deposit fund balances	−0.6	−*	−0.9		
Seigniorage on coins	0.5	0.6	0.6	0.6	0.6
Proceeds from the sale of loan assets with recourse	0.6	*	*	*	*
Total, means of financing other than borrowing from the public	−7.0	17.9	1.3	0.6	0.6
Total, requirements for borrowing from the public	−162.1	−143.6	−91.2	−66.2	−31.6
Change in debt held by the public	**162.1**	**143.6**	**91.2**	**66.2**	**31.6**
Change in Federal debt held by Government accounts:					
Federal funds	−2.6	2.8	2.2		
Trust funds (on-budget) [2]	57.0	67.5	76.2	81.4	78.9
Off-budget Federal entities (trust funds) [3]	38.9	55.2	68.8	80.8	91.0
Deposit funds [4]	−0.2	−1.0			
Total, change in Federal debt held by Government accounts	93.1	124.4	147.2	162.1	169.8
Change in gross Federal debt	**255.2**	**268.0**	**238.4**	**228.4**	**201.5**

*$50 million or less.

[1] Several amounts have been assumed to be zero in 1991–92 because they are usually small and cannot be estimated accurately.
[2] Estimates for 1991 and 1992 are equal to the surplus of the trust funds on-budget.
[3] Estimates for 1991 and 1992 are equal to the surplus of the trust funds off-budget.
[4] Only those deposit funds classified as Government accounts.

of the change in the Federal debt held by the public.[9] The Federal Government deficit, together with the other factors noted in that table, is estimated to increase the Federal debt held by the public by $143.6 billion in 1989 and $91.2 billion in 1990. These borrowing projections are based on deficits that are consistent with the economic assumptions explained in Part 3 of this volume.

Gross Federal debt is the sum of the debt held by the public and the debt held by the Government itself, which includes such investments as the Treasury debt held by the social security, unemployment, and other trust funds. At the end of 1990 gross Federal debt

[9] Table 4 in Part 10 of this volume contains more detail on budget financing through 1994 and shows the levels of debt from 1987 to 1994. Federal borrowing and debt are discussed extensively in Special Analysis E, "Borrowing and Debt." Historical data since 1940 are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1990*. The historical data since 1956 have been revised conceptually, as explained in Special Analysis E.

is estimated to be $3,107.2 billion, of which debt held internally by the Government itself is $822.2 billion and debt held by the public is $2,285.0 billion. Thus, gross Federal debt is much larger than the Federal debt held by the public.

Gross Federal debt is estimated to rise by $238.4 billion during 1990. As indicated in the lower section of the previous table, $147.2 billion of this increment will be held in trust funds and other Government accounts. This is nearly all due to the investment of trust fund surpluses in Treasury debt.

The gross Federal debt consists almost entirely of securities issued by the Treasury Department. However, a few Government agencies are authorized to issue their own debt instruments to the public or to other Government accounts. These securities are part of the gross Federal debt. At the end of 1988 the public held $12.4 billion of agency debt, most of which was issued recently by the Federal Savings and Loan Insurance Corporation and the Federal Deposit Insurance Corporation. These agencies borrow from the public in a way that is inherent in the operation of their programs. As part of some agreements to resolve the financial problems of troubled thrift institutions and banks, they may issue notes to prospective purchasers or others. The issuance of these notes is an outlay and a borrowing.[10] The remaining agency debt was largely issued some years ago by agencies that now borrow only from the Federal Financing Bank, which is an entity within the Treasury Department. Borrowings from the Federal Financing Bank are not included in gross Federal debt in order to avoid double counting.

Almost all Treasury securities are subject to a general statutory debt limitation. The present limit is $2,800 billion. The debt subject to limit is estimated to rise to $2,845.4 billion by the end of 1989. Therefore, in order to permit the Federal Government to meet its obligations, the limit will have to be raised during 1989.

Debt subject to the general statutory limit, like gross Federal debt, includes debt held internally within the Government, such as the Treasury issues held by the social security trust funds. Debt subject to the statutory limit is therefore much larger than the debt held by the public and is nearly as large as gross Federal debt. It is a little less than gross Federal debt because a few types of Treasury debt and most agency debt are excluded from the general statutory limitation.

Trust fund surpluses for the most part are invested in Treasury debt securities, rather than being held as cash assets. The Federal funds deficit must therefore be financed primarily by issuing debt. This debt, including the Treasury securities issued to trust funds, is almost entirely subject to the statutory limit. As shown in the table

[10] This type of transaction is discussed more fully in Special Analysis E, "Borrowing and Debt."

FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO LIMIT

(In billions of dollars)

Description	1988 actual	1989 estimate	1990 estimate
Federal funds surplus or deficit (−)	**−252.9**	**−283.4**	**−241.0**
Means of financing other than borrowing:			
Decrease or increase (−) in Treasury operating cash balance	−8.0	14.4	
Increase or decrease (−) in:			
Checks outstanding, etc.	2.3	2.1	5.1
Deposit fund balances	−0.6	−*	−0.9
Seigniorage on coins	0.5	0.6	0.6
Proceeds from the sale of loan assets with recourse	0.6	*	*
Total, means of financing other than borrowing	−5.1	17.1	4.8
Decrease or increase (−) in Federal debt held by Federal funds and deposit funds [1]	2.9	−1.8	−2.2
Increase or decrease (−) in Federal debt not subject to limit	8.5	12.2	3.6
Total, requirements for borrowing subject to debt limit	−246.7	−255.8	−234.8
Increase or decrease (−) in unamortized discounts (less premiums) on Treasury debt held by the public	4.2	2.6	3.8
Change in debt subject to limit	**250.9**	**258.5**	**238.6**

*$50 million or less.
[1] Only those deposit funds classified as Government accounts.

above, the estimated Federal funds deficit is $241.0 billion in 1990, and the estimated increase in debt subject to statutory limit is $238.6 billion. Thus, the Federal funds deficit approximately accounts for the increase in the debt subject to limit.

COMPARISON OF ACTUAL AND ESTIMATED FEDERAL GOVERNMENT TOTALS FOR 1988

The following sections compare the actual 1988 receipts, outlays, and deficit with the amounts estimated in the 1988 budget, which was transmitted to the Congress in January 1987 for the fiscal year ending on September 30, 1988.

Comparison of Receipts.—Receipts in 1988 were $909.0 billion, which is $7.6 billion less than the January 1987 estimate of $916.6 billion. This shortfall was the net effect of differences in tax law from the legislation proposed in the 1988 budget, economic conditions that differed from the budget forecast, and different collection patterns and effective tax rates than had been assumed.

Differences in tax law from the legislation proposed in the budget increased 1988 receipts by $4.5 billion. These legislative differences consisted of congressional inaction on, or modification of, the proposals in the 1988 budget, and of changes in law that the Administration did not propose at that time.

In keeping with President Reagan's pledge that the changes provided in the Tax Reform Act of 1986 must not be undone with

COMPARISON OF ACTUAL 1988 RECEIPTS WITH THE JANUARY 1987 ESTIMATES

(In billions of dollars)

	January 1987 estimate	Differences in tax law from 1987 proposals	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	392.8	−0.6	3.1	5.9	8.4	401.2
Corporation income taxes	117.2	3.7	−17.3	−9.1	−22.7	94.5
Social insurance taxes and contributions	333.2	−0.3	−0.2	1.6	1.2	334.3
Excise taxes	33.4	0.8	−0.1	1.1	1.8	35.2
Estate and gift taxes	5.8	1.0	−0.5	1.3	1.8	7.6
Customs duties and fees	15.3	−0.1	2.2	−1.3	0.9	16.2
Miscellaneous receipts	18.9	−*	0.8	0.3	1.0	19.9
Total	916.6	4.5	−12.0	−0.2	−7.6	909.0

*$50 million or less.

income tax rate increases, the receipts proposals in the 1988 budget were limited to initiatives to collect taxes owed but not paid, increased user charges for Federal services, and trust fund reforms. These initiatives included increases in IRS funding; extension of medicare hospital insurance coverage to all State and local government employees; repeal of exemptions from gasoline and other highway excise taxes; extension of social security coverage to certain earnings; and increases in customs, Nuclear Regulatory Commission, and IRS user fees. Altogether, the January 1987 proposals were estimated to increase 1988 receipts by $6.1 billion.

The Omnibus Budget Reconciliation Act of 1987 and the Continuing Resolution for 1988 were the only major laws enacted after January 1987 that affected 1988 receipts. The provisions of the Omnibus Budget Reconciliation Act of 1987 primarily affected corporations and wealthy individuals, and met the Bipartisan Budget Agreement target of $23 billion in tax increases over two years (1988 and 1989) without affecting the reductions in income tax rates or the increases in the personal exemption and the standard deduction provided in the Tax Reform Act of 1986. Several of the provisions of this Act were modifications of the 1988 budget proposals, but others, such as the extension of the 3 percent telephone excise tax, the extension of the temporary 0.2 percent Federal unemployment tax, and the extension of the 55 percent maximum estate and gift tax rate, had not been proposed by the Administration. The Continuing Resolution for 1988 provided funds to the IRS for increases in staffing and equipment, as proposed by the Administration in the 1988 budget. These two Acts, together with some minor legislative changes, increased 1988 receipts by $10.7 billion, which is $4.5 billion greater than the $6.1 billion proposed by the Administration.

Differences between the economic assumptions upon which the original receipts estimates were based and the actual outcome ac-

counted for a net decrease in receipts of $12.0 billion. The greatest effect was on corporation income taxes, which were $17.3 billion below the budget estimate because of substantially lower corporate profits than had been assumed. Individual income taxes were above the budget estimate by $3.1 billion due to higher than expected personal incomes, while social insurance taxes and contributions were slightly below the budget estimate due to lower than expected wages and salaries. Higher than expected imports increased customs duties and fees by $2.2 billion; higher than anticipated interest rates increased deposits of earnings by the Federal Reserve System, which are classified as miscellaneous receipts, by $0.9 billion.

Different collection patterns and effective tax rates than had been assumed in January 1987—attributable in large part to the difficulty in accurately assessing the effect of the changes provided in the Tax Reform Act of 1986 on taxpayer behavior and the timing of collections—reduced receipts by a net $0.2 billion.

Comparison of Outlays.[11]—Outlays for 1988 were $1,064.0 billion, which is $36.4 billion higher than the initial estimate (adjusted for the removal of the Federal Retirement Thrift Savings Fund) made by the Administration in its budget transmitted to Congress in January 1987. This section reviews the major causes of the increase.

The following table compares the initial outlay estimate with the actual outlay total and shows both as a percentage of GNP. Total outlays were $36.4 billion or 3.5 percent above the initial estimate. Actual outlays for defense were $7.2 billion or 2.4 percent less than the initial estimate, while outlays for nondefense were $43.6 billion or 6.0 percent higher.

1988 OUTLAY DIFFERENCES

(Dollars in billions)

	January 1987 estimate[1]	Actual	Change	
			Amount	Percent
Total outlays	1,027.7	1,064.0	36.4	3.5
National defense	297.6	290.4	−7.2	−2.4
Nondefense	730.1	773.7	43.6	6.0
Total outlays as a percent of GNP	21.7	22.3	0.5	2.5

[1]See footnote 11 for the adjustment to the originally published estimate.

Chronology of the outlay increase.—The Administration's initial estimate for outlays for 1988 was $1,027.7 billion. The following table shows subsequent revisions to this estimate. In August 1987,

[11]The original outlay estimates published in the fiscal year 1988 *Budget* have been adjusted retroactively to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. As a result, the original estimate shown in this section is $3.3 billion higher than originally published. This adjustment makes the original estimate of outlays comparable with the actual outcome. This change applies throughout the discussion and tables in this section.

the estimate was increased by $8.0 billion. The major increase was for net interest, largely due to higher than expected interest rates. The estimate was increased by $20.3 billion in the budget in February 1988. The largest decreases were for national defense and higher estimated foreign military sales loan prepayments. These were more than offset by increases for medicare, failure to achieve proposed physical asset sales, technical reestimates of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation, and other revisions. The outlay estimate was increased in July 1988 by $9.9 billion, as a result of many increases and decreases. The actual amount at the end of the year was $1,064.0 billion, about the same as the July estimate.

CHRONOLOGY OF THE 1988 OUTLAY INCREASE

(In billions of dollars)

1988 Budget (January 1987)	1,027.7
Changes from previous estimate:	
August 1987 (Mid-Session Review): The major changes were increases for net interest ($5.7 billion), medicaid ($1.4 billion), higher education ($1.4 billion), and the Federal Housing Administration ($1.3 billion), partially offset by decreases for CCC agricultural price support payments ($5.2 billion)	8.0
February 1988 (1989 Budget): The major changes were decreases for national defense ($12.1 billion) and higher foreign military sales loan prepayments ($5.9 billion), more than offset by many increases, the larger ones being for medicare ($5.7 billion), failure to achieve proposed physical asset sales ($4.4 billion), FDIC and FSLIC deposit insurance ($4.1 billion), medicaid ($2.4 billion), and net interest ($2.9 billion)	20.3
July 1988 (Mid-Session Review): The major changes were increases for fewer than estimated foreign military sales loan prepayments ($3.7 billion), FDIC and FSLIC deposit insurance ($4.6 billion), and net interest ($3.2 billion), partially offset by decreases for CCC agricultural price support payments ($4.5 billion)	9.9
September 30, 1988: The major changes were an increase for national defense ($4.9 billion), more than offset by decreases, the major ones being for international affairs ($2.3 billion) and medicare and medicaid ($1.0 billion)	−1.7
Total increase	36.4
Actual	1,064.0

Major causes of the increase.—The following table distributes the $36.4 billion increase in outlays according to three categories: (1) policy changes, (2) economic conditions, and (3) technical estimating differences and other changes. The amounts in the first two categories are approximations for the major items, while the third category is a residual.

Policy changes to the 1988 budget proposals were a result of revised Administration proposals and congressional action that differed from the initial Administration request. The final action was consistent with the Bipartisan Budget Agreement between Congress and the Administration in November 1987. The net effect of all policy changes was a $13.8 billion increase in outlays. Outlays for national defense programs were $12.6 billion lower than proposed due to policy changes, because of lower defense appropria-

SUMMARY OF REASONS FOR DIFFERENCE IN 1988 OUTLAYS

(In billions of dollars)

	Total
Reasons for difference (net):	
Policy changes	13.8
Economic conditions	6.8
Technical estimating differences and other changes	15.7
Total	36.4

tions than initially requested by the Administration. Outlays for nondefense programs were $26.4 billion higher. This pattern of decreased defense outlays and increased nondefense outlays due to policy changes also occurred for the budget proposals in the six previous years.

Outlays for nondefense programs are composed of several groups. Outlays for nondefense discretionary programs (i.e., programs generally subject to control by annual appropriations) were $6.3 billion above the Administration's original request for policy reasons. This includes increases in regular and supplemental appropriations bills above what the Administration had originally requested.

Outlays for benefit payments for individuals were $7.4 billion above the Administration's proposals due to policy changes. The largest single change was in medicare. The medicare reforms enacted by the Congress saved $2.6 billion less than the reforms proposed by the Administration. The remaining policy increases for benefit payments for individuals were mostly due to the failure to enact proposed Administration reforms for medicaid, military and civilian retirement, aid to families with dependent children, and related benefit programs.

Policy changes for other mandatory programs increased nondefense outlays by $5.6 billion. (Mandatory programs are mostly formula benefit programs not normally controlled by annual appropriations.) Most of this increase, $4.3 billion, was for advanced deficiency payments for farm price supports.

Policy differences affecting collections that offset outlays increased net outlays by $6.7 billion. Increases of $7.0 billion, from the failure to enact most of the physical asset sales and user fees proposed by the Administration, were slightly offset by higher than originally expected loan asset sales and prepayments.

The remaining increase for nondefense policy outlays, $0.5 billion, is the effect on net interest of policy changes for outlays and receipts.

Economic conditions differed from those forecast in January 1987 as shown in the following table. Growth in real GNP exceeded the growth projected by 1.8 percentage points in 1987 but fell short by

1.1 percentage points in 1988. Inflation, as measured by the GNP deflator, was about the same as projected for 1987 and 1988 but it was higher than projected using the Consumer Price Index. The total unemployment rate was 0.6 percentage points lower than anticipated in 1987 and 0.9 percentage points lower in 1988. Interest rates, as measured by the 91-day Treasury bill rate, were 0.4 percentage points higher than projected in 1987 and 1.1 percentage points higher in 1988.

COMPARISON OF JANUARY 1987 ECONOMIC FORECAST AND ACTUAL ECONOMIC PERFORMANCE

(Calendar years)

	January 1987 estimate		Actual		Difference	
	1987	1988	1987	1988[1]	1987	1988
Percent change:						
GNP (constant dollars): 4th quarter over 4th quarter	3.2	3.7	5.0	2.6	1.8	−1.1
Inflation (4th quarter over 4th quarter):						
GNP deflator	3.6	3.5	3.1	3.9	−0.5	0.4
Consumer Price Index (CPI)	3.8	3.6	4.6	4.2	0.8	0.6
Total unemployment rate (annual average)	6.7	6.3	6.1	5.4	−0.6	−0.9
Interest rate (91-day bills, annual average)	5.4	5.6	5.8	6.7	0.4	1.1

[1] Preliminary and partly estimated.

The difference between the economic forecast and economic performance resulted in a net outlay increase of $6.8 billion for 1988. Most of this revision, $5.7 billion, was made in the forecast in the 1988 Mid-Session Review in August 1987, before fiscal year 1988 began. The revised economic forecast at that time projected outlays that eventually changed about $1.1 billion for economic reasons.

Estimates of the major components of the $6.8 billion increase are shown in the following table. The total unemployment rate was lower than forecast, which decreased unemployment compensation and related outlays by $2.2 billion. Higher inflation increased outlays by $2.4 billion primarily due to cost-of-living adjustments for social security and other programs linked to the Consumer Price Index. Outlays increased by $6.4 billion due to interest differences, with net interest outlays increasing $5.5 billion due to higher interest rates.

Technical estimating differences and other changes account for a net $15.7 billion increase in 1988 outlays. A decrease of $0.7 billion for nondefense discretionary programs was more than offset by increases for national defense ($5.4 billion), net interest ($5.7 billion), major mandatory programs ($3.6 billion), and lower than expected major offsetting receipts ($1.6 billion). For major mandatory programs, technical increases for the Federal Savings and Loan Insurance Corporation ($8.8 billion), medicare and medicaid ($5.1 billion), the Federal Housing Administration ($3.5 billion), and other programs were partially offset by decreases in agricultural

EFFECT OF DIFFERENCES BETWEEN ESTIMATED AND ACTUAL ECONOMIC CONDITIONS ON 1988 OUTLAYS

(In billions of dollars)

	Difference
Unemployment assumptions (primarily unemployment compensation)	−2.2
Price differences:	
Cost of living adjustments:	
Social security	1.1
Other	0.8
Medical prices:	
Medicare and medicaid	0.3
Other changes	0.2
Subtotal, price differences	2.4
Interest differences:	
Net interest:	
Interest rates	5.5
Differences in borrowing [1]	0.8
Other	0.1
Subtotal, interest differences	6.4
Offsetting receipts from the Outer Continental Shelf	0.2
Total	6.8

[1] Includes only the effect of differences in borrowing associated with differences in economic conditions for receipts and outlays.

price support payments ($12.3 billion) due to higher agricultural prices resulting from the drought and net decreases of $1.5 billion for other major mandatory programs.

Comparison of the Deficit.[12]—The preceding two sections discuss the differences between the January 1987 budget estimates and the actual amounts of Federal Government receipts and outlays in 1988. This section summarizes the net impact of these differences on the deficit.

The deficit for 1988, adjusted for the removal of the Federal Retirement Thrift Savings Fund, was originally estimated to be $111.1 billion; the actual deficit was $155.1 billion, a $44.0 billion increase. The following table shows the approximate distribution of this difference according to three categories: (1) policy; (2) economic conditions that were different from the original forecast; and (3) technical estimating differences and other changes. Each category is subdivided to show the impact of receipts compared to outlays. An increase in outlays is shown as negative because it increases the deficit, while an increase in receipts is shown as positive because it reduces the deficit.

[12]The original deficit estimate published in the fiscal year 1988 *Budget* has been adjusted retroactively to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. As a result, the original estimate shown in this section is $3.3 billion higher than originally published. This adjustment makes the original estimate comparable with the actual outcome. This change applies throughout this section.

SUMMARY OF REASONS FOR CHANGES IN THE 1988 DEFICIT

(In billions of dollars)

	Total
January 1987 estimate of the 1988 deficit [1]	−111.1
Changes:	
Policy:	
Receipts increase	4.5
Outlay increase	−13.8
Subtotal, increase in deficit due to policy	−9.3
Economic conditions:	
Receipts decrease	−12.0
Outlay increase	−6.8
Subtotal, increase in deficit due to economic conditions	−18.8
Technical estimating differences and other changes:	
Receipts decrease	−0.2
Outlay increase	−15.7
Subtotal, increase in deficit due to technical estimating differences and other changes	−15.9
Total, net increase in deficit	−44.0
Actual deficit	−155.1
Recapitulation:	
January 1987 estimate of 1988 deficit	−111.1
Net effect of lower receipts	−7.6
Net effect of higher outlays	−36.4
Actual 1988 deficit	−155.1

[1] See footnote 12 for the adjustment to the originally published estimate.
Note: Outlay increases and receipt decreases are shown as negative because they increase the deficit.

Policy changes increased the deficit by $9.3 billion. Receipts increased $4.5 billion, but outlays increased $13.8 billion, more than offsetting the receipts increase. Changes in economic conditions accounted for a $18.8 billion increase in the deficit largely due to a loss of receipts of $12.0 billion. The latter was more than accounted for by lower than expected corporate profits. Outlays increased $6.8 billion due to economic reasons largely because of higher than expected interest rates. Technical estimating differences and other changes increased the actual deficit $15.9 billion from the original estimate.

COMPARISON OF THE ACTUAL AND ESTIMATED RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1988

Outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statutes or by contracts or other obligations. Outlays for these programs generally depend on factors that are beyond administrative control under existing law at the start of the fiscal year. For example, the criteria making people eligible for programs like medicaid and civil

service retirement are established by law. Prior-year contracts and obligations are also legally binding.

Relatively uncontrollable outlays are grouped into two major categories: (1) open-ended programs and fixed costs, for which outlays are generally mandated by law; and (2) payments from prior-year contracts and obligations, for which outlays are required because of previous action, such as entering into contracts. Estimates of relatively uncontrollable outlays are for outlays mandated under existing law (i.e., they exclude any effect of proposed legislation on the programs).

A number of factors may cause differences between the amounts estimated in the budget and the actual outlays. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; and economic conditions (such as interest rates) may differ from what was assumed in making the estimates.

The following table shows the differences between actual outlays for relatively uncontrollable programs in 1988 and the amounts originally estimated in the 1988 budget in January 1987. The list of programs is the same as in Table 14 (Controllability of Outlays) in Part 10 of this volume. Actual outlays for relatively uncontrollable programs in 1988 were $807.4 billion, which is $11.9 billion or 1.5 percent more than the initial estimate of $795.5 billion based on existing law in January 1987. Outlays for open-ended programs and fixed costs were $18.3 billion more than the initial estimate, and outlays from prior-year contracts and obligations were $6.4 billion less than the initial estimate.

Payments for individuals, which are essentially income transfers, were 72.1 percent of all open-ended programs and fixed costs in 1988. Actual outlays for these payments were $2.7 billion higher than originally estimated. This increase was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences.

Outlays for social security and railroad retirement, the largest category of payments for individuals, were almost identical to the original estimate.

Federal employees' retirement and disability insurance programs consist of military retirement, civilian employee retirement and disability, and veterans service-connected compensation. Except for the latter, these benefits are automatically indexed to the consumer price index. In contrast to automatic adjustments, veterans service-connected compensation has been adjusted by law each year for cost-of-living increases. Total outlays for this category were $1.5 billion higher than the original estimate, due in part to higher cost-of-living adjustments than originally estimated.

RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1988[1]

(In billions of dollars)

Relatively uncontrollable under present law	January 1987 estimate (existing law)	Actual	Change
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement	220.4	220.3	−0.1
Federal employees' retirement and insurance	57.8	59.3	1.5
(Military retired pay)	(18.9)	(19.0)	(0.1)
(Other)	(38.9)	(40.3)	(1.4)
Unemployment assistance	16.4	13.8	−2.6
Medical care	111.4	114.7	3.3
Assistance to students	3.7	3.9	0.1
Food and nutrition assistance	4.5	4.3	−0.2
Public assistance and related programs	28.2	28.8	0.6
Other	2.9	2.9	*
Subtotal, payments for individuals	445.3	**448.0**	**2.7**
Other open-ended programs and fixed costs:			
Net interest	139.4	151.7	12.3
Farm price supports (CCC)	21.0	12.2	−8.8
Other	−3.4	8.7	12.1
Subtotal, other open-ended programs and fixed costs	**157.0**	**172.7**	**15.7**
Total, open-ended programs and fixed costs	**602.3**	**620.6**	**18.3**
Outlays from prior-year contracts and obligations:			
National defense	117.1	115.3	−1.8
Nondefense	76.1	71.5	−4.6
Total, outlays from prior-year contracts and obligations	**193.2**	**186.8**	**−6.4**
Total, relatively uncontrollable outlays	**795.5**	**807.4**	**11.9**

* $50 million or less.

[1] *The January 1987 estimate shown in this table is $2.0 billion higher than originally published to reflect moving the Federal Retirement Thrift Savings Fund to a nonbudgetary status during 1988. This adjustment makes the initial estimate of relatively uncontrollable outlays comparable to the actual outcome.*

Outlays for unemployment compensation programs were $2.6 billion below the initial estimate due primarily to lower than assumed unemployment rates.

Outlays for medical care were $3.3 billion higher than originally estimated. This category includes medicare and medicaid. Savings enacted for medicare were more than offset by higher outlays as a result of increased utilization of services and higher medical costs.

Assistance to students consists of GI bill benefits and the guaranteed student loan program. Outlays for these programs were about the same as the original estimate.

Food and nutrition assistance includes the child nutrition and special milk programs. Outlays for these programs were also about the same as originally estimated.

Public assistance and related programs include family support payments, supplemental security income, outlays for earned income tax credits, and veterans non-service-connected pensions.

Outlays for these programs were $0.6 billion above the estimate. Most of this increase was in family support payments to States, which was a result of higher than estimated State caseload and average benefit levels.

Relatively uncontrollable outlays for all other payments for individuals were about the same as originally estimated.

Open-ended programs and fixed costs other than payments for individuals were $172.7 billion or 27.8 percent of all open-ended programs and fixed costs in 1988. Outlays for net interest were $12.3 billion or 8.8 percent higher than the original estimate. This increase was primarily the effect of higher than expected interest rates.

Outlays for farm price supports (Commodity Credit Corporation) were $8.8 billion below the initial current law estimate. This was due in part to higher prices resulting from the drought, which decreased outlays. The remaining category increased $12.1 billion from the original estimate largely due to increased payments by the Federal Savings and Loan Insurance Corporation to assist troubled savings and loan institutions.

Outlays for prior-year contracts and obligations were $6.4 billion below the initial estimate. Outlays for nondefense programs were $4.6 billion lower than the initial estimate, and outlays for defense programs were $1.8 billion lower.

PART 8

THE BUDGET SYSTEM AND CONCEPTS

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PART 8

THE BUDGET SYSTEM AND CONCEPTS

The budget system of the U.S. Government provides the framework within which decisions on resource allocation and program management are made in relation to the requirements of the Nation, the availability of Federal resources, effective financial control, and accountability for use of the resources.

THE BUDGET PROCESS

The budget process has three main phases: (1) executive formulation and transmittal; (2) congressional action; and (3) budget execution and control. Each of these is interrelated with the others.

Executive Formulation and Transmittal.—The budget sets forth the President's financial plan and indicates his priorities for the Federal Government. The primary focus of the budget is on the budget year—the next fiscal year for which the Congress needs to make appropriations. However, the budget is developed in the context of a multi-year budget planning system that includes coverage of the four years following the budget year in order to integrate long-range planning into the executive budget process. The system requires that broad fiscal goals and agency spending and employment targets be established beyond the budget year. This budget also includes appropriations requests for both 1990 and 1991 for the Department of Defense and related agencies and for the Coast Guard, as required by law.

The President transmits his budget to the Congress early in each calendar year, eight to nine months before the next fiscal year begins on October first. In a year in which a new President takes office, as in this year, the outgoing President submits a budget. Usually, the new President proposes changes to that budget.

The process of formulating the budget begins not later than the spring of each year, at least nine months before the budget is transmitted and at least 18 months before the budget fiscal year begins. For the 1990 budget, which is being transmitted to the Congress in January of 1989, the process began in the spring of 1988.

During the formulation of the budget, there is a continual exchange of information, proposals, evaluations, and policy decisions

among the President, the Office of Management and Budget (OMB), other Executive Office units, and the various Government agencies. Decisions concerning the upcoming budget are influenced by the results of previously enacted budgets, including the one being executed by the agencies, and reactions to the last proposed budget, which is being considered by the Congress. Decisions are influenced also by projections of the economic outlook that are prepared jointly by the Council of Economic Advisers, OMB, and the Treasury.

The President establishes general budget and fiscal policy guidelines. Based on his decisions, OMB issues general policy directions and planning ceilings to the agencies, both for the budget year and for the following four years, to guide the preparation of their budget requests.

Agencies submit budget requests in September to OMB, where they are reviewed in detail, and decisions are made. These decisions may be revised as a result of Presidential review. Fiscal policy issues, which affect outlays and receipts, are reexamined. The effect of budget decisions on receipts, budget authority, and outlays in the years that follow are also considered and are explicitly taken into account, in the form of multi-year budget planning estimates. Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).[1]

The Congressional Budget Act of 1974, as amended, requires that current services estimates be transmitted to the Congress with the budget to provide a basis for reviewing the President's budget recommendations.[2] The current services estimates of budget authority and outlays are those amounts required to continue Federal programs and activities without policy changes from the fiscal year in progress. Current services estimates of receipts generally assume that tax changes will occur as scheduled under current law.

Congressional Action.—The Congress can approve, modify, or disapprove the President's budget proposals. It can change funding levels, eliminate programs, or add programs not requested by the President. It can enact legislation affecting taxes and other sources of receipts.

Prior to making appropriations, the Congress usually enacts legislation that authorizes an agency to carry out a particular program and, in some cases, includes limits on the amount that can be

[1] These requirements are discussed further under "Deficit reduction," which appears later in this part.

[2] See Special Analysis A, "Baseline Estimates," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990.*

appropriated for the program. Some programs require annual authorizing legislation. Others are authorized for a specified number of years or indefinitely.

In making appropriations, the Congress does not vote on the level of outlays directly, but rather on *budget authority* or other authority to incur obligations that will result in immediate or future outlays. For the majority of Federal programs, budget authority becomes available each year only as voted by the Congress in appropriations acts. However, in many cases the Congress has voted permanent budget authority, under which funds become available annually without further congressional action. Many trust fund appropriations are permanent, as are a number of Federal fund appropriations, such as the appropriation to pay interest on the public debt. Some authority to incur obligations takes forms other than budget authority, and such obligational authority usually becomes available for obligation without further congressional action. In recent years, more obligational authority has become available under permanent appropriations than by current actions of the Congress. In turn, the outlays from permanent appropriations, together with the outlays from obligations incurred in prior years, comprise the majority of the outlay total for any year in the budget. Therefore, most outlays in any year are not controlled through appropriations actions for that year. The types of budget authority, other budgetary resources, their control by the Congress, and the relation of outlays to budget authority are discussed in more detail in sections that appear later in this part.

Congressional review of the budget begins when the President transmits his budget estimates to the Congress. Under standing law, the budget is required to be transmitted on or before the first Monday after January third of each year—January 9 this year.

Under the procedures established by the Congressional Budget Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, the Congress considers budget totals before completing action on individual appropriations. The Act requires each standing committee of the Congress to report on budget estimates to the House and Senate Budget Committees by February 25. The Congress adopts a concurrent budget resolution as a guide in its subsequent consideration of appropriations and receipt measures. The budget resolution, which is scheduled to be adopted by April 15, sets targets for total receipts and for budget authority and outlays, in total and by functional category. The resolution also sets targets for direct loan obligations and guaranteed loan commitments. It is not in order for either House to consider a resolution that includes a budget deficit that is greater than the maximum deficit specified in the Act for the budget year. In 1990, the maximum deficit is $100 billion.

Congressional budget resolutions do not require Presidential approval. Frequently, however, there is informal consultation between the congressional leadership and the Administration, because legislation developed to attain congressional budget targets must be sent to the President for his approval. In some recent years, the Congress enacted omnibus reconciliation legislation that reduced budget authority and outlays or increased receipts to achieve specified levels of budget authority and outlays. In 1987, the President and the joint leadership of Congress reached an agreement on the broad outlines of a deficit reduction strategy for 1988 and 1989. This agreement, known as the Bipartisan Budget Agreement, was reflected in the budget legislation passed for those years.

Congressional consideration of requests for appropriations and changes in revenue laws occurs first in the House of Representatives. The Appropriations Committee, through its subcommittees, studies the requests for appropriations and examines in detail each agency's performance. The Ways and Means Committee reviews proposed revenue measures. Each committee then recommends the action to be taken by the House of Representatives. After passage of the budget resolution, a point of order can be raised to block consideration of bills that would cause a committee's targets, as set by the resolution, to be breached.

When the appropriations and tax bills are approved by the House, they are forwarded to the Senate, where a similar review follows. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The report of the conference committee is returned to both Houses for approval. When the measure is agreed to, first in the House and then in the Senate, it is ready to be transmitted to the President as an enrolled bill, for his approval or veto.

When action on appropriations is not completed by the beginning of the fiscal year, the Congress enacts a *continuing resolution* to provide authority for the affected agencies to continue financing operations up to a specified date or until their regular appropriations are enacted. The Congress completed action on all of the 13 regular appropriations bills for 1989 before the start of the fiscal year so such a resolution was not needed.

Deficit Reduction.—The Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings Act), as amended in 1987, calls for a balanced Federal budget by 1993. It sets declining deficit targets for each fiscal year and specifies a procedure designed to achieve these targets. In 1990, the target is $100 billion. For 1991 through 1993, the targets are $64 billion, $28 billion, and zero, respectively.

According to the Act, the President's budget must propose receipts and outlays consistent with the deficit target for the budget year, and the budget must include estimates of total receipts, total outlays, the deficit, and other aggregate-level estimates using the same budget baseline rules that are specified for other reports required under the Act. Then, congressional action on the budget is supposed to ensure that the deficit target for that year will be met. If the target is not met, the Act specifies a process to sequester (i.e., cancel or withhold from obligation) budgetary resources to reduce outlays by the amount required to meet the specified target for the year ahead.

On August 25 of each year, the Director of the Office of Management and Budget (OMB) submits a report to the President and the Congress estimating the deficit for the upcoming fiscal year and the amount of net deficit reduction that has resulted from laws enacted and regulations promulgated. On October 15 he submits a revised report, which reflects the effects on the deficit of any legislation enacted or regulations promulgated since August 25. If his estimates show that the projected deficit exceeds the specified target by more that $10 billion (zero in 1993) and that the requisite amount of net deficit reduction has not been achieved through laws and regulations, he must calculate the amount of reductions in budgetary resources required to eliminate the deficit excess. The Act specifies rules for determining uniform percentage reductions for most programs subject to reduction and special rules for certain programs subject to reduction. Many programs are exempt from reduction. The Director of OMB must explain, in his initial and revised reports, any significant differences between his estimates and the estimates provided to him and the Congress in initial and revised reports by the Director of the Congressional Budget Office. Events after October 15 that affect the deficit do not result in new or additional spending reductions under the Act.

The reports by the Director of OMB become the basis for the initial and final sequester orders issued by the President. The President's orders may not change any of the particulars in the Director's reports.

Budgetary resources have been sequestered only once since the Act was passed. That was in 1986. On November 20, 1987, the President issued a sequester order for FY 1988 but the order was reversed and the sequestered resources restored as a result of the enactment of the Omnibus Reconciliation Act of 1987.

Budget Execution and Control.—Once approved, the President's budget, as modified by the Congress and reduced by sequestration, if necessary, becomes the basis for the financial plan for the operations of each agency during the fiscal year. Under the law, most budget authority and other budgetary resources are made available

to the agencies of the executive branch through an apportionment system. The Director of OMB apportions (distributes) appropriations and other budgetary resources to each agency by time periods and by activities, in order to ensure the effective use of available resources and to preclude the need for additional appropriations.

Changes in laws or other factors may indicate the need for additional appropriations during the year, and supplemental requests may have to be sent to the Congress. On the other hand, amounts appropriated may be withheld temporarily from obligation under certain, limited circumstances to provide for contingencies, or to achieve savings made possible through changes in requirements or greater efficiency of operations, or as specifically provided in law. The Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the Congress any deferrals or proposed rescissions [3] of budget authority; that is, any effort through administrative action to postpone or eliminate spending provided by law. Deferrals, which are temporary withholdings of budget authority, may be overturned by an act of the Congress at any time. Rescissions, which permanently cancel budget authority, must be passed by the Congress within 45 days of continuous session. Otherwise, the withheld funds must be made available for spending.

Budget Calendar for 1989.—The following timetable highlights significant dates during calendar year 1989.

BUDGET CALENDAR FOR 1989

January 3	Congress convenes.
January 9	President Reagan transmits FY 1990 budget.
January 20	Inauguration Day.
February 25	Congressional committees report budget estimates to Budget Committees.
April 15	Action to be completed on congressional budget resolution.
May 15	House consideration of annual appropriations bills may begin.
June 15	Action to be completed on reconciliation.
June 30	Action on appropriations to be completed by House.
July 15	President Bush transmits Mid-Session Review of FY 1990 Budget, including preliminary estimates of the G-R-H baseline.
August 15	Initial snapshot of the G-R-H baseline.
August 25	OMB issues initial G-R-H report to the President and Congress, and President issues initial sequester order.
October 1	Fiscal year begins and initial sequester order becomes effective.
October 15	OMB issues final G-R-H report to the President and Congress, and President issues final sequester order, which becomes effective immediately.

[3] These actions are discussed further under "Budgetary resources," which appears later in this part.

COVERAGE OF THE BUDGET TOTALS

Agencies and Programs.—The budget documents provide information on all agencies and programs, including trust funds and Government corporations. The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. The receipts and outlays of social security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) are excluded from the budget totals by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177). Such receipts and outlays are referred to as being off-budget. However, the law that shifted these outlays and receipts off-budget also specified that they be included in calculating the deficit targets specified in the Act. The off-budget transactions are shown in a separate chapter of the *Appendix,* entitled "Department of Health and Human Services, Social Security," and are separately identified elsewhere in the budget documents. The on-budget and off-budget amounts are added together to derive totals for the Federal Government.

Neither the on-budget nor the off-budget totals include transactions of private, Government-sponsored enterprises, such as the Federal National Mortgage Association and Federal home loan banks. However, because of their relationship to the Government, these enterprises are discussed in several parts of the budget.[4]

A presentation for the Board of Governors of the Federal Reserve System is included in Part IV of the *Appendix.* Those amounts are presented for information only (they are not included in either the on-budget or off-budget totals) because of the independent status of the System.

Functional Classification.[5]—The functional classification arrays budget authority, outlays, and other budget data according to the major purpose served—e.g., agriculture. There are nineteen major functions, most of which are divided into subfunctions. For example, the *Agriculture* function is divided into *Farm income stabilization* and *Agricultural and research services.* In accordance with the Congressional Budget Act of 1974, as amended, the congressional budget resolution establishes budget targets using these functional categories.

The following criteria are used in the establishment of functional categories and the assignment of activities to them:

- A function comprises activities with similar purposes addressing an important national need. The emphasis is on what the

[4] See Part 6, "Federal Credit," in this volume; Special Analysis E, "Borrowing and Debt;" Special Analysis F, "Federal Credit Programs;" Part IV, "Government-Sponsored Enterprises," in the *Appendix, Budget of the United States Government, Fiscal Year 1990.*

[5] Part 5, "Federal Programs by Function," in this volume discusses the budget by function.

Federal Government seeks to accomplish rather than the means of accomplishment, the objects purchased, or the clientele or geographic area served.

- A function must be of continuing national importance, and the amounts attributable to it must be significant.
- Each basic unit being classified (generally the appropriation or fund account) usually is classified according to its predominant purpose and assigned to only one subfunction. However, some large accounts that serve more than one major purpose are subdivided into two or more subfunctions.
- Activities and programs are normally classified according to their primary purpose (or function) regardless of which agencies conduct the activities.

National Needs Presentation.—Section 601 of the Congressional Budget Act of 1974 requires that the budget for each fiscal year shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

(1) a detailed structure of national needs, which shall be used to reference all agency missions and programs;
(2) agency missions; and
(3) basic programs.

To meet that requirement of law, each major function is described in Part 5 of this volume in the context of the national needs being served, and subfunctions are described in the context of the major missions devoted to serving national needs. Part 5 also meets the budget presentation requirements of the Full Employment and Balanced Growth Act of 1978.

Types of Funds.—Agency activities are financed through Federal funds and trust funds.

Federal funds are of several types. The *general fund* is credited with receipts not earmarked by law for a specific purpose and is also financed by the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. *Special funds* account for Federal receipts earmarked for specific purposes, other than for carrying out a cycle of operations, and the associated expenditure of those receipts. *Public enterprise* (revolving) *funds* conduct a cycle of business-type operations in which outlays generate collections, primarily from the public, which are credited directly to the fund. *Intragovernmental funds*, including revolving and management funds, conduct business-type operations primarily within and between Government agencies and are financed by collections, which are credited directly to the fund.

Trust funds are established to account for the receipt and expenditure of monies by the Government for carrying out specific

purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (e.g., the Highway Trust Fund) or for carrying out the stipulations of a trust agreement (e.g., any of several trust funds for gifts and donations for specific purposes). These monies are not available for other purposes of the Government. *Trust revolving funds* are credited with collections earmarked by law to carry out a cycle of business-type operations.

There is little practical difference between a trust fund and a special fund or between a trust revolving fund and a public enterprise revolving fund.

Current Expenses and Capital Investment.—The budget includes spending for both current operating expenses and capital investment, such as the purchase of lands, structures, and equipment. It also includes capital investment in the form of lending; the purchase of other financial assets; and the conduct of research, development, education, and training. Investment outlays are displayed in Special Analysis D, "Federal Investment Outlays."

BUDGETARY RESOURCES AND RELATED TRANSACTIONS

Budgetary Resources.—Government agencies are permitted to enter into obligations requiring either immediate or future payment of money only when they have been granted authority to do so by law. This authority, which constitutes the budgetary resources available to an agency, is most commonly provided in the form of budget authority. In addition, collections specifically authorized to be credited to appropriation and fund accounts (e.g., postal revenues from the sale of stamps), while not scored as budget authority, are also available for obligation. The use of budgetary resources may be restrained by the imposition of legally binding limitations on obligations, including obligations for administrative expenses of entitlement programs and for direct loans.[6]

Budget authority and other budgetary resources permit *obligations* to be incurred. The amounts of budget authority requested are determined by the nature of the programs or projects being financed and the amounts of other resources (such as unobligated balances and offsetting collections) available for the purpose.

For activities such as operation and maintenance, for which the cost depends upon the program level during the fiscal year, the amount of budget authority requested usually is the amount estimated to be needed to cover the obligations to be incurred during the year.

For most major procurement programs and construction projects, an amount adequate to complete the procurement or project gener-

[6] See "Limitations on the Availability of Funds," in Part 7 of this volume.

ally is requested to be appropriated in the first year, even though it may be obligated over several years. This policy, sometimes referred to as "full funding," is intended to avoid piecemeal funding of programs and projects that cannot be used until they have been completed.

For lease-purchase arrangements, budget authority adequate to cover the Federal Government's maximum current liability is requested. Where lease-purchases contain contract clauses that condition the Federal Government's obligation to pay on the availability of appropriations, the policy is to request sufficient budget authority to cover the full lifetime cost of the lease.

Budget authority usually takes the form of *appropriations,* which permit obligations to be incurred and payments to be made. However, some budget authority is in the form of *contract authority,* which, when specifically authorized by law, permits obligations in advance of appropriations but requires a subsequent appropriation or the collection of receipts to liquidate (pay) these obligations. Another form of budget authority is *authority to borrow,* which permits obligations to be incurred but requires that funds be borrowed, generally from the Treasury, to liquidate these obligations.

With certain exceptions, it is not in order for either House of the Congress to consider any bill that provides new borrowing or contract authority unless that bill also provides that such new spending authority will be effective only to the extent or in such amounts as provided in appropriations acts.

Appropriations are available for obligation only during the fiscal year for which they are enacted, unless the appropriation language specifies that an appropriation is available for a longer period. Typically, appropriations for current operations are made available for obligation in only one year. Some appropriations are made available for a specified number of years. Others, including most of those for construction, some for research, and many for trust funds, are made available for obligation until the amount appropriated has been expended or until the program objectives have been attained.

Usually the Congress makes budget authority available on the first day of the fiscal year for which the appropriation act is passed. Occasionally, the appropriations language specifies a different timing. The language may provide an *advance appropriation*—one made to become available one year or more beyond the fiscal year for which the appropriations act is passed.[7] Appropriations related to multi-year budget requests include advance appropriations language.[8] To meet the special timing requirements of many

[7] A list of advance appropriations included in this budget appears in Part III, "Other Materials," in the *Appendix.*

[8] Multi-year budget requests are discussed under "Data for 1991 through 1994," which appears later in this part.

education programs, the appropriations for them provide for *forward funding*— 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 fiscal year. For certain entitlement programs funded by annual appropriations, the appropriation provides for *advance funding*—budget authority that is to be charged to the appropriation in the succeeding year but which authorizes obligations to be incurred in the last quarter of the fiscal year if necessary to meet higher than anticipated benefit payments in excess of the specific amount appropriated for the year.

When budget authority is made available by the Congress for a specific period of time, any part that is not obligated during that period expires (lapses) and cannot be used later. Congressional actions that extend the availability of unobligated amounts that have expired or would otherwise expire are known as *reappropriations*. Reappropriations are counted as new budget authority in the fiscal year in which the balances become newly available.

A *rescission* is a legislative action that cancels new budget authority or the availability of unobligated balances of budget authority prior to the time the authority would otherwise have expired. Rescissions of both new budget authority and unobligated balances of budget authority are recorded as decreases to new budget authority for that year. Accordingly, it is possible that some accounts show negative budget authority because an amount of unobligated balances was rescinded that was greater than the amount of new budget authority made available. Proposed rescissions, if any, usually are identified in separate schedules in Part II of the *Appendix*.

A *deferral* is an executive branch action or inaction permitted in limited situations (such as the establishment of reserves under the Antideficiency Act) that delays the obligation or expenditure of funds within the year that the action is taken. Deferrals are not identified separately in the budget.[9]

Budget authority is classified and labeled in the budget as *current* or *permanent*. Budget authority is current if it is provided in legislation enacted during or for the fiscal year in which it becomes available. Budget authority is permanent if it becomes available in a fiscal year pursuant to legislation that was enacted in a previous year. Current budget authority usually is provided annually in appropriations acts, and permanent budget authority usually is provided by standing authorizing legislation. However, advance appropriations of budget authority are classified as permanent, even though they are provided in annual appropriations acts, because they become available a year or more following the year to which

[9] Rescissions and deferrals are discussed further in this part under the previous section, "Budget Execution and Control."

the act pertains; and budget authority that is provided by authorizing legislation is classified as current in the year such legislation is enacted and as permanent thereafter. Though not recorded as budget authority, offsetting collections credited to appropriation and revolving fund accounts provide permanent authority to incur obligations.

Obligations and outlays resulting from permanent budget authority and from offsetting collections credited to appropriation and revolving fund accounts comprise more than half of the budget totals. Put another way, less than half of the obligations and outlays in the budget result from current actions by the Congress. Most permanent budget authority represents the authority to spend trust fund receipts and the authority to pay interest on the public debt. Most obligations and outlays from offsetting collections occur in public enterprise revolving funds.[10]

Budget authority is classified and labeled in the budget as *definite* or *indefinite*. Budget authority is definite if the legislation that provides it specifies a definite amount or an amount not to be exceeded. Budget authority is indefinite if the legislation providing it permits the amount to be determined by subsequent circumstances. Examples of indefinite authority are authority to borrow that is limited only to the amount of debt that may be outstanding at any time, the appropriation for interest on the public debt, and the trust fund appropriation equal to receipts under the Federal Insurance Contributions Act (social security). Indefinite budget authority is presented as the amount of receipts collected or estimated to be collected each year in the case of many special and trust funds, and as the amount needed to finance obligations incurred or estimated to be incurred in the case of certain appropriations, contract authority, and authority to borrow.

Obligations Incurred.—Following the enactment of budget authority and the completion of required apportionment action, Government agencies incur obligations. Such obligations include: the current liabilities for salaries, wages, and interest; agreements to make loans; contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land; and other arrangements requiring the payment of money.

Outlays.—When obligations are liquidated (paid), *outlays* are recorded. Outlays usually are in the form of checks, cash, or electronic fund transfers. Obligations also may be liquidated (and outlays recorded) by the accrual of interest on public issues of Treasury debt securities (including an increase in the redemption value of

[10] See "Relationship of Budget Authority to Outlays," in Part 7 of this volume.

bonds outstanding); or by the issuance of bonds, debentures, notes, or monetary credits.[11]

Refunds of receipts[12] are treated as reductions of receipts, rather than as outlays. Payments for earned income tax credits in excess of tax liabilities are treated as outlays rather than as a reduction to receipts. Outlays during a fiscal year may be for the payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.[13] Outlays are stated net of offsetting collections, and total outlays for the Federal Government include both on-budget and off-budget outlays.

Balances of Authority.—Not all budget authority enacted for a fiscal year results in obligations and outlays in the same year. In the case of budget authority that is available for more than one year, the *unobligated balance* of budget authority that is still available may be carried forward for obligation in the following year. The *obligated balance* is that portion of the budget authority that has been obligated but not yet paid. For example, in the case of salaries and wages, 1 to 3 weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payment may occur over several years. Obligated balances of budget authority are carried forward until the obligations are subsequently paid.[14] The ratio of the outlays resulting from budget authority enacted in any year to the amount of that budget authority is referred to as the *spendout rate*. Collections authorized to be credited directly to appropriations or fund accounts also may be carried forward as unobligated or obligated balances.

A change in the amount of obligations incurred from one year to the next is not necessarily accompanied by an equal change in either the budget authority or the outlays of that same year. Conversely, a change in budget authority in any one year may cause changes in the level of obligations and outlays for several years.

Allocations Between Agencies.—In some cases, an agency may share in the administration of a program for which appropriations are made to another agency or to the President. This is made possible by the establishment of allocations from the "parent" account, that is, the account to which the appropriation was made. Obligations incurred under such allocations are included with the

[11] See Special Analysis E, "Borrowing and Debt," for further discussion of the use of such instruments.

[12] This term is discussed under "Collections," which appears later in this part.

[13] See "Relationship of Budget Authority to Outlays," in Part 7 of this volume.

[14] Additional information is provided in a separate report, "Balances of Budget Authority," which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.

parent account in the budget (without separate identification) and in the *Appendix* (where the total obligations of each participating agency are identified separately under each parent account).

FEDERAL CREDIT [15]

In addition to the resource measures previously described, Government programs may be carried out through federally supported credit in the form of direct loans or loan guarantees. These are included in the budget as obligations for direct loans and commitments for guaranteed loans. *Obligations for direct loans* result from agreements requiring the Government to make a loan immediately or at some future time. *Commitments for guaranteed loans* result from agreements entered into by the Government to guarantee the repayment of principal and/or interest on loans made by non-Federal lenders. Since loan guarantees, unlike direct loans, do not require obligational authority and, by themselves, do not require Federal disbursements, the amounts are not included in the President's budget totals. They create Government liabilities of a contingent nature that result in obligations and outlays *only* in the event of borrower default. The Administration has proposed a fundamental change in the way credit programs are controlled and budgeted. This proposal is described in Part 6 of this volume.

COLLECTIONS

In General.—Money collected by the Government is classified into two major categories:

- *Governmental receipts*, which are compared to outlays in calculating the surplus or deficit.[16]
- *Offsetting collections*, which are deducted from gross disbursements in calculating outlays.

Governmental Receipts.—These are collections from the public that result from the exercise of the Government's sovereign or governmental powers. Governmental receipts consist primarily of tax receipts (including social insurance taxes), but also include compulsory user charges, receipts from customs duties, court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as governmental receipts. Total receipts for the Federal Government include both on-budget and off-budget receipts.

[15] Part 6, "Federal Credit," in this volume and Special Analysis F, "Federal Credit Programs," discuss this subject in detail.

[16] Part 4, "Federal Receipts by Source," of this volume discusses governmental receipts in more detail.

Offsetting Collections.—These are amounts received from the public that result from business-like or market-oriented activities (e.g., the sale of a product or service) or collections of payments from other Government accounts. They are classified into two major categories: *offsetting collections credited to appropriation or fund accounts* and *offsetting receipts* (that is, offsetting collections deposited in receipt accounts). The offset is applied differently for each type.

Offsetting Collections Credited to Appropriation or Fund Accounts.—For all revolving funds and some appropriation accounts, laws authorize collections to be credited directly to expenditure accounts and, usually, make them available to spend for the purpose of the account without further action by the Congress. However, it is not unusual for the Congress to enact limitations in annual appropriations acts on the obligations that can be financed by these collections. The outlays of the appropriation or fund account are quantified as disbursements less offsetting collections.

Offsetting Receipts.—These are offsetting collections credited to general fund, special fund, or trust fund receipt accounts. They are deducted from budget authority and outlays in arriving at total budget authority and outlays. In most cases, such deductions are made at the subfunction and agency levels. Offsetting receipts are subdivided into two categories, as follows:

- *Proprietary receipts from the public.*—These are collections from the public, deposited in receipt accounts, that arise out of the business-type or market-oriented activities of the Government. While most proprietary receipts are deducted at the agency and subfunction level, some are classified as undistributed offsetting receipts and are deducted from total budget authority and outlays (e.g., collections of rent and royalties from Outer Continental Shelf lands.)
- *Intragovernmental transactions.*—These are payments into receipt accounts from governmental appropriation or fund accounts. In most cases, intragovernmental transactions are deducted from both the outlays and the budget authority of the subfunction and the agency receiving the payment. However, in two cases intragovernmental transactions appear as special deductions in computing total budget authority and outlays for the Government rather than offsets at the agency level—agencies' payments as employers into employee retirement trust funds and interest received by trust funds.

  There are several categories of intragovernmental transactions. *Intrabudgetary transactions* include all payments from on-budget expenditure accounts to on-budget receipt accounts. These are subdivided into three categories: (1) *interfund trans-*

actions, where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) *Federal intrafund transactions*, where the payment and receipt both occur within the Federal fund group; and (3) *trust intrafund transactions*, where the payment and receipt both occur within the trust fund group. In addition, there are intragovernmental payments from on-budget accounts to off-budget receipt accounts, and from off-budget accounts to on-budget receipt accounts.

OTHER TRANSACTIONS

Borrowing and Repayment.—Borrowing and debt repayment are not treated as receipts or outlays. If they were, the budget would be balanced by definition. This rule applies both to borrowing in the form of public debt securities and to specialized borrowing in the form of agency securities, including the issuance of debt securities to liquidate an obligation, and the sale of certificates representing participation in a pool of loans. Where Federal loan assets are sold with recourse (i.e., where the Federal Government guarantees repayment of principal and interest on the loan assets in the event of default), the proceeds of the sale are treated as a means of financing the deficit other than borrowing.

Exercise of Monetary Power.—Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit (or as a supplementary amount to be applied to reduce debt in a year with a surplus). The increment (profit) resulting from the sale of gold as a monetary asset also is treated as a means of financing, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Balances in Deposit Fund Accounts.—Certain accounts outside the budget, known as deposit funds, are established to record amounts held in suspense temporarily (for example, proceeds from mineral leases on the Outer Continental Shelf to which title is in dispute) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government). Deposit fund balances may be held in the form of either invested or uninvested balances. Changes in deposit fund balances, if they are not invested, affect Treasury's cash balances, even though the transactions are not a

part of the budget. To the extent that deposit fund balances are not invested, changes in the balances are reflected as a means of financing the deficit other than borrowing from the public.

Exchange of Cash.—The Government's deposits with the International Monetary Fund (IMF) are considered to be monetary assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not considered in itself a receipt or an outlay, borrowing, or lending. However, interest paid by the IMF on those deposits is an offsetting collection. In a similar manner, the holdings of foreign currency by the Exchange Stabilization Fund are considered to be cash assets. Changes in these holdings are outlays only to the extent there is a realized loss of dollars on the exchange and are offsetting collections only to the extent there is a realized dollar profit.

BASIS FOR BUDGET FIGURES

In General.—Outlays usually are stated in terms of payments (in the form of checks, cash, and electronic fund transfers) net of offsetting collections received. When a cash-equivalent financial instrument is developed to use as a substitute for cash or checks, the monetary value of the instrument is normally counted as outlays in the budget in order to record the transaction in the same manner regardless of the means of effecting it. The accrual basis is used for interest on the public issues of Treasury debt securities. Interest on special issues of the debt securities held by trust funds and other Government accounts is normally stated on a cash basis. When a Government account invests in Federal debt securities, the purchase price is usually close to the par (face) value of the security. The budget records the investment at par value and adjusts the interest paid by Treasury and collected by the account by the difference between purchase price and par. However, in the case of two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund,[17] the differences between purchase price and par are routinely relatively large. For these funds, the budget records the holdings of debt at par and records the differences between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security.

Data for 1988.—The past year (1988) column of the budget generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Department of Treasury. Occasionally the budget reports corrections to data reported erroneously to Treasury but

[17] See "Department of Defense—Civil" in Part I, "Detailed Budget Estimates," in the *Appendix*.

not discovered in time to be reflected in Treasury's published data. The "Explanation of the Summary Tables" at the beginning of Part 10 in this volume notes the sources of such differences.

Data for 1989.—The current year (1989) column of the budget includes estimates of transactions and balances based on the amounts of budgetary resources that were available when the budget was transmitted, including amounts provided as appropriations for 1989, and that are expected to become available during the year. For the first time in 40 years, all of the 13 appropriations bills for 1989 were enacted as separate acts by the start of the fiscal year.

Where the word "enacted" is used with reference to 1989, the amount generally represents budget authority already voted by the Congress. In the case of indefinite appropriations, the enacted sums include the amounts likely to be required. Where the word "estimate" is used, the amounts include both enacted budget authority and requested supplementals and rescissions.

Data for 1990.—The budget year (1990) column of the budget includes estimates of transactions and balances based on the amounts of budgetary resources that are expected to be available, including amounts proposed to be appropriated. The budget generally includes the appropriations language for the amounts proposed to be appropriated.[18] Where the estimates represent amounts that will be requested under proposed legislation, the appropriation language usually is not included; it is transmitted later, usually after the legislation is enacted. In a few cases, proposed language for appropriations to be requested under existing legislation is transmitted later because the exact requirements are not known at the time the budget is transmitted. In certain tables of the budget, the items for later transmittal and the related outlays are identified separately. Estimates of the total requirements for 1990 include both the amounts requested with the transmission of the budget and the amounts planned for later transmittal.

Data for 1991 Through 1994.—To place emphasis on longer term objectives and plans consistent with the multi-year budget planning system, the budget presents estimates through 1994. These data often reflect specific Presidential policy determinations and are shown in a number of budget tables.

This budget also includes *multi-year budget requests*, which differ from multi-year planning estimates in that advance appropriations for 1991 are proposed to be enacted in the 1990 appropriations process. The 1986 Defense Authorization Act (Public Law 99-145)

[18] See Part I, "Detailed Budget Estimates," in the *Appendix*.

requires 2-year requests (1990 and 1991) for accounts of the Department of Defense and related agencies in the national defense function. Similarly, the 1988 Coast Guard Authorization Act (Public Law 100-448) requires 2-year requests for Coast Guard programs. There are also multi-year requests for several other accounts. Advance appropriations language for multi-year budget requests is included in the *Appendix* presentation for the affected budget accounts. The schedules in the *Appendix* include a 1991 column only for Coast Guard, Defense, and Defense-related accounts. The "Budget by Agency and Account" in the *Budget*[19] includes a 1991 column for all accounts in the budget; those that represent multi-year budget requests, rather than planning estimates, are footnoted.

Allowances.—Lump-sum allowances are included in the tables to cover certain forms of budgetary transactions that are expected to result in increases or decreases in budget authority or outlays but are not reflected in the program details, such as allowances for civilian agency pay increases.[20]

Budget authority and outlays included in the allowance section are never appropriated as undistributed allowances, but rather indicate the estimated budget authority and outlays that may be requested for specific programs.

In addition, allowances are included for the legislative and judicial branches that reflect the President's recommendation that these branches reduce their budget requests to current services levels.

[19] See Part 9, "The Federal Program by Agency and Account," in this volume.

[20] See Part 5, "Federal Programs by Function," in this volume for a further discussion of allowances.

PART 9

FEDERAL PROGRAM BY AGENCY AND ACCOUNT

9-1

Pages 9-1 through 9-2, 9-49 through 9-66, and 9-192 have been extracted and reprinted in that order within.

The entire part may be referred to on pages 9-1 through 9-192 in the "Budget of the United States Government".

PART 9

FEDERAL PROGRAM 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.

This budget reflects the Administration's credit reform proposal. The effects of the proposal are identified in this tabulation by the footnote "W" to distinguish it from other proposed legislation items.

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.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military						
Military Personnel						
Federal funds						
General and Special Funds:						
Military personnel, Army	051					
Appropriation, current		BA	**23,918,252**	**24,525,037**	**24,997,600**	**N 25,702,300**
Outlays		0	23,849,142	24,545,500	24,916,200	N 25,646,800
Military personnel, Navy	051					
Appropriation, current		BA	**18,237,199**	**19,021,360**	**19,439,800**	**N 20,019,900**
Outlays		0	18,438,594	18,710,800	19,334,600	N 19,921,900
Military personnel, Marine Corps	051					
Appropriation, current		BA	**5,557,442**	**5,719,198**	**5,818,900**	**N 5,984,100**
Outlays		0	5,590,626	5,698,200	5,795,500	N 5,970,100
Military personnel, Air Force	051					
Appropriation, current		BA	**20,009,860**	**20,200,155**	**20,431,200**	**N 20,781,100**
Outlays		0	19,764,080	20,244,100	20,321,400	N 20,687,400
Reserve personnel, Army	051					
Appropriation, current		BA	**2,240,740**	**2,211,800**	**2,261,400**	**N 2,378,200**
Outlays		0	2,176,958	2,223,900	2,225,900	N 2,338,500
Reserve personnel, Navy	051					
Appropriation, current		BA	**1,512,963**	**1,590,269**	**1,583,100**	**N 1,649,900**
Outlays		0	1,489,169	1,572,700	1,570,700	N 1,635,900
Reserve personnel, Marine Corps	051					
Appropriation, current		BA	**295,411**	**315,100**	**319,200**	**N 337,700**
Outlays		0	276,843	316,800	312,200	N 330,600
Reserve personnel, Air Force	051					
Appropriation, current		BA	**615,081**	**654,444**	**668,700**	**N 696,300**
Outlays		0	597,116	647,100	660,500	N 686,200
National Guard personnel, Army	051					
Appropriation, current		BA	**3,209,299**	**3,299,100**	**3,277,700**	**N 3,422,100**
Outlays		0	3,169,808	3,259,100	3,210,700	N 3,338,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Military Personnel—Con.					
National Guard personnel, Air Force 051					
Appropriation, current	BA	**988,189**	**1,029,591**	**1,047,000**	**N 1,087,900**
Outlays	O	984,511	1,011,200	1,029,000	N 1,069,100
Total Federal funds Military Personnel	BA	**76,584,436**	**78,566,054**	**79,844,600**	**82,059,500**
	O	76,336,847	78,229,400	79,376,700	81,625,000
Operation and Maintenance					
Federal funds					
General and Special Funds:					
Operation and maintenance, Army 051					
Appropriation, current	BA	**21,157,664**	**22,390,128**	**K 24,262,500**	**N 25,551,200**
Outlays	O	22,205,610	22,358,300	23,323,400	N 24,610,900
Total Operation and maintenance, Army	BA	**21,157,664**	**22,390,128**	**24,262,500**	**25,551,200**
	O	22,205,610	22,358,300	23,323,400	24,610,900
Operation and maintenance, Navy 051					
Appropriation, current	BA	**24,135,975**	**25,233,432**	**K 26,364,300**	**N 27,626,000**
Outlays	O	25,529,575	25,410,700	25,755,800	N 26,826,700
Total Operation and maintenance, Navy	BA	**24,135,975**	**25,233,432**	**26,364,300**	**27,626,000**
	O	25,529,575	25,410,700	25,755,800	26,826,700
Operation and maintenance, Marine Corps 051					
Appropriation, current	BA	**1,800,488**	**1,819,334**	**K 1,745,100**	**N 1,802,500**
Outlays	O	1,860,392	1,840,800	1,728,300	N 1,782,900
Total Operation and maintenance, Marine Corps	BA	**1,800,488**	**1,819,334**	**1,745,100**	**1,802,500**
	O	1,860,392	1,840,800	1,728,300	1,782,900
Operation and maintenance, Air Force 051					
Appropriation, current	BA	**20,080,585**	**21,911,918**	**K 23,265,200**	**N 23,869,600**
Outlays	O	20,826,988	21,616,200	22,714,500	N 23,452,900
Total Operation and maintenance, Air Force	BA	**20,080,585**	**21,911,918**	**23,265,200**	**23,869,600**
	O	20,826,988	21,616,200	22,714,500	23,452,900
Operation and maintenance, Defense agencies 051					
Appropriation, current	BA	**7,270,377**	**7,709,179**	**K 8,085,000**	**N 8,408,100**
Outlays	O	7,373,066	7,408,000	7,887,600	N 8,205,300
Total Operation and maintenance Defense agencies	BA	**7,270,377**	**7,709,179**	**8,085,000**	**8,408,100**
	O	7,373,066	7,408,000	7,887,600	8,205,300
Office of the Inspector General 051					
Appropriation, current	BA			**95,800**	**N 97,600**
Outlays	O			71,900	N 90,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Operation and Maintenance—Con.					
Operation and maintenance, Army Reserve 051					
Appropriation, current	BA	**879,685**	**792,600**	**[K] 867,100**	**[N] 907,600**
Outlays	O	800,301	807,500	828,200	[N] 868,800
Total Operation and maintenance, Army Reserve	BA	**879,685**	**792,600**	**867,100**	**907,600**
	O	800,301	807,500	828,200	868,800
Operation and maintenance, Navy Reserve 051					
Appropriation, current	BA	**929,896**	**976,425**	**[K] 984,400**	**[N] 1,014,100**
Outlays	O	902,336	936,900	935,700	[N] 964,200
Total Operation and maintenance, Navy Reserve	BA	**929,896**	**976,425**	**984,400**	**1,014,100**
	O	902,336	936,900	935,700	964,200
Operation and maintenance, Marine Corps Reserve 051					
Appropriation, current	BA	**69,500**	**77,631**	**[K] 77,400**	**[N] 79,400**
Outlays	O	65,807	72,900	74,800	[N] 76,400
Total Operation and maintenance, Marine Corps Reserve	BA	**69,500**	**77,631**	**77,400**	**79,400**
	O	65,807	72,900	74,800	76,400
Operation and maintenance, Air Force Reserve 051					
Appropriation, current	BA	**1,000,981**	**1,031,540**	**[K] 1,007,400**	**[N] 1,043,100**
Outlays	O	974,439	1,053,600	1,004,100	[N] 1,022,200
Total Operation and maintenance, Air Force Reserve	BA	**1,000,981**	**1,031,540**	**1,007,400**	**1,043,100**
	O	974,439	1,053,600	1,004,100	1,022,200
Operation and maintenance, Army National Guard 051					
Appropriation, current	BA	**1,881,542**	**1,796,100**	**[K] 1,873,200**	**[N] 1,904,500**
Outlays	O	1,752,958	1,751,000	1,811,500	[N] 1,840,400
Total Operation and maintenance, Army National Guard	BA	**1,881,542**	**1,796,100**	**1,873,200**	**1,904,500**
	O	1,752,958	1,751,000	1,811,500	1,840,400
Operation and maintenance, Air National Guard 051					
Appropriation, current	BA	**1,958,063**	**1,967,640**	**[K] 2,055,800**	**[N] 2,184,900**
Outlays	O	1,951,029	1,980,000	2,018,000	[N] 2,130,200
Total Operation and maintenance, Air National Guard	BA	**1,958,063**	**1,967,640**	**2,055,800**	**2,184,900**
	O	1,951,029	1,980,000	2,018,000	2,130,200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Operation and Maintenance—Con.					
National Board for the Promotion of Rifle Practice, Army 051					
Appropriation, current	BA	**4,099**	**4,300**		**N 5,600**
				K 4,700	
Outlays	O	3,423	4,200	4,400	N 5,200
Total National Board for the Promotion of Rifle Practice, Army	BA	**4,099**	**4,300**	**4,700**	**5,600**
	O	3,423	4,200	4,400	5,200
Claims, Defense 051					
Appropriation, current	BA	**195,174**			
Outlays	O	188,889	4,100		
Court of Military Appeals, Defense 051					
Appropriation, current	BA	**3,241**	**3,500**		**N 4,200**
				K 4,000	
Outlays	O	3,212	3,300	3,800	N 4,100
Total Court of Military Appeals, Defense	BA	**3,241**	**3,500**	**4,000**	**4,200**
	O	3,212	3,300	3,800	4,100
Drug interdiction, Defense 051					
Appropriation, current	BA		**210,000**		
Outlays	O		135,000	80,100	N 44,100
Goodwill games 051					
Appropriation, current	BA		**5,000**		
				K 15,000	
Outlays	O		2,200	9,200	N 7,700
Total Goodwill games	BA		**5,000**	**15,000**	
	O		2,200	9,200	7,700
DoD Base closure account 051					
Appropriation, current	BA				**N 500,000**
				K 500,000	
Outlays	O			108,200	N 331,600
Total DoD Base closure account	BA			**500,000**	**500,000**
	O			108,200	331,600
Foreign currency fluctuations, Defense 051					
Reappropriation	BA	**251,670**			
Summer olympics 051					
Outlays	O	−541			
Tenth International Pan American games 051					
Outlays	O	15,418	100		
Environmental restoration, Defense 051					
Appropriation, current	BA			**517,800**	**N 519,900**
Outlays	O	14,889		310,700	N 420,700
Humanitarian assistance 051					
Appropriation, current	BA	**10,000**	**10,000**		
Outlays	O	7,330	9,400	2,400	N 400
Total Federal funds Operation and Maintenance	BA	**81,628,940**	**85,938,727**	**91,724,700**	**95,518,300**
	O	84,475,121	85,394,200	88,672,600	92,685,100

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Procurement					
Federal funds					
General and Special Funds:					
Aircraft procurement, Army 051					
Appropriation, current	BA	**2,632,199**	**2,871,788**		[N] **3,377,300**
				[K] **3,267,500**	
Outlays	O	2,877,984	2,869,000	2,813,400	[N] 3,011,100
Total Aircraft procurement, Army	BA	**2,632,199**	**2,871,788**	**3,267,500**	**3,377,300**
	O	2,877,984	2,869,000	2,813,400	3,011,100
Missile procurement, Army 051					
Appropriation, current	BA	**2,222,273**	**2,592,008**		[N] **3,032,600**
				[K] **2,907,900**	
Outlays	O	2,238,503	2,292,400	2,261,000	[N] 2,554,700
Total Missile procurement, Army	BA	**2,222,273**	**2,592,008**	**2,907,900**	**3,032,600**
	O	2,238,503	2,292,400	2,261,000	2,554,700
Procurement of weapons and tracked combat vehicles, Army 051					
Appropriation, current	BA	**3,066,671**	**2,820,353**		[N] **3,002,100**
				[K] **2,745,000**	
Outlays	O	3,878,719	3,177,000	2,910,600	[N] 2,764,500
Total Procurement of weapons and tracked combat vehicles, Army	BA	**3,066,671**	**2,820,353**	**2,745,000**	**3,002,100**
	O	3,878,719	3,177,000	2,910,600	2,764,500
Procurement of ammunition, Army 051					
Appropriation, current	BA	**2,266,392**	**2,005,195**		[N] **1,542,300**
				[K] **1,735,700**	
Outlays	O	2,249,878	2,079,300	1,969,200	[N] 1,723,400
Total Procurement of ammunition, Army	BA	**2,266,392**	**2,005,195**	**1,735,700**	**1,542,300**
	O	2,249,878	2,079,300	1,969,200	1,723,400
Other procurement, Army 051					
Appropriation, current	BA	**4,720,919**	**4,659,951**		[N] **4,282,400**
				[K] **4,233,800**	
Outlays	O	4,332,989	4,630,200	4,553,100	[N] 4,330,700
Total Other procurement, Army	BA	**4,720,919**	**4,659,951**	**4,233,800**	**4,282,400**
	O	4,332,989	4,630,200	4,553,100	4,330,700
Aircraft procurement, Navy 051					
Appropriation, current	BA	**9,038,499**	**9,313,705**		[N] **11,368,600**
				[K] **10,784,300**	
Outlays	O	9,406,523	9,346,000	9,019,200	[N] 9,639,700
Total Aircraft procurement, Navy	BA	**9,038,499**	**9,313,705**	**10,784,300**	**11,368,600**
	O	9,406,523	9,346,000	9,019,200	9,639,700
Weapons procurement, Navy 051					
Appropriation, current	BA	**5,376,319**	**6,092,970**		[N] **6,332,900**
				[K] **5,725,000**	
Outlays	O	4,239,539	4,712,500	5,270,700	[N] 5,530,200
Total Weapons procurement, Navy	BA	**5,376,319**	**6,092,970**	**5,725,000**	**6,332,900**
	O	4,239,539	4,712,500	5,270,700	5,530,200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Procurement—Con.					
Shipbuilding and conversion, Navy 051					
Appropriation, current	BA	**15,697,655**	**9,532,450**		**N 9,765,400**
				K 10,419,600	
Reappropriation	BA	**152,300**			
Outlays	0	8,877,739	10,539,800	10,674,500	N 10,942,100
Total Shipbuilding and conversion, Navy	BA	**15,849,955**	**9,532,450**	**10,419,600**	**9,765,400**
	0	8,877,739	10,539,800	10,674,500	10,942,100
Other procurement, Navy 051					
Appropriation, current	BA	**4,355,523**	**4,625,391**		**N 5,723,900**
				K 4,986,900	
Outlays	0	4,799,233	4,709,500	4,721,100	N 4,729,000
Total Other procurement, Navy	BA	**4,355,523**	**4,625,391**	**4,986,900**	**5,723,900**
	0	4,799,233	4,709,500	4,721,100	4,729,000
Coastal defense augmentation 051					
Appropriation, current	BA	**20,000**			
Outlays	0	91,504	160,200	108,400	N 67,300
Procurement, Marine Corps 051					
Appropriation, current	BA	**1,212,999**	**1,291,840**		**N 1,415,300**
				K 1,207,600	
Outlays	0	1,384,855	1,417,900	1,348,500	N 1,307,900
Total Procurement, Marine Corps	BA	**1,212,999**	**1,291,840**	**1,207,600**	**1,415,300**
	0	1,384,855	1,417,900	1,348,500	1,307,900
Aircraft procurement, Air Force 051					
Appropriation, current	BA	**11,792,407**	**15,619,486**		**N 20,628,400**
				K 17,975,000	
Outlays	0	15,961,482	16,535,900	14,678,200	N 15,884,800
Total Aircraft procurement, Air Force	BA	**11,792,407**	**15,619,486**	**17,975,000**	**20,628,400**
	0	15,961,482	16,535,900	14,678,200	15,884,800
Missile procurement, Air Force 051					
Appropriation, current	BA	**7,023,804**	**7,120,396**		**N 10,371,900**
				K 7,690,000	
Outlays	0	6,045,663	7,307,200	7,279,400	N 7,496,700
Total Missile procurement, Air Force	BA	**7,023,804**	**7,120,396**	**7,690,000**	**10,371,900**
	0	6,045,663	7,307,200	7,279,400	7,496,700
Other procurement, Air Force 051					
Appropri[illegible], current	BA	**7,885,024**	**8,153,501**		**N 9,256,000**
				K 8,735,800	
Outlays	0	8,837,521	8,563,100	8,607,700	N 8,858,800
Total Other procurement, Air Force	BA	**7,885,024**	**8,153,501**	**8,735,800**	**9,256,000**
	0	8,837,521	8,563,100	8,607,700	8,858,800
Procurement, Defense agencies 051					
Appropriation, current	BA	**1,196,763**	**1,181,553**		**N 1,466,800**
				K 1,403,800	
Outlays	0	1,294,712	1,287,800	1,322,700	N 1,392,000
Total Procurement, Defense agencies	BA	**1,196,763**	**1,181,553**	**1,403,800**	**1,466,800**
	0	1,294,712	1,287,800	1,322,700	1,392,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Procurement—Con.					
National guard and reserve equipment 051					
Appropriation, current	BA	**1,182,100**	**1,138,801**		
Outlays	O	536,322	821,700	954,000	N611,800
Defense production act purchases 051					
Appropriation, current	BA	**13,000**	**33,500**		N **14,100**
				K **10,700**	
Outlays	O	970	4,400	5,700	N3,300
Total Defense production act purchases	BA	**13,000**	**33,500**	**10,700**	**14,100**
	O	970	4,400	5,700	3,300
Chemical agents and munitions destruction, Defense 051					
Appropriation, current	BA	**198,500**	**179,500**	**286,500**	N **313,700**
Outlays	O	111,306	196,900	213,800	N264,400
Procurement of aircraft and missiles, Navy 051					
Outlays	O	263			
Procurement of equipment and missiles, Army 051					
Outlays	O	40			
Total Federal funds Procurement	BA	**80,053,347**	**79,232,388**	**84,115,100**	**91,893,700**
	O	77,165,745	80,650,800	78,711,200	81,112,400
Research, Development, Test, and Evaluation					
Federal funds					
General and Special Funds:					
Research, development, test, and evaluation, Army 051					
Appropriation, current	BA	**4,672,698**	**5,117,396**		N **5,873,700**
				K **5,603,000**	
Outlays	O	4,624,143	4,989,100	5,285,300	N5,633,700
Total Research, development, test, and evaluation, Army	BA	**4,672,698**	**5,117,396**	**5,603,000**	**5,873,700**
	O	4,624,143	4,989,100	5,285,300	5,633,700
Research, development, test, and evaluation, Navy 051					
Appropriation, current	BA	**9,426,051**	**9,344,589**		N **9,635,800**
				K **10,184,400**	
Outlays	O	8,827,956	9,535,300	9,701,700	N9,720,300
Total Research, development, test, and evaluation, Navy	BA	**9,426,051**	**9,344,589**	**10,184,400**	**9,635,800**
	O	8,827,956	9,535,300	9,701,700	9,720,300
Research, development, test, and evaluation, Air Force 051					
Appropriation, current	BA	**14,616,656**	**14,678,763**		N **13,784,300**
				K **14,772,200**	
Outlays	O	14,302,179	14,615,500	14,492,600	N13,960,900
Total Research, development, test, and evaluation, Air Force	BA	**14,616,656**	**14,678,763**	**14,772,200**	**13,784,300**
	O	14,302,179	14,615,500	14,492,600	13,960,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Research, Development, Test, and Evaluation—Con.					
Research, development, test, and evaluation, Defense agencies 051					
Appropriation, current	BA	**7,552,925**	**8,180,610**	**[K] 9,995,500**	**[N] 11,352,500**
Outlays	O	6,910,773	7,705,300	8,966,100	[N] 10,410,600
Total Research, development, test, and evaluation, Defense agencies	BA	**7,552,925**	**8,180,610**	**9,995,500**	**11,352,500**
	O	6,910,773	7,705,300	8,966,100	10,410,600
Developmental test and evaluation, Defense 051					
Appropriation, current	BA	**182,116**	**149,320**	**[K] 316,400**	**[N] 444,700**
Outlays	O	119,579	130,100	179,200	[N] 266,400
Total Developmental test and evaluation, Defense	BA	**182,116**	**149,320**	**316,400**	**444,700**
	O	119,579	130,100	179,200	266,400
Operational test and evaluation, Defense 051					
Appropriation, current	BA	**70,221**	**70,958**	**[K] 153,000**	**[N] 160,800**
Outlays	O	7,154	47,600	75,100	[N] 125,800
Total Operational test and evaluation, Defense	BA	**70,221**	**70,958**	**153,000**	**160,800**
	O	7,154	47,600	75,100	125,800
Total Federal funds Research, Development, Test, and Evaluation	BA	**36,520,667**	**37,541,636**	**41,024,500**	**41,251,800**
	O	34,791,784	37,022,900	38,700,000	40,117,700
Military Construction					
Federal funds					
General and Special Funds:					
Military construction, Army 051					
Appropriation, current	BA	**983,190**	**929,692**	**[K] 904,800**	**[N] 1,182,600**
Appropriation, permanent	BA	**221,000**	**214,000**		
Outlays	O	1,535,727	1,514,100	1,097,500	[N] 1,056,800
Total Military construction, Army	BA	**1,204,190**	**1,143,692**	**904,800**	**1,182,600**
	O	1,535,727	1,514,100	1,097,500	1,056,800
Military construction, Navy 051					
Appropriation, current	BA	**1,388,152**	**1,576,516**	**[K] 1,142,100**	**[N] 1,310,300**
Outlays	O	1,709,524	1,527,400	1,422,100	[N] 1,284,900
Total Military construction, Navy	BA	**1,388,152**	**1,576,516**	**1,142,100**	**1,310,300**
	O	1,709,524	1,527,400	1,422,100	1,284,900
Military construction, Air Force 051					
Appropriation, current	BA	**1,188,514**	**1,225,926**	**[K] 1,528,100**	**[N] 1,579,000**
Outlays	O	1,405,145	1,311,000	1,331,000	[N] 1,423,000
Total Military construction, Air Force	BA	**1,188,514**	**1,225,926**	**1,528,100**	**1,579,000**
	O	1,405,145	1,311,000	1,331,000	1,423,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Military Construction—Con.					
Military construction, Defense agencies 051					
Appropriation, current	BA	**543,286**	**659,985**	**[K] 703,700**	**[N] 926,600**
Outlays	O	461,307	528,700	610,100	[N] 703,800
Total Military construction, Defense agencies	BA	**543,286**	**659,985**	**703,700**	**926,600**
	O	461,307	528,700	610,100	703,800
North Atlantic Treaty Organization infrastructure 051					
Appropriation, current	BA	**373,690**	**492,000**	**[K] 537,900**	**[N] 539,000**
Outlays	O	327,437	350,000	350,000	[N] 350,000
Total North Atlantic Treaty Organization infrastructure	BA	**373,690**	**492,000**	**537,900**	**539,000**
	O	327,437	350,000	350,000	350,000
Military construction, Army National Guard 051					
Appropriation, current	BA	**181,905**	**229,158**	**[K] 125,000**	**[N] 138,500**
Outlays	O	106,596	165,800	189,100	[N] 158,000
Total Military construction, Army National Guard	BA	**181,905**	**229,158**	**125,000**	**138,500**
	O	106,596	165,800	189,100	158,000
Military construction, Air National Guard 051					
Appropriation, current	BA	**147,791**	**158,508**	**[K] 164,600**	**[N] 107,200**
Outlays	O	145,899	145,500	148,000	[N] 151,900
Total Military construction, Air National Guard	BA	**147,791**	**158,508**	**164,600**	**107,200**
	O	145,899	145,500	148,000	151,900
Military construction, Army Reserve 051					
Appropriation, current	BA	**93,300**	**85,958**	**[K] 76,900**	**[N] 61,900**
Outlays	O	70,055	80,300	84,800	[N] 78,100
Total Military construction, Army Reserve	BA	**93,300**	**85,958**	**76,900**	**61,900**
	O	70,055	80,300	84,800	78,100
Military construction, Naval Reserve 051					
Appropriation, current	BA	**72,537**	**60,900**	**[K] 50,900**	**[N] 53,300**
Outlays	O	46,872	58,000	61,500	[N] 54,300
Total Military construction, Naval Reserve	BA	**72,537**	**60,900**	**50,900**	**53,300**
	O	46,872	58,000	61,500	54,300
Military construction, Air Force Reserve 051					
Appropriation, current	BA	**77,300**	**70,600**	**[K] 46,200**	**[N] 38,500**
Outlays	O	65,136	70,000	67,200	[N] 52,300
Total Military construction, Air Force Reserve	BA	**77,300**	**70,600**	**46,200**	**38,500**
	O	65,136	70,000	67,200	52,300

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Military Construction—Con.					
Foreign currency fluctuations, construction 051					
Appropriation, current	BA	**39,308**			
Reappropriation	BA	**39,328**			
Total Foreign currency fluctuations, construction	BA	**78,636**			
Total Federal funds Military Construction	BA	**5,349,301**	**5,703,243**	**5,280,200**	**5,936,900**
	O	5,873,698	5,750,800	5,361,300	5,313,100
Family Housing					
Federal funds					
General and Special Funds:					
Family housing, Army 051					
Appropriation, current	BA	**1,581,809**	**1,527,231**	**[K] 1,468,700**	**[N] 1,654,300**
Outlays	O	1,523,923	1,586,000	1,608,100	[N] 1,671,100
Total Family housing, Army	BA	**1,581,809**	**1,527,231**	**1,468,700**	**1,654,300**
	O	1,523,923	1,586,000	1,608,100	1,671,100
Family housing, Navy and Marine Corps 051					
Appropriation, current	BA	**759,941**	**799,041**	**[K] 758,283**	**[N] 877,107**
Outlays	O	644,304	717,600	803,100	[N] 820,900
Total Family housing, Navy and Marine Corps	BA	**759,941**	**799,041**	**758,283**	**877,107**
	O	644,304	717,600	803,100	820,900
Family housing, Air Force 051					
Appropriation, current	BA	**828,160**	**910,885**	**[K] 1,023,297**	**[N] 1,109,800**
Outlays	O	888,842	891,600	919,400	[N] 1,006,600
Total Family housing, Air Force	BA	**828,160**	**910,885**	**1,023,297**	**1,109,800**
	O	888,842	891,600	919,400	1,006,600
Family housing, Defense agencies 051					
Appropriation, current	BA	**20,428**	**20,700**	**[K] 22,000**	**[N] 22,800**
Outlays	O	20,613	19,400	20,900	[N] 21,700
Total Family housing, Defense agencies	BA	**20,428**	**20,700**	**22,000**	**22,800**
	O	20,613	19,400	20,900	21,700
Public Enterprise Funds:					
Homeowners assistance fund, Defense 051					
Appropriation, current	BA	**2,800**	**2,000**	**5,100**	**[N] 5,100**
Authority to borrow, permanent	BA	**5,974**	**6,472**	**2,553**	**[N] 2,337**
Outlays	O	4,286	600	1,800	[N] 300
Total Homeowners assistance fund, Defense	BA	**8,774**	**8,472**	**7,653**	**7,437**
	O	4,286	600	1,800	300
Total Federal funds Family Housing	BA	**3,199,112**	**3,266,329**	**3,279,933**	**3,671,444**
	O	3,081,968	3,215,200	3,353,300	3,520,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.						
Special Foreign Currency Program						
Federal funds						
General and Special Funds:						
Special foreign currency program	051					
Outlays		0	2,165	200		
Revolving and Management Funds						
Federal funds						
Public Enterprise Funds:						
National defense stockpile transaction fund	051					
Appropriation, current		BA	**19,000**	**33,500**		
Outlays		0	17,399			
William Langer jewel bearing plant revolving fund	051					
Outlays		0	484			
Laundry service, Naval Academy	051					
Outlays		0	−150			
Intragovernmental Funds:						
Army stock fund	051					
Appropriation, current		BA	**193,207**	**291,900**	**[K] 107,600**	**[N] 251,500**
Outlays		0	200,307	224,200	59,900	[N] 215,600
Total Army stock fund		BA	**193,207**	**291,900**	**107,600**	**251,500**
		0	200,307	224,200	59,900	215,600
Navy stock fund	051					
Appropriation, current		BA	**329,400**	**184,700**	**[K] 249,400**	**[N] 232,100**
Outlays		0	−258,989	407,600	320,600	[N] 248,000
Total Navy stock fund		BA	**329,400**	**184,700**	**249,400**	**232,100**
		0	−258,989	407,600	320,600	248,000
Air Force stock fund	051					
Appropriation, current		BA	**226,007**	**186,900**	**[K] 349,300**	**[N] 279,600**
Contract authority, permanent, indefinite		BA	**226,357**			
Outlays		0	360,445	230,800	−34,800	[N] 235,000
Total Air Force stock fund		BA	**452,364**	**186,900**	**349,300**	**279,600**
		0	360,445	230,800	−34,800	235,000
Defense stock fund	051					
Appropriation, current		BA	**62,600**	**25,000**	**[K] 119,100**	**[N] 176,300**
Contract authority, permanent, indefinite		BA	**189,451**			
Outlays		0	−381,763	−555,100	−58,300	[N] 127,900
Total Defense stock fund		BA	**252,051**	**25,000**	**119,100**	**176,300**
		0	−381,763	−555,100	−58,300	127,900
Army industrial fund	051					
Outlays		0	68,586			
Navy industrial fund	051					
Outlays		0	757,428			
Marine Corps industrial fund	051					
Outlays		0	−3,455			
Air Force industrial fund	051					
Outlays		0	293,777			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.					
Revolving and Management Funds—Con.					
Defense industrial fund 051					
Outlays	0	39,908			
Navy management fund 051					
Outlays	0	−16,557			
Army conventional ammunition working capital fund 051					
Outlays	0	−56,330			
Total Federal funds Revolving and Management Funds	BA	**1,246,022**	**722,000**	**825,400**	**939,500**
	0	1,021,090	307,500	287,400	826,500
Allowances					
Federal funds					
General and Special Funds:					
Other legislation 051					
Appropriation, current	BA			✓ **309,100**	^N **358,000**
Outlays	0			✓ 102,000	^N 226,300
Total Other legislation	BA			**309,100**	**358,000**
	0			102,000	226,300
Trust Funds					
Trust funds					
Department of the Army trust funds 051					
Appropriation, permanent, indefinite	BA	**386**	**515**	**415**	^N **415**
Outlays	0	719	300	300	^N 400
Department of the Navy trust funds 051					
Appropriation, permanent, indefinite	BA	**27,611**	**26,400**	**27,400**	^N **28,200**
Outlays	0	24,250	25,000	27,000	^N 28,000
Department of the Air Force general gift fund 051					
Appropriation, permanent, indefinite	BA	**83**	**85**	**85**	^N **85**
Outlays	0	449	100	100	^N 100
Surcharge collections, sales of commissary stores, Army 051					
Outlays	0	20,235	2,100	2,100	^N 2,100
Department of the Navy trust revolving funds 051					
Outlays	0	714	3,500	3,500	^N 3,500
Department of the Air Force trust revolving funds 051					
Outlays	0	−4,227	9,300	9,300	^N 9,300
Total Trust funds Trust Funds	BA	**28,080**	**27,000**	**27,900**	**28,700**
	0	42,140	40,300	42,300	43,400
Summary					
Federal funds:					
(As shown in detail above)	BA	**284,581,825**	**290,970,377**	**306,403,533**	**321,629,144**
	0	282,748,418	290,571,000	294,564,500	305,426,700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Military—Con.						
Summary—Con.						
Deductions for offsetting receipts:						
Proprietary receipts from the public	051	BA	*−829,068*	*−786,000*	*−760,000*	*−722,000*
		0				
Total Federal funds		BA	**283,752,757**	**290,184,377**	**305,643,533**	**320,907,144**
		0	281,919,350	289,785,000	293,804,500	304,704,700
Trust funds:						
(As shown in detail above)		BA	**28,080**	**27,000**	**27,900**	**28,700**
		0	42,140	40,300	42,300	43,400
Interfund transactions	051	BA	**−26,152**	**−25,300**	**−26,300**	**−27,100**
		0				
Total Department of Defense–Military		BA	**283,754,685**	**290,186,077**	**305,645,133**	**320,908,744**
		0	281,935,338	289,800,000	293,820,500	304,721,000
Department of Defense—Civil						
Cemeterial Expenses, Army						
Federal funds						
General and Special Funds:						
Salaries and expenses	705					
Appropriation, current		BA	**8,164**	**13,195**	**12,569**	**12,227**
Outlays		0	20,500	12,171	12,707	12,334
Corps of Engineers–Civil						
Federal funds						
General and Special Funds:						
General investigations	301					
Appropriation, current		BA	**138,767**	**142,405**	**126,108**	**139,992**
Outlays		0	131,889	151,113	131,323	135,549
Construction, general	301					
Appropriation, current		BA	**1,129,328**	**1,123,735**	**1,080,790**	**1,043,133**
				[F] −2,600		
					[J] **2,000**	[J] **2,000**
Outlays		0	1,057,885	1,047,302	1,101,299	1,069,945
					[J] 2,000	[J] 2,000
Total Construction, general		BA	**1,129,328**	**1,121,135**	**1,082,790**	**1,045,133**
		0	1,057,885	1,047,302	1,103,299	1,071,945
Operation and maintenance, general:						
(Water resources)	301					
(Appropriation, current)		BA	**1,240,000**	**1,199,714**	**1,098,622**	**1,101,837**
				[F] −1,100		
(Outlays)		0	1,195,342	1,253,241	1,117,774	1,101,226
Total (Water resources)		BA	**1,240,000**	**1,198,614**	**1,098,622**	**1,101,837**
		0	1,195,342	1,253,241	1,117,774	1,101,226

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.					
Corps of Engineers--Civil—Con.					
(Recreational resources) 303					
(Appropriation, current)	BA	**12,000**	**15,000**	**20,000**	**20,000**
					[J] 20,000
(Outlays)	0	12,000	15,000	20,000	20,000
					[J] 20,000
Total (Recreational resources)	BA	**12,000**	**15,000**	**20,000**	**40,000**
	0	12,000	15,000	20,000	40,000
Total Operation and maintenance, general	BA	**1,252,000**	**1,213,614**	**1,118,622**	**1,141,837**
	0	1,207,342	1,268,241	1,137,774	1,141,226
Regulatory program 301					
Appropriation, current	BA	**55,262**	**60,427**	**65,427**	**63,000**
			[G] 1,100		
				[J] 4,000	**[J] 4,000**
Outlays	0	53,131	60,582	65,032	63,121
				[J] 4,000	[J] 4,000
Total Regulatory program	BA	**55,262**	**61,527**	**69,427**	**67,000**
	0	53,131	60,582	69,032	67,121
Flood control and coastal emergencies 301					
Appropriation, current	BA	**20,000**	**20,000**		**25,150**
Outlays	0	24,870	25,000	25,000	25,150
General expenses 301					
Appropriation, current	BA	**115,200**	**120,000**	**128,800**	**126,000**
			[G] 2,600		
Outlays	0	112,175	125,705	127,560	126,560
Total General expenses	BA	**115,200**	**122,600**	**128,800**	**126,000**
	0	112,175	125,705	127,560	126,560
Flood control, Mississippi River and tributaries 301					
Appropriation, current	BA	**317,704**	**337,980**	**337,000**	**352,000**
Outlays	0	272,888	370,069	337,265	347,950
Permanent appropriations:					
(Water resources) 301					
(Appropriation, permanent, indefinite)	BA	**6,924**	**7,000**	**7,000**	**7,000**
(Outlays)	0	7,132	7,022	7,000	7,000
(Other general purpose fiscal assistance) 806					
(Appropriation, permanent, indefinite)	BA	**4,878**	**5,000**	**5,000**	**5,000**
(Outlays)	0	5,319	4,878	5,000	5,000
Total Permanent appropriations	BA	**11,802**	**12,000**	**12,000**	**12,000**
	0	12,451	11,900	12,000	12,000
Intragovernmental Funds:					
Revolving fund 301					
Appropriation, current	BA			**23,000**	**30,000**
Outlays	0	13,060		18,400	28,600
Trust funds					
Inland waterways trust fund 301					
Appropriation, current	BA	**70,847**	**61,000**	**119,000**	**130,000**
Outlays	0	58,598	73,035	119,000	130,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.						
Corps of Engineers—Civil—Con.						
Rivers and harbors contributed funds	301					
Appropriation, current, indefinite		BA			[1]7,450	[1]7,625
Appropriation, permanent, indefinite		BA	154,083	185,000	215,550	186,375
Outlays		0	122,765	185,000	215,550	186,375
					[1]7,450	[1]7,625
Total Rivers and harbors contributed funds		BA	154,083	185,000	223,000	194,000
		0	122,765	185,000	223,000	194,000
Harbor maintenance trust fund	301					
Appropriation, current		BA	148,000	156,000	164,000	172,000
Outlays		0	148,000	156,000	164,000	172,000
Summary						
Federal funds:						
(As shown in detail above)		BA	3,040,063	3,031,261	2,897,747	2,939,112
		0	2,885,691	3,059,912	2,961,653	2,956,101
Deductions for offsetting receipts:						
Proprietary receipts from the public	301	BA	*−4,753*	*−5,100*	*−5,100*	*−5,100*
		0				
	303	BA	*−17,382*	*−15,000*	*−16,000*	*−17,000*
		0				
		BA			[1] *−20,000*	[1] *−21,000*
		0				
Total Federal funds		BA	3,017,928	3,011,161	2,856,647	2,896,012
		0	2,863,556	3,039,812	2,920,553	2,913,001
Trust funds:						
(As shown in detail above)		BA	372,930	402,000	506,000	496,000
		0	329,363	414,035	506,000	496,000
Deductions for offsetting receipts:						
Proprietary receipts from the public	301	BA	*−164,531*	*−194,700*	*−225,350*	*−196,375*
		0				
		BA			[1] *2,350*	[1] *2,375*
		0				
Total Trust funds		BA	208,399	207,300	283,000	302,000
		0	164,832	219,335	283,000	302,000
Total Corps of Engineers—Civil		BA	3,226,327	3,218,461	3,139,647	3,198,012
		0	3,028,388	3,259,147	3,203,553	3,215,001
Military Retirement						
Federal funds						
General and Special Funds:						
Payment to military retirement fund	054					
Appropriation, permanent, indefinite		BA	10,285,000	9,782,000	11,183,000	[N] 11,826,000
Outlays		0	10,285,000	9,782,000	11,183,000	[N] 11,826,000
Retired pay, Defense	602					
Outlays		0	2,141			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.						
Military Retirement—Con.						
Trust funds						
Military retirement fund	602					
Appropriation, permanent, indefinite		BA	**33,005,890**	**34,680,128**	**34,891,900**	**37,074,600**
Outlays		0	19,008,986	20,088,100	21,228,200	22,465,000
					✓ −617,000	✓ −954,000
Total Military retirement fund		BA	**33,005,890**	**34,680,128**	**34,891,900**	**37,074,600**
		0	19,008,986	20,088,100	20,611,200	21,511,000
Summary						
Federal funds:						
(As shown in detail above)		BA	**10,285,000**	**9,782,000**	**11,183,000**	**11,826,000**
		0	10,287,141	9,782,000	11,183,000	11,826,000
Trust funds:						
(As shown in detail above)		BA	**33,005,890**	**34,680,128**	**34,891,900**	**37,074,600**
		0	19,008,986	20,088,100	20,611,200	21,511,000
Interfund transactions	054	BA				
		0	**−10,285,000**	**−9,782,000**	**−11,183,000**	**−11,826,000**
Total Military Retirement		BA	**33,005,890**	**34,680,128**	**34,891,900**	**37,074,600**
		0	19,011,127	20,088,100	20,611,200	21,511,000
Education Benefits						
Trust funds						
Education benefits fund	702					
Appropriation, permanent, indefinite		BA	**183,480**	**211,200**	**222,900**	**217,700**
Outlays		0	68,023	118,100	136,500	156,800
Summary						
Trust funds:						
(As shown in detail above)		BA	**183,480**	**211,200**	**222,900**	**217,700**
		0	68,023	118,100	136,500	156,800
Interfund transactions	702	BA				
		0	**−141,410**	**−163,537**	**−173,884**	**−172,742**
Total Education Benefits		BA	**42,070**	**47,663**	**49,016**	**44,958**
		0	−73,387	−45,437	−37,384	−15,942
Soldiers' and Airmen's Home						
Trust funds						
Operation and maintenance	705					
Appropriation, current		BA	**35,877**	**37,248**	**37,573**	**38,170**
Outlays		0	37,312	37,075	37,496	38,132
Capital outlays	705					
Appropriation, current		BA	**15,445**	**14,820**	**8,500**	.....
Outlays		0	10,094	5,928	9,842	20,761
Payment of claims	705					
Appropriation, permanent, indefinite		BA	.....	**2**	**2**	**2**
Outlays		0	.....	2	2	2
Soldiers' and Airmen's Home revolving fund	705					
Outlays		0	−46	.....	.....	.....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.						
Soldiers' and Airmen's Home—Con.						
Summary						
Trust funds:						
(As shown in detail above)		BA	**51,322**	**52,070**	**46,075**	**38,172**
		O	47,360	43,005	47,340	58,895
Deductions for offsetting receipts:						
Proprietary receipts from the public	705	BA				
		O	*−5,043*	*−4,675*	*−4,831*	*−5,018*
Total Soldiers' and Airmen's Home		BA	**46,279**	**47,395**	**41,244**	**33,154**
		O	42,317	38,330	42,509	53,877
Forest and Wildlife Conservation, Military Reservations						
Federal funds						
General and Special Funds:						
Forest products program	302					
Appropriation, permanent, indefinite		BA	**−45**			
Outlays		O	−26			
Wildlife conservation	303					
Appropriation, permanent, indefinite		BA	**2,108**	**2,100**	**2,100**	**2,200**
Outlays		O	1,744	2,400	2,400	2,400
Summary						
Federal funds:						
(As shown in detail above)		BA	**2,063**	**2,100**	**2,100**	**2,200**
		O	1,718	2,400	2,400	2,400
Deductions for offsetting receipts:						
Proprietary receipts from the public	302	BA				
		O	*45*			
	303	BA				
		O	*−2,108*	*−2,100*	*−2,100*	*−2,200*
Total Forest and Wildlife Conservation, Military Reservations		O	−345	300	300	200
Summary						
Federal funds:						
(As shown in detail above)		BA	**13,335,290**	**12,828,556**	**14,095,416**	**14,779,539**
		O	13,195,050	12,856,483	14,159,760	14,796,835
Deductions for offsetting receipts:						
Proprietary receipts from the public	301	BA				
		O	*−4,753*	*−5,100*	*−5,100*	*−5,100*
	302	BA				
		O	*45*			
	303	BA				
		O	*−19,490*	*−17,100*	*−18,100*	*−19,200*
		BA				
		O			[1] *−20,000*	[1] *−21,000*
Total Federal funds		BA	**13,311,092**	**12,806,356**	**14,052,216**	**14,734,239**
		O	13,170,852	12,834,283	14,116,560	14,751,535
Trust funds:						
(As shown in detail above)		BA	**33,613,622**	**35,345,398**	**35,666,875**	**37,826,472**
		O	19,453,732	20,663,240	21,301,040	22,222,695

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1988 actual	1989 estimate	1990 estimate	1991 estimate
Department of Defense—Civil—Con.						
Summary—Con.						
Deductions for offsetting receipts:						
Proprietary receipts from the public	301	BA	*−164,531*	*−194,700*	*−225,350*	*−196,375*
		0				
		BA			*¹ 2,350*	*¹ 2,375*
		0				
	705	BA	*−5,043*	*−4,675*	*−4,831*	*−5,018*
		0				
Total Trust funds		BA	**33,444,048**	**35,146,023**	**35,439,044**	**37,627,454**
		0	19,284,158	20,463,865	21,073,209	22,023,677
Interfund transactions	054	BA	**−10,285,000**	**−9,782,000**	**−11,183,000**	**−11,826,000**
		0				
	702	BA	**−141,410**	**−163,537**	**−173,884**	**−172,742**
		0				
Total Department of Defense–Civil		BA	**36,328,730**	**38,906,842**	**38,134,376**	**40,362,951**
		0	22,028,600	23,352,611	23,832,885	24,776,470

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1988 actual	1989 estimate	1990 estimate	1991 estimate

Federal Government Totals

ΔFederal Government budget totals are distributed as follows:

	1988		1989		1990	
	BA	Outlays	BA	Outlays	BA	Outlays
Federal funds:						
Enacted, pending and initial requests:						
Appropriations	921,987,677	908,152,376	950,956,419	936,161,356	646,268,802	639,333,586
Multi-year appropriations requests(N)					346,350,794	329,940,104
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation (A)	2,052,037	2,171,743		164,042		−36,805
Pay:						
Civilian pay raises (D)		3,460				
Military pay raises (E)		240				
Rescission proposal (H)	−141,651	−30,750		−43,375		−31,875
To be proposed separately:						
Under proposed legislation (J)	−80,348	−93,261	−6,700,047	−11,268,716	−9,871,363	−11,003,124
Federal credit reform proposal (W)			10,925,032	3,261	10,063,668	847
Allowances			−364,000	−360,000	823,000	857,000
Deductions for offsetting receipts	−33,012,784	−33,012,784	−36,471,755	−36,471,755	−34,398,122	−34,398,122
Under proposed legislation (J)			−3,550,886	−3,550,886	−21,675	−21,675
Total Federal funds	890,804,931	877,191,024	914,794,763	884,633,927	959,215,104	924,639,936
Trust funds:						
Enacted, pending and initial requests:						
Appropriations	564,348,492	442,536,889	612,994,074	471,795,521	656,650,495	505,180,285
Multi-year appropriations requests(N)					73,780	88,505
Proposed in this budget:						
Supplemental requests:						
Programs:						
Under existing legislation (A)	254,000	4,000				
Rescission proposal (H)	−1,445	−1,445				
To be proposed separately:						
Under proposed legislation (J)	−3,000		401,931	−7,601,166	−668,082	−10,438,069
Deductions for offsetting receipts	−25,000,702	−25,000,702	−27,035,722	−27,035,722	−29,190,585	−29,190,585
Under proposed legislation (J)			406,156	406,156	704,609	704,609
Total Trust funds	539,597,345	417,538,742	586,766,439	437,564,789	627,570,217	466,344,745
Interfund transactions (−)	−157,699,626	−157,699,626	−170,350,855	−170,350,855	−183,693,190	−183,693,190
Budget totals	1,272,702,650	1,137,030,140	1,331,210,347	1,151,847,861	1,403,092,131	1,207,291,491

A Supplemental under existing legislation.
B Supplemental. Additional authorizing legislation required.
C Supplemental for wage-board pay raises.
D Supplemental for civilian pay raises.
E Supplemental for military pay raises.
F Proposed transfer to other accounts for pay raises (-)
G Proposed transfer from other accounts for pay raises
H Rescission proposal.
I Proposed for later transmittal under existing legislation.
J Proposed for later transmittal under proposed legislation.
K Additional authorizing legislation required
L Legislative action required.
N Second year of two year budget.
W Federal credit reform proposal.

PART 10

SUMMARY TABLES

PART 10

SUMMARY TABLES

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* These tables not reprinted in this extract. See the "Budget of the United States Government".

EXPLANATION OF THE SUMMARY TABLES

Overview.—The tables in this part of the budget are organized as follows:

- Tables 1 through 10 provide summary data on the 1990 budget in terms of budget authority, outlays, receipts, and surpluses or deficits for the period 1988-94. Summary information is also included on Federal Government financing and debt, current services estimates, and Federal civilian employment.
- Tables 11 and 12 provide greater detail on governmental and offsetting receipts, respectively.
- Table 13 presents 5-year projections of the estimated costs of proposed legislation pursuant to 31 U.S.C. 1105 (a) (12).
- Table 14 provides data on controllability of outlays.
- Tables 15 through 19, 24 and 25 are historical in nature, giving data for earlier years on receipts by source; outlays by function; total receipts, outlays, and surpluses or deficits; and the on- and off-budget components of these amounts. Comparisons with the gross national product, receipts, and outlays in constant (fiscal year 1982) dollars are also presented.
- Tables 20 through 23 provide summary data on the credit budget and credit subsidies.

Periods covered.—Due to the change in fiscal year required by the Congressional Budget Act, the following periods are covered by the various columns or stub entries:

- July 1 through June 30, for the 1976 and prior fiscal periods.
- July 1 through September 30, 1976, for the transition quarter (TQ).
- October 1 through September 30, for the 1977 and subsequent fiscal periods.

Presentation of data.—As in the 1989 budget, totals shown in the 1990 budget include off-budget amounts, but the on- and off-budget components are identified separately.

In tables by agency, entries for "Health and Human Services, except social security" present on-budget data, and entries for "Health and Human Services, social security" present the off-budget amounts distributed by agency. The order of the agencies has changed to accommodate the enactment of Public Law No. 100-527. This law made the Veterans Administration a Cabinet agency and renamed it the Department of Veterans Affairs.

The outlay and deficit totals for 1988 are lower than those previously reported by the Department of the Treasury by $11 million. The following table provides a reconciliation of the differences between the total published by Treasury and those published in this budget.

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RECONCILIATION OF DIFFERENCES FOR 1988

(In millions of dollars)

	Outlays	Deficit (–)
Totals published by Treasury	1,064,055	–155,102
Adjustments:		
Canteen revolving fund	–32	+32
Corps of Engineers	–19	+19
HUD participation sales fund	–18	+18
Federal Home Loan Bank Board	–2	+2
Federal Retirement Investment Thrift Board	–*	+*
Loan guarantee revolving fund	+59	–59
State	+1	–1
Black lung, Labor	+*	–*
Totals in the budget	**1,064,044**	**–155,090**

* $500 thousand or less.

The outlay and deficit totals for 1987 published in the 1989 budget have been reduced from $1,004.6 billion and $150.4 billion to $1,003.8 billion and $149.7 billion, respectively. This is because the 1987 data in the 1989 budget erroneously double counted $756.6 million of spending. One error resulted from doublecounting a $750 million intragovernmental transaction between the Commodity Credit Corporation and the Federal Crop Insurance Corporation in the Department of Agriculture. The other error was counting in both agencies $6.6 million of outlays financed by the highway trust fund in the Department of Transportation but administered by the Department of Agriculture.

Allowances.—The tables in this part include a line entitled "Allowances" to cover certain budgetary transactions that are not reflected in either the agency or functional totals shown in the tables. The amounts on these lines are described in detail in the Allowances section of Part 5, "Federal Programs by Function."

Undistributed offsetting receipts.—Offsetting receipts are generally deducted from budget authority and outlays at the subfunction and agency levels. However, in some cases these amounts are undistributed, i.e., deducted from totals for the Government as a whole rather than from a single agency or subfunction in order to avoid distortion of agency or subfunction totals. These payments are for the employer share, employee retirement (both on-budget and off-budget amounts), rents and royalties on the Outer Continental Shelf (OCS), the proposed sale of major assets (petroleum reserves and power marketing administrations), spectrum fees by the Federal Communications Commission, and chlorofluorocarbon production rights in 1989–94.

In addition, some offsetting receipts are undistributed at the agency level but not at the subfunction level. These are interest received by on-budget trust funds and interest received by off-

budget trust funds (subfunctions 902 and 903, respectively), and interest received from the OCS escrow account (in subfunction 908). Accordingly, the offsetting receipt totals identified as undistributed in tables by agency are larger than those shown in tables by function by the amount of the interest received by trust funds and the interest received from the OCS escrow account.

Description of the tables.—Each table in this part is described below.

- *Table 1, Summary,* provides a general overview of budget authority, receipts, outlays, and surpluses or deficits for 1988–94. Summary information on the Federal credit budget and on the Federal debt are also provided.
- *Table 2, Receipts by source and outlays by agency, 1988–94,* displays data on the composition of receipts by source, the distribution of outlays by the Legislative and Judicial Branches and by major agency in the Executive Branch, and the surpluses or deficits for these years.
- *Table 3, Outlays by function, 1988–94,* distributes outlays by function. Supporting data by subfunction from 1980–90 is found in table 16. Part 5 of this volume provides detail at the program level for 1988–92.
- *Table 4, Federal Government financing and debt,* shows the means of financing the Federal deficit, the debt held by Government accounts and the public, and the amount of debt subject to statutory limitation. Further data and information are contained in Special Analysis E, "Borrowing and Debt", and Part 7 of this volume.
- *Table 5, Full-time equivalent of Federal civilian employment,* provides full-time equivalent employment estimates for the major departments and agencies of the Executive Branch for 1988–91. For additional information, see Special Analysis I, "Civilian Employment in the Executive Branch", in the Special Analyses volume.
- *Table 6, Budget authority by function, 1988–94,* distributes budget authority by function. For detail at the program level, see Part 5 of this volume. For the subfunctional classification of budget authority in each account, see Part 9 of this volume.
- *Table 7, Budget authority by agency, 1988–94,* presents the distribution of budget authority by Legislative and Judicial Branches and by major agency in the Executive Branch. For account level detail, see Part 9 of this volume.
- *Table 8, Budget authority and outlays available through and without current action by Congress,* presents budget authority, including supplemental requests, for 1988–90 that requires congressional action during or immediately preceding the fiscal year in which it becomes available, and ties budget

authority and outlays available through current action to totals. In most cases, off-budget (social security trust fund) amounts are available as the result of previously enacted legislation (substantive legislation or prior appropriations acts) and do not require further action by Congress. Therefore, they are included in the portion available without current action by Congress. The remaining off-budget amounts are included in the portion available through current action by Congress.

- *Table 9, Relation of budget authority to outlays,* provides a bridge from budget authority to net obligations incurred to outlays for 1988–90. Data on off-budget amounts are included without separate identification. References are included to other tables in this part that provide detail on data shown in this table. A chart on the relationship of budget authority to outlays is shown in Part 7 of this volume.
- *Table 10, Balances of budget authority,* presents data on obligated and unobligated balances of budget authority for 1988–90.
- *Table 11, Receipts by source,* provides detailed data by source for 1988–90 on receipts that are classified as governmental receipts. The total of these receipts is compared with total outlays to calculate the Federal deficit. Information on governmental receipts is also included in table 15 and in Part 4 of this volume.
- *Table 12, Offsetting receipts by type,* presents, by type, offsetting receipts for 1988–90, which are deducted from gross disbursements to calculate outlays. Offsetting receipts data are also included in Part 9 of this volume.
- *Table 13, Legislative proposals for major new and expanded programs in the 1990 budget, projection of costs,* provides a description of major legislative proposals and a projection of costs for 1989–94.
- *Table 14, Controllability of outlays, 1988–90,* displays outlays classified as relatively uncontrollable and relatively controllable.
- *Table 15, Receipts by source, 1980–90,* provides historical data on governmental receipts by source.
- *Table 16, Outlays by function and subfunction, 1980–90,* includes historical data on outlays by function and subfunction.
- *Table 17, Federal finances and the gross national product, 1973–94,* displays receipts, outlays, surpluses or deficits, and Federal debt, and shows these amounts as percentages of the gross national product.

- *Table 18, Composition of receipts and outlays in current dollars, 1975–94,* includes historical data on the composition of receipts and outlays in current dollars.
- *Table 19, Composition of receipts and outlays in constant (fiscal year 1982) dollars, 1975–94,* includes historical data on the composition of receipts and outlays in constant dollars for the same categories shown in table 18.
- *Table 20, Credit budget: new direct loan obligations, guaranteed loan commitments and subsidies by agency,* displays direct loans outstanding for 1988, new obligations for direct loans for 1988–90, guaranteed loans outstanding for 1988, new commitments for guaranteed loans for 1988–90, and subsidies for 1990. Additional credit budget information can be found in Part 6 of this volume and Special Analysis F, "Federal Credit Programs", of the Special Analyses volume.
- *Table 21, Credit budget: new direct loan obligations, guaranteed loan commitments, and subsidies by function,* displays direct loans outstanding for 1988, new obligations for direct loans for 1988–90, guaranteed loans outstanding for 1988, new commitments for guaranteed loans for 1988–90, and subsidies for 1990.
- *Table 22, Direct loan obligations, guaranteed loan commitments and Government-sponsored enterprise obligations, by sector, 1980–94* summarizes total direct loan obligations and guaranteed loan commitments and Government-sponsored enterprise obligations by sector: agriculture, business, education, housing, and other.
- *Table 23, Direct loan obligations, guaranteed loan commitments, and Government-sponsored enterprise obligations, 1951–94,* includes historical data on direct loan obligations, guaranteed loan commitments, and Government-sponsored enterprise obligations. (Government-sponsored enterprise obligation data was not collected prior to 1972.)
- *Table 24, Total receipts and outlays, 1789–94,* includes historical data and out-year estimates of total receipts, outlays, and surpluses or deficits. Beginning in 1937, data include amounts for social security trust funds that are off-budget under current law.
- *Table 25, On-budget and off-budget receipts and outlays, 1937–94,* provides historical data and out-year estimates of on- and off-budget components of total receipts, outlays, and surpluses or deficits shown in table 24.

Table 1. **SUMMARY**

(In billions of dollars)

Description	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
TOTALS							
Budget authority	**1,185.5**	**1,272.7**	**1,331.2**	**1,403.1**	**1,452.4**	**1,504.5**	**1,547.8**
On-budget	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.5)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Receipts	**909.0**	**975.5**	**1,059.3**	**1,140.5**	**1,212.2**	**1,281.4**	**1,345.0**
On-budget	(667.5)	(708.7)	(770.4)	(828.0)	(880.4)	(927.1)	(970.7)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Outlays	**1,064.0**	**1,137.0**	**1,151.8**	**1,207.3**	**1,244.4**	**1,279.0**	**1,311.6**
On-budget	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)
Surplus or deficit (−)	**−155.1**	**−161.5**	**−92.5**	**−66.8**	**−32.2**	**2.4**	**33.4**
On-budget	(−193.9)	(−217.5)	(−161.3)	(−147.6)	(−123.2)	(−102.2)	(−83.1)
Off-budget	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)	(104.6)	(116.4)
THE CREDIT BUDGET							
New direct loan obligations	27.2	16.9	12.3	12.8	11.8	10.8	9.5
New guaranteed loan commitments [1]	100.7	112.8	111.7	114.1	116.3	118.0	120.0
Total	**127.9**	**129.8**	**123.9**	**126.9**	**128.1**	**128.8**	**129.5**
Change in outstandings:							
Direct loans	−13.4	−12.6	−9.9	−6.1	−5.1	−5.6	−6.1
Guaranteed loans [1]	40.3	36.7	32.5	29.9	31.9	30.6	29.8
Total	**26.9**	**24.0**	**22.6**	**23.7**	**26.8**	**25.1**	**23.7**
FEDERAL DEBT							
Debt outstanding, end of year:							
Gross Federal debt	2,600.8	2,868.8	3,107.2	3,335.6	3,537.1	3,719.7	3,886.4
Held by:							
Government accounts	550.6	675.0	822.2	984.3	1,154.2	1,339.8	1,540.4
The public	2,050.2	2,193.8	2,285.0	2,351.2	2,382.9	2,379.9	2,346.0
(Federal Reserve Banks)	(229.2)	.....	.....	.....	.....	.....	.....
(Other)	(1,821.0)	.....	.....	.....	.....	.....	.....
ADDENDUM							
Debt subject to statutory limitation	2,586.9	2,845.4	3,084.0	3,309.3	3,506.1	3,684.1	3,847.3

[1] To avoid double counting, excludes guarantees (or commitments) of loans previously guaranteed or guarantees (or commitments) by one Government account of direct loans made by another Government account.

Table 2. **RECEIPTS BY SOURCE AND OUTLAYS BY AGENCY, 1988–94**

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
Receipts by source:							
Individual income taxes	401.2	425.2	466.7	508.5	549.3	580.9	613.3
Corporation income taxes	94.5	107.0	117.4	129.2	137.2	145.6	150.6
Social insurance taxes and contributions	334.3	363.9	391.5	419.0	441.9	469.8	494.6
On-budget	(92.8)	(97.0)	(102.6)	(106.5)	(110.1)	(115.5)	(120.4)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Excise taxes	35.2	34.0	35.3	33.7	33.1	33.6	34.2
Estate and gift taxes	7.6	7.8	8.1	8.3	8.3	8.3	8.4
Customs duties and fees	16.2	16.3	18.0	19.2	20.2	20.9	21.9
Miscellaneous receipts	19.9	21.4	22.4	22.6	22.2	22.2	21.9
Total receipts	**909.0**	**975.5**	**1,059.3**	**1,140.5**	**1,212.2**	**1,281.4**	**1,345.0**
On-budget	(667.5)	(708.7)	(770.4)	(828.0)	(880.4)	(927.1)	(970.7)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)
Outlays by agency:							
Legislative Branch	1.9	2.2	2.2	2.2	2.2	2.2	2.2
The Judiciary	1.3	1.5	1.5	1.5	1.5	1.6	1.6
Executive Office of the President	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Funds Appropriated to the President	7.3	5.6	11.5	11.1	11.6	11.5	11.7
Agriculture	44.0	52.1	42.4	45.2	43.3	41.2	39.3
Commerce	2.3	2.8	3.5	2.3	2.1	2.0	1.8
Defense–Military	281.9	289.8	293.8	304.7	316.3	329.4	343.5
Defense–Civil	22.0	23.4	23.8	24.8	25.6	26.3	27.1
Education	18.2	20.8	24.5	25.1	24.2	23.5	23.3
Energy	11.2	11.4	11.0	12.5	13.2	13.6	14.2
Health and Human Services, except Social Security	159.1	174.7	183.8	200.0	219.7	236.6	254.0
Health and Human Services, Social Security	214.5	226.9	240.6	257.3	271.3	284.7	297.0
Housing and Urban Development	18.9	20.4	22.6	24.1	24.4	24.1	23.3
Interior	5.1	5.5	3.1	5.1	4.8	3.3	4.5
Justice	5.4	6.0	6.8	7.3	7.4	7.5	7.6
Labor	21.9	22.8	23.0	23.6	24.6	25.6	26.4
State	3.4	3.6	3.9	3.9	4.0	4.1	4.2
Transportation	26.4	27.1	27.3	27.4	27.3	27.3	27.2
Treasury	202.4	227.7	235.7	238.9	235.7	232.3	226.6
Veterans Affairs	29.3	29.2	29.8	30.5	31.3	31.9	31.9
Environmental Protection Agency	4.9	5.2	5.5	5.6	5.3	4.9	4.7
General Services Administration	−0.3	−*	0.1	0.4	−*	0.1	*
National Aeronautics and Space Administration	9.1	10.6	12.6	14.0	15.1	15.9	16.4
Office of Personnel Management	29.2	30.8	30.5	31.8	33.9	36.2	38.3
Small Business Administration	−0.1	0.2	−0.1	−0.1	−0.2	−0.1	−0.3
Other Independent Agencies	23.4	24.7	14.9	18.3	16.2	16.0	14.9
Allowances			−0.4	0.9	2.0	3.1	4.0
Undistributed offsetting receipts	−78.9	−87.9	−102.1	−111.3	−118.5	−126.0	−134.0
Interest	(−41.9)	(−51.0)	(−60.1)	(−68.9)	(−76.5)	(−82.7)	(−88.1)
Other	(−37.0)	(−36.9)	(−42.0)	(−42.3)	(−42.0)	(−43.4)	(−45.9)
Total outlays	**1,064.0**	**1,137.0**	**1,151.8**	**1,207.3**	**1,244.4**	**1,279.0**	**1,311.6**
On-budget	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)

* $50 million or less.

Table 3. **OUTLAYS BY FUNCTION, 1988–94**

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
050 National defense	290.4	298.3	303.0	314.4	326.4	339.9	354.3
Department of Defense–Military	(281.9)	(289.8)	(293.8)	(304.7)	(316.3)	(329.4)	(343.5)
Other	(8.4)	(8.5)	(9.2)	(9.7)	(10.2)	(10.5)	(10.8)
150 International affairs	10.5	10.7	17.3	17.0	17.4	17.3	17.4
250 General science, space, and technology	10.8	12.6	14.9	16.7	18.0	19.1	20.1
270 Energy	2.3	4.1	2.3	3.1	3.2	3.0	3.1
300 Natural resources and environment	14.6	16.5	14.4	16.7	15.7	13.7	14.4
350 Agriculture	17.2	20.9	15.9	15.7	14.0	11.4	8.7
370 Commerce and housing credit	18.8	20.0	8.3	12.6	9.8	9.0	5.9
400 Transportation	27.3	28.0	28.3	28.5	28.4	28.5	28.3
450 Community and regional development	5.3	6.3	6.4	5.9	5.3	5.0	4.7
500 Education, training, employment, and social services	31.9	36.4	39.5	39.9	39.0	38.1	38.0
550 Health	44.5	49.8	52.2	56.7	61.5	66.6	71.1
570 Medicare	78.9	86.7	94.9	107.1	120.9	132.1	143.3
600 Income security	129.3	136.9	136.8	142.5	148.6	154.4	160.9
650 Social security	219.3	232.3	246.7	262.3	276.8	290.5	303.2
On-budget	(4.9)	(5.4)	(6.2)	(4.9)	(5.5)	(5.9)	(6.2)
Off-budget	(214.5)	(226.9)	(240.6)	(257.3)	(271.3)	(284.7)	(297.0)
700 Veterans benefits and services	29.4	29.2	29.9	30.6	31.4	32.0	32.0
750 Administration of justice	9.2	9.4	10.6	10.9	11.1	11.3	11.4
800 General government	9.5	10.0	10.0	10.3	9.9	9.7	9.5
870 Central federal credit activities			−7.2	−7.9	−7.4	−6.2	−5.3
900 Net interest	151.7	165.7	170.1	165.7	154.5	144.0	132.3
On-budget	(159.2)	(176.9)	(185.0)	(185.4)	(178.5)	(171.9)	(164.0)
Off-budget	(−7.4)	(−11.2)	(−14.9)	(−19.7)	(−24.0)	(−27.9)	(−31.7)
920 Allowances							
Civilian agency pay raises			0.2	1.5	2.7	3.8	4.8
Employee health benefits reform			−0.3	−0.4	−0.4	−0.5	−0.6
Reduced Government mail rates			−0.3	−0.3	−0.3	−0.3	−0.3
Total allowances			−0.4	0.9	2.0	3.1	4.0
950 Undistributed offsetting receipts							
Employer share, employee retirement (on-budget)	−29.0	−29.4	−27.8	−29.2	−30.3	−31.4	−32.8
Employer share, employee retirement (off-budget)	−4.4	−4.8	−5.6	−5.9	−6.4	−7.0	−7.6
Rents and royalties on the Outer Continental Shelf	−3.5	−2.7	−3.7	−3.3	−3.5	−3.3	−3.5
Sale of major assets			−2.3	−1.5	−1.2	−1.0	−1.0
Other undistributed offsetting receipts			−2.7	−2.5	−0.6	−0.6	−1.0
Total undistributed offsetting receipts	−37.0	−36.9	−42.0	−42.3	−42.0	−43.4	−45.9
On-budget	(−32.6)	(−32.1)	(−36.5)	(−36.4)	(−35.5)	(−36.4)	(−38.3)
Off-budget	(−4.4)	(−4.8)	(−5.6)	(−5.9)	(−6.4)	(−7.0)	(−7.6)
Total outlays	**1,064.0**	**1,137.0**	**1,151.8**	**1,207.3**	**1,244.4**	**1,279.0**	**1,311.6**
On-budget	(861.4)	(926.2)	(931.7)	(975.6)	(1,003.6)	(1,029.3)	(1,053.8)
Off-budget	(202.7)	(210.9)	(220.1)	(231.7)	(240.8)	(249.8)	(257.8)

Table 4. **FEDERAL GOVERNMENT FINANCING AND DEBT** [1]

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
FINANCING							
Surplus or deficit (–)	–155.1	–161.5	–92.5	–66.8	–32.2	2.4	33.4
On-budget	(–193.9)	(–217.5)	(–161.3)	(–147.6)	(–123.2)	(–102.2)	(–83.1)
Off-budget	(38.8)	(56.0)	(68.8)	(80.8)	(91.0)	(104.6)	(116.4)
Means of financing other than borrowing from the public:							
Decrease or increase (–) in Treasury operating cash balance	–8.0	14.4					
Increase or decrease (–) in:							
Checks outstanding, etc. [2]	0.5	2.9	1.7				
Deposit fund balances	–.6	–*	–.9				
Seigniorage on coins	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Proceeds from the sale of loan assets with recourse	0.6	*	*	*	*	*	*
Total, means of financing other than borrowing from the public	–7.0	17.9	1.3	0.6	0.6	0.6	0.6
Total, requirements for borrowing from the public	–162.1	–143.6	–91.2	–66.2	–31.6	3.0	33.9
Change in debt held by the public	**162.1**	**143.6**	**91.2**	**66.2**	**31.6**	**–3.0**	**–33.9**
DEBT, END OF YEAR							
Gross Federal debt:							
Debt issued by Treasury	2,588.3	2,844.0	3,078.5	3,303.9	3,500.6	3,678.7	3,841.9
Debt issued by other agencies	12.5	24.7	28.7	31.7	36.4	41.0	44.5
Total, gross Federal debt	2,600.8	2,868.8	3,107.2	3,335.6	3,537.1	3,719.7	3,886.4
Held by:							
Government accounts	550.6	675.0	822.2	984.3	1,154.2	1,339.8	1,540.4
The public	2,050.2	2,193.8	2,285.0	2,351.2	2,382.9	2,379.9	2,346.0
(Federal Reserve Banks)	(229.2)						
(Other)	(1,821.0)						

Table 4. **FEDERAL GOVERNMENT FINANCING AND DEBT [1]—Continued**

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR							
Debt issued by Treasury	2,588.3	2,844.0	3,078.5	3,303.9	3,500.6	3,678.7	3,841.9
Treasury debt not subject to limitation [3]	−15.4	−15.6	−15.6	−15.6	−15.6	−15.6	−15.6
Agency debt subject to limitation	0.1	0.4	0.7	0.7	0.7	0.7	0.7
Unamortized discount (less premium) on Treasury debt held by the public	13.9	16.5	20.3	20.3	20.3	20.3	20.3
Total, debt subject to statutory limitation [4]	**2,586.9**	**2,845.4**	**3,084.0**	**3,309.3**	**3,506.1**	**3,684.1**	**3,847.3**

* $50 million or less.

[1] For further data on the debt and for discussion of the debt, see Part 7 of this volume and Special Analysis E,"Borrowing and Debt."

[2] 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.

[3] Consists of Federal Financing Bank debt and other Treasury debt not subject to statutory limitation.

[4] The statutory debt limit is $2,800 billion.

Table 5. **FULL-TIME EQUIVALENT OF FEDERAL CIVILIAN EMPLOYMENT** [1]

Agency	Fiscal Year				
	1988 actual [2]	1989 estimate	1990 estimate	1991 estimate	difference 1989–90
Agriculture	106,552	106,371	104,290	102,493	−2,081
Commerce	35,080	40,581	86,499	35,529	45,918
Defense—Civil functions	28,267	28,181	28,115	27,858	−66
Education	4,516	4,526	4,620	4,620	94
Energy	16,258	16,103	15,698	15,374	−405
Health and Human Services	118,734	114,849	114,000	111,593	−849
Housing & Urban Development	12,971	13,239	12,975	12,676	−264
Interior	70,336	70,335	68,500	68,500	−1,835
Justice	70,939	76,971	80,040	81,833	3,069
Labor	18,178	18,729	18,491	18,503	−238
State	25,482	25,977	25,881	25,736	−96
Transportation	61,330	62,069	64,253	65,577	2,184
Treasury	153,063	153,604	155,594	155,084	1,990
Veterans Affairs [3]	214,433	215,090	206,064	207,042	−9,026
Environmental Protection Agency	14,389	14,720	15,130	14,876	410
National Aeronautics and Space Administration	22,326	23,734	24,007	24,007	273
Other:					
Agency For International Development	4,582	4,520	4,640	4,640	120
General Services Administration	18,807	19,440	19,274	18,856	−166
Nuclear Regulatory Commission	3,268	3,180	3,195	3,195	15
Office of Personnel Management	5,386	5,662	5,816	5,685	154
Panama Canal Commission	8,625	8,813	8,813	8,813	.....
Small Business Administration	4,105	4,065	4,030	3,959	−35
Tennessee Valley Authority	29,265	26,000	26,000	26,000	.....
United States Information Agency	8,796	8,815	8,700	8,550	−115
Miscellaneous	41,771	42,750	42,680	42,872	−70
Estimated nondefense lapse	.....	−11,083	−11,473	−10,939	−390
Civilian agency employment	**1,097,459**	**1,097,241**	**1,135,832**	**1,082,932**	**38,591**
Defense—Military functions: [4]					
(Civilian personnel)	1,024,581	1,017,459	1,017,312	1,013,695	−147
Subtotal	2,122,040	2,114,700	2,153,144	2,096,627	38,444
Postal Service Employment [5]	777,171	790,152	802,184	802,184	12,032
Total, Full-time Equivalents, Executive Branch (civilian personnel)	**2,899,211**	**2,904,852**	**2,955,328**	**2,898,811**	**50,476**
ADDENDUM					
Active duty military personnel: [6]					
Department of Defense	2,142,133	2,132,624	2,136,625	2,136,537	4,001
Department of Transportation (Coast Guard)	38,286	38,225	38,171	38,171	−54
Total, military personnel	**2,180,419**	**2,170,849**	**2,174,796**	**2,174,708**	**3,947**
Grand total, Executive Branch	**5,079,630**	**5,075,701**	**5,130,124**	**5,073,519**	**54,423**

[1] Developmental positions under the Worker-Trainee Opportunity Program.
[2] 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.
[3] Due to changes in FTE controls enacted in P.L. 100–322 VA employment data are reported on a different basis than those displayed in the FY 1989 budget.
[4] 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.
[5] Includes the Postal Rate Commission.
[6] These data represent the average number of active duty military personnel in each fiscal year. They are not strictly comparable to the FTE data presented above and are presented for information purposes only. (See text under "End-of-year employment levels.")

Table 6. **BUDGET AUTHORITY BY FUNCTION, 1988–94**

(In billions of dollars)

	1988 actual	Estimate					
		1989	1990	1991	1992	1993	1994
050 National defense	292.0	298.8	315.2	330.8	346.1	361.4	376.6
Department of Defense–Military	(283.8)	(290.2)	(305.6)	(320.9)	(335.7)	(350.7)	(365.6)
Other	(8.3)	(8.6)	(9.5)	(9.9)	(10.4)	(10.7)	(11.0)
150 International affairs	17.2	16.2	18.9	18.2	18.6	19.4	19.5
250 General science, space, and technology	10.9	13.0	15.5	17.4	18.9	19.9	20.7
270 Energy	5.5	5.7	3.6	4.5	4.7	4.7	5.2
300 Natural resources and environment	15.4	16.8	12.7	15.1	14.5	12.7	13.2
350 Agriculture	18.4	25.1	20.6	20.8	19.6	16.8	11.9
370 Commerce and housing credit	22.7	22.9	17.5	15.8	15.3	16.5	12.8
400 Transportation	28.1	29.4	28.8	28.8	29.1	28.9	29.0
450 Community and regional development	8.8	6.7	6.4	6.1	5.5	5.5	5.6
500 Education, training, employment, and social services	35.0	37.9	40.4	39.6	38.7	38.1	38.2
550 Health	45.6	51.1	53.6	57.6	62.4	67.3	72.0
570 Medicare	94.2	107.4	125.4	136.1	147.7	161.2	175.0
600 Income security	169.3	174.8	176.4	190.9	194.4	198.4	203.7
650 Social security	258.1	288.3	315.5	343.0	367.7	395.1	419.7
On-budget	(4.9)	(5.4)	(6.2)	(4.9)	(5.5)	(5.9)	(6.2)
Off-budget	(253.3)	(282.9)	(309.3)	(338.1)	(362.2)	(389.3)	(413.5)
700 Veterans benefits and services	29.5	29.9	30.1	31.1	31.8	32.4	32.3
750 Administration of justice	9.4	9.9	10.7	10.8	11.2	11.4	11.3
800 General government	10.4	9.9	10.1	10.1	10.0	9.9	9.7
870 Central federal credit activities			2.1	2.1	1.7	1.5	1.4
900 Net interest	151.7	165.7	170.1	165.7	154.5	144.0	132.3
On-budget	(159.2)	(176.9)	(185.0)	(185.4)	(178.5)	(171.9)	(164.0)
Off-budget	(−7.4)	(−11.2)	(−14.9)	(−19.7)	(−24.0)	(−27.9)	(−31.7)
920 Allowances							
Civilian agency pay raises			0.2	1.5	2.6	3.6	4.5
Employee health benefits reform			−0.3	−0.4	−0.4	−0.5	−0.6
Reduced Government mail rates			−0.3	−0.3	−0.3	−0.3	−0.3
Total allowances			−0.4	0.8	1.9	2.9	3.7
950 Undistributed offsetting receipts							
Employer share, employee retirement (on-budget)	−29.0	−29.4	−27.8	−29.2	−30.3	−31.4	−32.8
Employer share, employee retirement (off-budget)	−4.4	−4.8	−5.6	−5.9	−6.4	−7.0	−7.6
Rents and royalties on the Outer Continental Shelf	−3.5	−2.7	−3.7	−3.3	−3.5	−3.3	−3.5
Sale of major assets			−2.3	−1.5	−1.2	−1.0	−1.0
Other undistributed offsetting receipts			−2.7	−2.5	−0.6	−0.6	−1.0
Total undistributed offsetting receipts	−37.0	−36.9	−42.0	−42.3	−42.0	−43.4	−45.9
On-budget	(−32.6)	(−32.1)	(−36.5)	(−36.4)	(−35.5)	(−36.4)	(−38.3)
Off-budget	(−4.4)	(−4.8)	(−5.6)	(−5.9)	(−6.4)	(−7.0)	(−7.6)
Total budget authority	**1,185.5**	**1,272.7**	**1,331.2**	**1,403.1**	**1,452.4**	**1,504.5**	**1,547.8**
On-budget	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.5)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)

Table 7. **BUDGET AUTHORITY BY AGENCY, 1988–94**

(In billions of dollars)

Department or other unit	1988 Actual	Estimate					
		1989	1990	1991	1992	1993	1994
Legislative Branch	2.1	2.1	2.1	2.2	2.2	2.2	2.2
The Judiciary	1.3	1.5	1.5	1.6	1.6	1.6	1.6
Executive Office of the President	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Funds Appropriated to the President	11.7	10.1	12.3	11.7	11.8	12.2	12.4
Agriculture	55.2	59.7	50.8	52.4	51.1	48.8	45.0
Commerce	2.4	2.8	3.2	2.1	1.9	1.9	1.8
Defense–Military	283.8	290.2	305.6	320.9	335.7	350.7	365.6
Defense–Civil	36.3	38.0	38.1	40.4	42.4	44.4	46.4
Education	20.2	22.2	25.9	24.8	24.2	23.4	23.4
Energy	11.2	12.0	12.4	14.0	14.6	14.9	15.4
Health and Human Services, except Social Security	177.0	196.1	214.1	229.3	246.5	266.1	286.1
Health and Human Services, Social Security	253.3	282.9	309.3	338.1	362.2	389.3	413.5
Housing and Urban Development	14.9	14.9	16.8	25.1	23.0	22.0	20.7
Interior	5.2	5.6	3.0	4.9	4.6	3.2	4.5
Justice	5.6	6.4	6.9	7.1	7.5	7.6	7.5
Labor	30.7	31.7	31.4	31.6	30.7	30.6	30.4
State	3.8	3.9	4.4	4.5	4.6	4.7	4.7
Transportation	27.2	28.4	27.8	27.7	28.0	27.7	27.9
Treasury	204.1	227.5	245.0	249.0	244.9	240.2	233.6
Veterans Affairs	29.4	29.8	30.0	31.0	31.7	32.3	32.2
Environmental Protection Agency	5.0	5.1	4.8	4.7	4.4	4.1	3.5
General Services Administration	0.2	–*	–*	–*	–*	–*	–*
National Aeronautics and Space Administration	9.1	11.0	13.1	14.6	15.7	16.3	16.7
Office of Personnel Management	48.1	50.6	53.3	55.4	57.8	59.6	61.6
Small Business Administration	0.4	0.4	0.4	0.4	0.3	0.3	0.2
Other Independent Agencies	25.9	27.8	21.1	19.9	21.5	23.3	20.9
Allowances:							
Civilian agency pay raises			0.2	1.5	2.6	3.6	4.5
Employee health benefits reform			–0.3	–0.4	–0.4	–0.5	–0.6
Reduced Government mail rates			–0.3	–0.3	–0.3	–0.3	–0.3
Undistributed offsetting receipts	–78.9	–87.9	–102.1	–111.3	–118.5	–126.0	–134.0
Total budget authority	**1,185.5**	**1,272.7**	**1,331.2**	**1,403.1**	**1,452.4**	**1,504.5**	**1,547.8**
On-budget	(944.0)	(1,005.8)	(1,042.3)	(1,090.6)	(1,120.6)	(1,150.2)	(1,173.5)
Off-budget	(241.5)	(266.9)	(288.9)	(312.5)	(331.8)	(354.4)	(374.2)

* $50 million or less

Table 8. BUDGET AUTHORITY AND OUTLAYS AVAILABLE THROUGH AND WITHOUT CURRENT ACTION BY CONGRESS [1]

(In millions of dollars)

Department or other unit	Budget Authority			Outlays		
	1988 actual	1989 estimate	1990 estimate	1988 actual	1989 estimate	1990 estimate
Portion available through current action by Congress:						
Legislative Branch	1,776	1,851	1,863	1,593	1,681	1,682
The Judiciary	1,325	1,491	1,491	1,139	1,286	1,272
Executive Office of the President	125	127	272	107	111	119
Funds appropriated to the President	12,671	12,827	13,468	4,864	5,356	5,076
Agriculture	32,610	35,415	33,309	27,918	29,766	19,534
Commerce	2,409	2,742	3,142	1,530	1,888	2,653
Defense–Military	283,939	290,750	306,401	169,854	177,011	184,512
Defense–Civil	3,307	3,302	3,235	2,049	2,193	2,198
Education	20,307	21,898	22,804	6,960	7,305	7,937
Energy	14,183	13,180	13,969	8,569	7,988	8,552
Health and Human Services	89,538	99,189	102,490	79,916	89,433	88,486
Housing and Urban Development	12,863	12,704	15,112	1,212	1,423	3,071
Interior	5,383	5,697	5,058	4,065	4,291	3,948
Justice	5,557	5,880	6,367	4,193	4,417	4,907
Labor	6,317	6,587	6,273	2,105	2,458	2,124
State	3,158	3,260	3,776	2,303	2,435	2,831
Transportation	11,959	11,137	10,891	6,753	6,808	6,744
Treasury	7,407	7,854	10,556	6,301	6,613	104
Veterans Affairs	28,363	29,102	14,314	25,489	25,758	12,196
Environmental Protection Agency	5,267	5,305	4,883	1,685	1,665	1,619
General Services Administration	267	247	256	187	171	174
National Aeronautics and Space Administration	8,823	10,716	13,100	5,696	6,559	7,962
Office of Personnel Management	6,612	7,341	8,037	6,565	7,309	4,790
Small Business Administration	405	419	437	148	207	231
Other Independent Agencies	8,168	8,277	6,647	5,701	5,919	4,584
Allowances			−364			−370
Subtotal	**572,737**	**597,297**	**607,787**	**376,903**	**400,053**	**376,936**
Portion available without current action by Congress	812,946	891,119	960,426	541,404	543,159	524,382
Outlays from obligated balances [2]				222,280	233,710	248,193
Outlays from unobligated balances [2]				123,614	175,822	239,340
Deductions for offsetting receipts	−200,157	−215,713	−237,003	−200,157	−215,713	−237,003
Total budget authority and outlays	**1,185,526**	**1,272,703**	**1,331,210**	**1,064,044**	**1,137,030**	**1,151,848**
MEMORANDUM						
Appropriations to liquidate contract authority: [3]						
Agriculture	7,334	5				
Education		330	6,958			
Interior	31	47				
Transportation	15,981	14,659	16,398			
Veterans Affairs		773	15,215			
Total	**23,345**	**15,813**	**38,571**			

[1] Includes budget authority and outlays that are off-budget under current law.
[2] Outlays from appropriations to liquidate contract authority are included as outlays from balances.
[3] Excluded from budget authority above.

Table 9. RELATION OF BUDGET AUTHORITY TO OUTLAYS [1]

(In millions of dollars)

Description	1988 actual	1989 estimate	1990 estimate
Budget authority available through current action by Congress:			
Enacted, pending, or recommended herein:			
Appropriations [2]	569,447	595,512	602,511
Contract authority	1,772	594	.....
Authority to borrow	673	1,103	45
Reappropriations and reauthorizations	845	172	57
To be requested separately:			
Appropriations [2]	.....	−83	611
Contract authority	.....	.....	4,781
Authority to borrow	.....	.....	−219
Total budget authority available through current action by Congress (Table 8)	**572,737**	**597,297**	**607,787**
Budget authority available without current action by Congress (permanent authorizations):			
Appropriations [2]	754,515	827,624	891,590
Proceeds of loan asset sales with recourse	598	24	.....
Contract authority	23,641	25,607	43,234
Authority to borrow	34,192	37,863	25,602
Deductions for offsetting receipts (table 12):			
Intragovernmental transactions	−165,490	−179,142	−191,148
Proprietary receipts from the public	−34,667	−36,571	−45,855
Total budget authority for the year (table 8)	**1,185,526**	**1,272,703**	**1,331,210**
Unobligated balances and adjustments:			
Unobligated balances:			
Brought forward at start of year (table 10)	578,423	666,053	775,947
Written off (rescinded, lapsed, etc.) [3]	−20,237	−15,321	−16,643
Carried forward at end of year (table 10)	−666,053	−775,947	−928,324
Obligations incurred, net [4]	**1,077,659**	**1,147,487**	**1,162,190**
Obligated balances:			
Brought forward at start of year, funded (table 10)	643,202	651,828	649,148
Adjustments in expired accounts	7,066	−136	−984
Adjustments in unexpired accounts	−12,055	−13,001	−12,859
Deficiency appropriations	.....	.....	.....
Carried forward at end of year (table 10)	−651,828	−649,148	−645,635
Outlays (table 3)	**1,064,044**	**1,137,030**	**1,151,848**
MEMORANDUM			
Federal funds included above:			
Budget authority available through current action by Congress	566,572	592,360	600,536
Budget authority [5]	837,465	890,805	914,795
Obligations incurred, net [5]	823,407	885,431	892,708
Budget outlays [5]	813,069	877,191	884,634

[1] Includes budget authority and outlays that are off-budget under current law.

[2] Excludes appropriations to liquidate contract authority:

	1988 actual	*1989 estimate*	*1990 estimate*
Enacted, pending, or recommended herein	42,842	36,759	56,413
For later transmittal			4,098

[3] Includes redemption of agency debt and capital transfers to the general fund.

[4] For additional information on obligations incurred, net, see the OMB report 'Object Class Analysis', which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

[5] Amounts are net of intrafund transactions and proprietary receipts from the public.

Table 10. **BALANCES OF BUDGET AUTHORITY** [1]

(In millions of dollars)

Description	Start 1988		End 1988		End 1989		End 1990	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Legislative Branch	427	353	429	588	413	487	418	438
The Judiciary	146	177	185	140	208	145	219	161
Executive Office of the President	19	.....	20	1	20	*	22	137
Funds Appropriated to the President	50,835	30,303	50,143	30,641	49,770	30,364	49,860	30,486
Agriculture	31,362	2,119	38,555	2,900	38,938	2,881	36,951	2,271
Commerce	1,548	248	1,616	286	1,703	166	1,282	172
Defense–Military	212,484	47,621	216,941	42,292	218,376	41,196	227,721	43,614
Defense–Civil	2,457	37,061	2,495	51,303	2,697	65,751	2,872	79,898
Education	13,637	2,241	14,397	2,824	16,491	1,814	17,533	1,829
Energy	7,192	1,957	6,923	1,785	7,819	1,091	8,076	1,352
Health and Human Services, except Social Security	8,829	57,432	11,010	72,992	12,664	92,621	12,502	123,001
Health and Human Services, Social Security	16,864	48,576	18,660	85,579	20,668	139,582	22,007	207,018
Housing and Urban Development	207,865	48,160	198,286	44,922	183,295	41,568	165,892	39,748
Interior	2,105	2,069	2,188	2,014	2,463	1,745	2,328	1,705
Justice	1,517	458	1,640	496	2,012	519	2,146	512
Labor	3,705	32,046	3,951	40,484	3,868	49,389	3,878	57,731
State	1,009	4,721	1,168	4,915	1,598	4,783	2,032	4,884
Transportation	38,538	12,291	37,812	13,506	38,724	13,700	38,074	14,370
Treasury	1,846	20,290	3,303	20,155	2,791	20,244	1,640	30,465
Veterans Affairs	4,684	13,269	4,535	13,377	5,279	13,208	5,562	13,058
Environmental Protection Agency	8,390	1,908	9,093	1,285	9,741	557	9,278	315
General Services Administration	749	1,106	622	1,669	913	1,387	1,208	964
National Aeronautics and Space Administration	2,795	3,298	3,646	2,359	5,321	1,042	6,188	727
Office of Personnel Management	3,282	183,758	3,650	202,336	3,972	221,838	4,176	244,417
Small Business Administration	426	785	439	1,078	488	1,125	415	1,617
Other Independent Agencies:								
Export-Import Bank	1,561	1,093	1,546	717	1,640	597	983	386
Federal Home Loan Bank Board	−253	1,181	−1,430	3,097	−1,568	4,249	2,958	1,433
Railroad Retirement Board	−29	6,709	48	7,702	18	8,417	179	8,654
All Other Independent Agencies	19,212	17,194	19,957	14,609	18,828	15,480	19,242	16,963
Allowances	.....	.....	.....	.....	.....	.....	−6	.....
Total	**643,202**	**578,423**	**651,828**	**666,053**	**649,148**	**775,947**	**645,635**	**928,324**
MEMORANDUM								
Federal funds	569,827	175,094	575,358	169,111	570,460	159,396	564,679	166,044
Trust funds	73,375	403,329	76,470	496,942	78,687	616,551	80,956	762,280
Total	**643,202**	**578,423**	**651,828**	**666,053**	**649,148**	**775,947**	**645,635**	**928,324**

* $500 thousand or less.

[1] Includes balances of budget authority that are off-budget under current law.

Table 12. **OFFSETTING RECEIPTS BY TYPE**

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
Intrabudgetary transactions:			
Federal intrafund transactions:			
Distributed by agency:			
Interest from the Federal Financing Bank	15,228	14,110	13,420
Interest on Government capital in enterprises	3,716	3,335	3,384
Other	257	198	941
Total Federal intrafunds	19,200	17,643	17,745
Trust intrafund transactions:			
Distributed by agency	16	*	*
Total intrafund transactions	19,216	17,644	17,746
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Military retirement fund	10,285	9,782	11,183
Supplementary medical insurance	25,418	30,712	34,647
Hospital insurance	1,045	1,060	764
Railroad social security equivalent benefits	2,429	2,497	2,600
Rail industry pension fund	243	263	*
Civilian supplementary retirement contributions	15,837	16,802	17,342
Unemployment insurance	216	290	322
Other	219	273	245
Miscellaneous contributions	476	408	209
Subtotal	56,167	62,086	67,312
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds	4,584	3,423	3,386
Charges for services to trust funds	446	346	337
Other	228	236	221
Subtotal	5,258	4,005	3,944
Total interfunds distributed by agency	61,425	66,091	71,256
Undistributed by agency:			
Employer share, employee retirement (on-budget):			
Civil service retirement and disability insurance	8,708	8,546	9,029
Hospital insurance (contributionas employer) [1]	1,884	2,010	2,131
Military retirement fund	18,382	18,798	16,608
Other Federal employees retirement	63	73	76
Total employer share, employee retirement (on-budget)	29,037	29,427	27,844
Interest received by on-budget trust funds	34,480	39,775	44,652
Total interfund transactions undistributed by agency	63,517	69,202	72,496
Total interfund transactions	124,942	135,293	143,752
Total intrabudgetary transactions	144,158	152,937	161,498

Table 12. **OFFSETTING RECEIPTS BY TYPE—Continued**

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
Payments by on-budget accounts to off-budget accounts:			
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Old-age, survivors, and disability insurance	5,768	6,348	6,160
Undistributed by agency:			
Employer share, employee retirement (off-budget)	4,382	4,849	5,551
Interest received by off-budget trust funds	7,416	11,210	14,888
Total payments by on-budget accounts to off-budget accounts	17,565	22,406	26,599
Payments by off-budget accounts to on-budget accounts:			
Intrafund transactions from off-budget accounts:			
Distributed by agency:			
Payments to railroad retirement [2]	2,851	2,865	3,051
Total Intrafund transactions from off-budget accounts	2,851	2,865	3,051
Interfund transactions from off-budget accounts:			
Distributed by agency:			
Interest payments to the Treasury	916	934	.....
Total payments by off-budget accounts to on-budget accounts	3,767	3,799	3,051
Total intragovernmental transactions	**165,490**	**179,142**	**191,148**
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on loans, Foreign Assistance Act	353	350	345
Other interest on foreign loans and deferred foreign collections	617	863	899
Interest on deposits in tax and loan accounts	1,394	1,341	1,100
Other interest (domestic—civil) [3]	606	565	516
Total interest	2,971	3,119	2,860
Dividends and other earnings	79	.....	.....
Rents:			
Rent and bonuses from land leases, etc	11	80	2,228
Rent of land and other real property	52	52	46
Rent of equipment and other personal property	17	17	18
Total rents	80	148	2,292
Royalties	795	849	776
Sale of products:			
Sale of timber and other natural land products	1,272	1,293	1,279
Sale of minerals and mineral products	653	565	511
Sale of power and other utilities	759	635	1,079
Sale of other products	*	*	*
Recovery of mint manufacturing expense	100	154	54
Total sale of products	2,783	2,647	2,923

Table 12. **OFFSETTING RECEIPTS BY TYPE—Continued**

(In millions of dollars)

Type	1988 actual	1989 estimate	1990 estimate
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust funds)	8,798	10,511	11,769
Revenues for enrichment of uranium	1,234	.....	.....
Nuclear waste disposal revenues	472	526	538
Veterans life insurance (trust funds)	422	403	392
Tolls and other revenues, Panama Canal	113	.....	.....
Other [3]	1,558	3,577	4,110
Total fees and other charges	12,596	15,017	16,810
Sale of Government property:			
Sale of land and other real property [3]	31	231	231
Sale of equipment and other personal property:			
Sale from the stockpile of strategic and critical materials	*	.....	.....
Military assistance program sales (trust fund)	8,964	8,594	8,330
Sale of scrap and salvage material	72	73	74
Total sale of Government property	9,067	8,898	8,635
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	434	430	455
Foreign military credit sales	70	977	150
Dollar conversion of foreign currency	35	42	42
Repayment of loans to United Kingdom	90	92	94
Other	185	161	153
Total realization upon loans and invesments	815	1,702	894
Recoveries and refunds [3]	526	550	533
Miscellaneous receipt accounts [3]	1,405	986	925
Total proprietary receipts from the public distributed by agency	31,118	33,916	36,649
Undistributed by agency:			
Other interest: Interest received fromOuter Continental Shelf escrow account	1	.....	559
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	1,280	773	1,482
Royalties	2,268	1,882	2,228
Sale of major assets	.....	.....	2,285
Other undistributed offsetting receipts	.....	.....	2,652
Total proprietary receipts from the public undistributed by agency	3,549	2,655	9,206
Total proprietary receipts from the public [4]	**34,667**	**36,571**	**45,855**
Total offsetting receipts	**200,157**	**215,713**	**237,003**

* $500 thousand or less.

[1] Includes provision for covered Federal civilian employees and military personnel.

[2] 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.

[3] Includes both Federal funds and trust funds.

[4] Consists of:

	1988 actual	*1989 estimate*	*1990 estimate*
Federal funds	15,175	14,451	22,295
Trust funds	19,491	22,119	23,561
Off-budget	.....	*	.....

Table 14. **CONTROLLABILITY OF OUTLAYS, 1988–90**

(Dollar amounts in billions)

	1988 actual	1989 estimate	1990 estimate
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement	220.3	233.7	248.1
On-budget	(2.6)	(2.8)	(2.9)
Off-budget	(217.7)	(230.9)	(245.2)
Federal employees' retirement and insurance	59.3	60.9	65.7
Unemployment assistance	13.8	14.3	14.8
Medical care	114.7	128.7	145.1
Assistance to students	3.9	4.2	4.0
Food and nutrition assistance	4.3	4.7	5.0
Public assistance and related programs	28.8	31.2	30.8
All other relatively uncontrollable payments for individuals	2.9	3.7	3.0
Subtotal, payments for individuals	448.0	481.5	516.5
Net interest	151.7	165.7	169.9
On-budget	(159.2)	(176.9)	(185.7)
Off-budget	(−7.4)	(−11.2)	(−15.8)
General revenue sharing	−*	*	
Farm price supports (CCC)	12.2	13.9	11.8
Other open-ended programs and fixed costs	8.7	7.1	−7.3
Total, open-ended programs and fixed costs	620.6	668.2	690.9
Outlays from prior-year contracts and obligations: [1]			
National defense	115.3	116.3	113.2
Civilian programs	71.5	80.5	98.8
Total, outlays from prior-year contracts and obligations	186.8	196.9	212.0
Total, relatively uncontrollable outlays	**807.4**	**865.1**	**902.9**
Relatively controllable outlays:			
National defense	174.8	181.9	189.7
Civilian programs	115.3	124.4	92.6
Administrative expenses of relatively uncontrollable payments for individuals	(8.7)	(9.3)	(9.3)
On-budget	(6.2)	(6.9)	(6.9)
Off-budget	(2.5)	(2.3)	(2.4)
Other	(106.6)	(115.1)	(83.3)
Total, relatively controllable outlays [2]	**290.1**	**306.3**	**282.3**
Undistributed employer share, employee retirement	**−33.4**	**−34.3**	**−33.4**
On-budget	(−29.0)	(−29.4)	(−27.8)
Off-budget	(−4.4)	(−4.8)	(−5.6)
Total outlays	**1,064.0**	**1,137.0**	**1,151.8**

Table 14. **CONTROLLABILITY OF OUTLAYS, 1988–90—Continued**

(Dollar amounts in billions)

	1988 actual	1989 estimate	1990 estimate
MEMORANDUM—Percent of total outlays			
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals	42.1	42.3	44.8
Other	16.2	16.4	15.1
Total, open-ended programs and fixed costs	58.3	58.8	60.0
Outlays from prior-year contracts and obligations	17.6	17.3	18.4
Total, relatively uncontrollable outlays	**75.9**	**76.1**	**78.4**
Relatively controllable outlays	**27.3**	**26.9**	**24.5**
Undistributed employer share, employee retirement	**−3.1**	**−3.0**	**−2.9**
Total outlays	**100.0**	**100.0**	**100.0**

* −$50 million or less.

[1] Excluding prior year contracts and obligations for activities shown as "open-ended programs and fixed costs."

[2] In addition to amounts provided under current law, includes the effect of proposed legislation as follows: for open-ended programs and fixed costs, −$0.3 billion in 1989 and −$12.6 billion in 1990 (all of which is for civilian programs); and for other relatively controllable programs, −$8.3 billion in 1990 (of which $0.1 billion is for national defense and −$8.4 billion is for civilian programs).

Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980–90

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
050 NATIONAL DEFENSE:											
051 Department of Defense—Military:											
Military Personnel	40,897	47,941	55,170	60,886	64,158	67,842	71,511	72,020	76,337	78,229	79,377
Operation and Maintenance	44,788	51,885	59,695	64,932	67,388	72,371	75,288	76,205	84,475	85,394	88,673
Procurement	29,021	35,191	43,271	53,624	61,879	70,381	76,517	80,744	77,166	80,651	78,711
Research, Development, Test, and Evaluation	13,127	15,278	17,729	20,554	23,117	27,103	32,283	33,596	34,792	37,023	38,700
Military Construction	2,450	2,458	2,922	3,524	3,706	4,260	5,067	5,853	5,874	5,751	5,361
Family Housing	1,680	1,721	1,993	2,126	2,413	2,642	2,819	2,908	3,082	3,215	3,353
Other	−1,050	−605	−65	−1,236	−1,732	553	1,995	2,640	210	−463	−355
051 Subtotal, Department of Defense-Military	130,912	153,868	180,714	204,410	220,928	245,154	265,480	273,966	281,935	289,800	293,820
053 Atomic energy defense activities	2,878	3,398	4,309	5,171	6,120	7,098	7,445	7,451	7,913	7,945	8,647
054 Defense-related activities	206	246	286	322	365	495	450	582	512	510	524
TOTAL, 050 NATIONAL DEFENSE	**133,995**	**157,513**	**185,309**	**209,903**	**227,413**	**252,748**	**273,375**	**281,999**	**290,361**	**298,255**	**302,991**
150 INTERNATIONAL AFFAIRS:											
151 International development and humanitarian assistance	3,626	4,131	3,772	3,955	4,478	5,409	4,968	4,319	4,703	4,907	4,805
152 International security assistance	4,763	5,095	5,416	6,613	7,924	9,391	10,499	7,106	4,500	2,823	8,428
153 Conduct of foreign affairs	1,366	1,343	1,625	1,761	1,872	2,043	2,270	2,208	2,729	2,822	3,117
154 Foreign information and exchange activities	534	528	575	607	691	805	917	1,000	1,051	1,154	1,263
155 International financial programs	2,425	2,007	911	−1,089	910	−1,471	−4,501	−2,985	−2,513	−957	−291
TOTAL, 150 INTERNATIONAL AFFAIRS	**12,714**	**13,104**	**12,300**	**11,848**	**15,876**	**16,176**	**14,152**	**11,649**	**10,471**	**10,748**	**17,322**

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY:											
251 General science and basic research	1,381	1,477	1,607	1,644	1,849	2,019	2,221	2,260	2,428	2,734	3,133
253 Space flight	2,594	3,053	3,543	4,053	4,028	3,989	3,794	4,137	5,007	6,245	7,512
254 Space, science, applications, and technology	1,346	1,384	1,457	1,486	1,687	1,858	2,127	1,942	2,261	2,727	2,996
255 Supporting space activities	512	555	593	751	754	761	835	878	1,145	886	1,221
TOTAL, 250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY	**5,832**	**6,469**	**7,200**	**7,935**	**8,317**	**8,627**	**8,976**	**9,216**	**10,841**	**12,593**	**14,863**
270 ENERGY:											
271 Energy supply	8,367	10,202	8,263	6,143	3,255	2,615	2,839	2,318	746	2,436	978
272 Energy conservation	569	730	516	477	527	491	515	281	342	314	316
274 Emergency energy preparedness	342	3,280	3,877	1,855	2,518	1,838	597	788	568	652	348
276 Energy information, policy, and regulation	878	955	871	878	787	740	785	727	640	735	635
TOTAL, 270 ENERGY	**10,156**	**15,166**	**13,527**	**9,353**	**7,086**	**5,685**	**4,735**	**4,115**	**2,297**	**4,137**	**2,277**
300 NATURAL RESOURCES AND ENVIRONMENT:											
301 Water resources	4,223	4,132	3,948	3,904	4,070	4,122	4,041	3,783	4,034	4,391	4,247
302 Conservation and land management	1,043	1,191	1,084	1,503	1,302	1,481	1,388	1,473	2,189	3,278	1,204
303 Recreational resources	1,677	1,597	1,435	1,454	1,581	1,621	1,513	1,564	1,673	1,726	1,630
304 Pollution control and abatement	5,510	5,170	5,012	4,263	4,044	4,465	4,831	4,869	4,832	5,122	5,486
306 Other natural resources	1,405	1,478	1,519	1,548	1,595	1,668	1,866	1,675	1,878	1,970	1,865
TOTAL, 300 NATURAL RESOURCES AND ENVIRONMENT	**13,858**	**13,568**	**12,998**	**12,672**	**12,593**	**13,357**	**13,639**	**13,363**	**14,606**	**16,487**	**14,434**
350 AGRICULTURE:											
351 Farm income stabilization	7,441	9,783	14,344	21,323	11,877	23,751	29,608	24,742	15,246	18,804	13,788
352 Agricultural research and services	1,398	1,540	1,599	1,578	1,736	1,813	1,841	1,864	1,964	2,099	2,104
TOTAL, 350 AGRICULTURE	**8,839**	**11,323**	**15,944**	**22,901**	**13,613**	**25,565**	**31,449**	**26,606**	**17,210**	**20,903**	**15,892**

Table 16. **OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980–90—Continued**

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
370 COMMERCE AND HOUSING CREDIT:											
371 Mortgage credit and deposit insurance	5,602	4,696	4,016	3,880	3,766	871	2,341	3,062	14,997	17,238	3,069
372 Postal Service	1,246	1,432	154	1,111	1,239	1,351	758	1,593	2,229	579	2,214
376 Other advancement of commerce	2,542	2,078	2,085	1,690	1,913	2,007	1,790	1,527	1,581	2,223	2,980
TOTAL, 370 COMMERCE AND HOUSING CREDIT	**9,390**	**8,206**	**6,256**	**6,681**	**6,917**	**4,229**	**4,890**	**6,182**	**18,808**	**20,040**	**8,262**
400 TRANSPORTATION:											
401 Ground transportation	15,274	17,074	14,321	14,265	16,158	17,606	18,725	17,150	18,148	17,949	17,230
402 Air transportation	3,723	3,814	3,526	4,000	4,415	4,895	5,287	5,520	5,897	6,546	7,507
403 Water transportation	2,229	2,381	2,687	2,969	3,010	3,201	3,964	3,461	3,111	3,395	3,403
407 Other transportation	104	110	90	99	85	137	140	91	116	137	144
TOTAL, 400 TRANSPORTATION	**21,329**	**23,379**	**20,625**	**21,334**	**23,669**	**25,838**	**28,117**	**26,222**	**27,272**	**28,027**	**28,287**
450 COMMUNITY AND REGIONAL DEVELOPMENT:											
451 Community development	4,907	5,070	4,608	4,353	4,520	4,598	4,095	3,680	3,449	3,769	3,816
452 Area and regional development	4,303	3,818	3,841	3,208	3,034	3,117	2,723	1,599	2,075	2,445	2,519
453 Disaster relief and insurance	2,043	1,680	−102	−1	119	−35	416	−229	−230	89	31
TOTAL, 450 COMMUNITY AND REGIONAL DEVELOPMENT	**11,252**	**10,568**	**8,347**	**7,560**	**7,673**	**7,680**	**7,233**	**5,051**	**5,294**	**6,303**	**6,365**
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:											
501 Elementary, secondary, and vocational education	6,908	7,157	6,780	6,294	6,520	7,633	7,832	7,911	8,413	9,178	9,687
502 Higher education	6,726	8,866	7,206	7,231	7,383	8,211	8,415	7,406	8,299	9,889	12,927
503 Research and general education aids	1,197	997	1,041	1,055	1,210	1,121	1,164	1,255	1,261	1,413	1,503

504 Training and employment	10,345	9,241	5,464	5,295	4,644	4,972	5,257	5,084	5,215	5,384	5,308
505 Other labor services	551	587	589	599	639	678	672	675	739	801	803
506 Social services	6,116	6,861	5,950	6,133	7,185	6,728	7,246	7,394	8,011	9,686	9,303
TOTAL, 500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES	**31,843**	**33,709**	**27,029**	**26,606**	**27,579**	**29,342**	**30,585**	**29,724**	**31,938**	**36,351**	**39,531**
550 HEALTH:											
551 Health care services	18,003	21,205	21,786	23,008	24,522	26,984	28,850	32,616	36,019	40,549	42,357
552 Health research	3,442	3,836	3,948	3,973	4,379	4,908	5,393	5,599	6,645	7,332	8,045
553 Education and training of health care work force	719	779	670	578	388	468	529	556	541	536	459
554 Consumer and occupational health and safety	1,006	1,047	1,041	1,081	1,129	1,182	1,165	1,197	1,285	1,345	1,316
TOTAL, 550 HEALTH	**23,169**	**26,866**	**27,445**	**28,641**	**30,417**	**33,542**	**35,936**	**39,968**	**44,490**	**49,761**	**52,177**
570 MEDICARE	**32,090**	**39,149**	**46,567**	**52,588**	**57,540**	**65,822**	**70,164**	**75,120**	**78,878**	**86,734**	**94,918**
600 INCOME SECURITY:											
601 General retirement and disability insurance (excluding social security)	5,083	5,439	5,571	5,581	5,441	5,617	5,330	5,565	5,294	5,589	5,432
602 Federal employee retirement and disability	26,594	31,277	34,325	36,507	38,054	38,591	41,363	43,745	46,879	49,445	49,749
603 Unemployment compensation	18,051	19,656	23,728	31,464	18,421	17,475	17,753	17,080	15,271	15,782	16,050
604 Housing assistance	5,632	7,752	8,738	9,998	11,270	25,263	12,383	12,656	13,906	15,299	16,197
605 Food and nutrition assistance	14,016	16,205	15,581	17,952	18,055	18,540	18,602	18,940	20,083	21,259	20,554
609 Other income security	17,163	19,394	19,774	21,096	21,427	22,715	24,364	25,264	27,899	29,574	28,806
TOTAL, 600 INCOME SECURITY	**86,540**	**99,723**	**107,717**	**122,598**	**112,668**	**128,200**	**119,796**	**123,250**	**129,332**	**136,947**	**136,788**
650 SOCIAL SECURITY	**118,547**	**139,584**	**155,964**	**170,724**	**178,223**	**188,623**	**198,757**	**207,353**	**219,341**	**232,334**	**246,724**
On-budget	(675)	(670)	(844)	(19,993)	(7,056)	(5,189)	(8,072)	(4,930)	(4,852)	(5,414)	(6,167)
Off-budget	(117,872)	(138,914)	(155,120)	(150,731)	(171,167)	(183,434)	(190,684)	(202,422)	(214,489)	(226,920)	(240,557)
700 VETERANS BENEFITS AND SERVICES:											
701 Income security for veterans	11,688	12,909	13,710	14,250	14,400	14,714	15,031	14,962	15,963	15,617	16,397

Table 16. **OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980–90—Continued**

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
702 Veterans education, training and rehabilitation	2,342	2,254	1,947	1,625	1,359	1,059	526	454	454	415	259
703 Hospital and medical care for veterans	6,515	6,965	7,517	8,272	8,861	9,547	9,872	10,266	10,842	11,233	11,140
704 Veterans housing	−23	201	102	3	244	214	114	330	1,292	1,088	1,159
705 Other veterans benefits and services	665	662	682	696	751	758	813	769	877	864	918
TOTAL, 700 VETERANS BENEFITS AND SERVICES	**21,185**	**22,991**	**23,958**	**24,846**	**25,614**	**26,292**	**26,356**	**26,782**	**29,428**	**29,218**	**29,872**
750 ADMINISTRATION OF JUSTICE:											
751 Federal law enforcement activities	2,237	2,437	2,529	2,887	3,205	3,526	3,632	4,105	5,061	4,709	5,507
752 Federal litigative and judicial activities	1,347	1,491	1,517	1,627	1,825	2,064	2,176	2,482	2,880	3,150	3,184
753 Federal correctional activities	342	361	364	418	494	537	614	711	930	1,196	1,462
754 Criminal justice assistance	656	473	294	167	136	150	181	250	352	373	444
TOTAL, 750 ADMINISTRATION OF JUSTICE	**4,582**	**4,762**	**4,703**	**5,099**	**5,660**	**6,277**	**6,603**	**7,548**	**9,223**	**9,428**	**10,598**
800 GENERAL GOVERNMENT:											
801 Legislative functions	1,038	1,041	1,181	1,196	1,319	1,355	1,383	1,444	1,599	1,720	1,696
802 Executive direction and management	97	100	96	96	97	113	109	110	120	136	138
803 Central fiscal operations	2,614	2,616	2,593	3,053	3,254	3,485	3,605	3,918	4,809	5,456	5,711
804 General property and records management	327	144	238	196	201	96	475	146	−182	71	220
805 Central personnel management	154	159	136	115	139	164	126	143	113	159	163
806 General purpose fiscal assistance	8,582	6,854	6,390	6,452	6,768	6,353	6,431	1,621	1,816	1,948	1,793
808 Other general government	569	745	504	768	557	521	482	810	1,893	900	732
809 Deductions for offsetting receipts	−351	−222	−216	−636	−513	−506	−78	−623	−694	−400	−459
TOTAL, 800 GENERAL GOVERNMENT	**13,030**	**11,436**	**10,922**	**11,241**	**11,821**	**11,582**	**12,533**	**7,569**	**9,474**	**9,990**	**9,993**

870 CENTRAL FEDERAL CREDIT ACTIVITIES											**−7,156**
900 NET INTEREST:											
901 Interest on the public debt	74,781	95,503	117,190	128,619	153,822	178,823	190,155	195,249	214,066	235,618	248,086
902 Interest received by on-budget trust funds	−9,707	−11,523	−13,995	−15,257	−17,044	−21,838	−26,558	−29,662	−34,480	−39,775	−44,652
903 Interest received by off-budget trust funds	−2,339	−2,288	−2,071	−1,845	−3,310	−4,118	−4,329	−5,290	−7,416	−11,210	−14,888
908 Other interest	−10,224	−12,958	−16,129	−21,743	−22,410	−23,438	−23,298	−21,727	−20,422	−18,929	−18,437
TOTAL, 900 NET INTEREST	**52,512**	**68,734**	**84,995**	**89,774**	**111,058**	**129,430**	**135,969**	**138,570**	**151,748**	**165,704**	**170,109**
On-budget	(54,851)	(71,022)	(87,065)	(91,619)	(114,368)	(133,548)	(140,298)	(143,860)	(159,164)	(176,914)	(184,997)
Off-budget	(−2,339)	(−2,288)	(−2,071)	(−1,845)	(−3,310)	(−4,118)	(−4,329)	(−5,290)	(−7,416)	(−11,210)	(−14,888)
920 ALLOWANCES:											
921 Civilian agency pay raises											157
924 Employee health benefits reform											−256
925 Reduced Government mail rates											−261
TOTAL, 920 ALLOWANCES											**−360**
950 UNDISTRIBUTED OFFSETTING RECEIPTS:											
951 Employer share, employee retirement (on-budget)	−14,638	−16,473	−18,203	−21,706	−23,219	−24,648	−25,434	−27,259	−29,037	−29,427	−27,844
952 Employer share, employee retirement (off-budget)	−1,204	−1,430	−1,646	−1,778	−2,044	−2,509	−2,857	−3,300	−4,382	−4,849	−5,551
953 Rents and royalties on the Outer Continental Shelf	−4,101	−10,138	−6,250	−10,491	−6,694	−5,542	−4,716	−4,021	−3,548	−2,655	−3,710
954 Sale of major assets								−1,875			−2,285
959 Other undistributed offsetting receipts											−2,652
TOTAL, 950 UNDISTRIBUTED OFFSETTING RECEIPTS	**−19,942**	**−28,041**	**−26,099**	**−33,976**	**−31,957**	**−32,698**	**−33,007**	**−36,455**	**−36,967**	**−36,931**	**−42,042**
On-budget	(−18,738)	(−26,611)	(−24,453)	(−32,198)	(−29,913)	(−30,189)	(−30,150)	(−33,155)	(−32,585)	(−32,082)	(−36,491)
Off-budget	(−1,204)	(−1,430)	(−1,646)	(−1,778)	(−2,044)	(−2,509)	(−2,857)	(−3,300)	(−4,382)	(−4,849)	(−5,551)

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Table 16. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1980–90—Continued

(In millions of dollars)

Function and subfunction	Actual									Estimate	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
TOTAL OUTLAYS	**590,920**	**678,209**	**745,706**	**808,327**	**851,781**	**946,316**	**990,258**	**1,003,830**	**1,064,044**	**1,137,030**	**1,151,848**
On-budget	(476,591)	(543,013)	(594,302)	(661,219)	(685,968)	(769,509)	(806,760)	(809,998)	(861,352)	(926,169)	(931,730)
Off-budget	(114,329)	(135,196)	(151,404)	(147,108)	(165,813)	(176,807)	(183,498)	(193,832)	(202,691)	(210,861)	(220,118)
MEMORANDUM											
On-budget:											
Federal funds	433,468	496,182	543,437	613,168	637,839	725,897	756,474	760,166	813,069	877,191	884,634
Trust funds	84,756	94,193	107,930	124,421	125,436	152,730	161,829	163,550	173,225	184,271	190,848
Interfund transactions	−41,632	−47,362	−57,065	−76,371	−77,307	−109,118	−111,543	−113,718	−124,942	−135,293	−143,752
Total on-budget	476,591	543,013	594,302	661,219	685,968	769,509	806,760	809,998	861,352	926,169	931,730
Off-budget (trust funds)	114,329	135,196	151,404	147,108	165,813	176,807	183,498	193,832	202,691	210,861	220,118
Total	590,920	678,209	745,706	808,327	851,781	946,316	990,258	1,003,830	1,064,044	1,137,030	1,151,848

Table 17. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1973–94

(Dollar amounts in billions)

Fiscal year	Gross national product	Receipts						Outlays					
		Total		On-budget		Off-budget [1]		Total		On-budget		Off-budget [1]	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1973	1,281.4	230.8	18.0	184.7	14.4	46.1	3.6	245.7	19.2	200.1	15.6	45.6	3.6
1974	1,416.5	263.2	18.6	209.3	14.8	53.9	3.8	269.4	19.0	217.3	15.3	52.1	3.7
1975	1,522.5	279.1	18.3	216.6	14.2	62.5	4.1	332.3	21.8	271.9	17.9	60.4	4.0
1976	1,698.2	298.1	17.6	231.7	13.6	66.4	3.9	371.8	21.9	302.2	17.8	69.6	4.1
1977	1,933.0	355.6	18.4	278.7	14.4	76.8	4.0	409.2	21.2	328.5	17.0	80.7	4.2
1978	2,171.8	399.6	18.4	314.2	14.5	85.4	3.9	458.7	21.1	369.1	17.0	89.7	4.1
1979	2,447.8	463.3	18.9	365.3	14.9	98.0	4.0	503.5	20.6	403.5	16.5	100.0	4.1
1980	2,670.6	517.1	19.4	403.9	15.1	113.2	4.2	590.9	22.1	476.6	17.8	114.3	4.3
1981	2,986.4	599.3	20.1	469.1	15.7	130.2	4.4	678.2	22.7	543.0	18.2	135.2	4.5
1982	3,139.1	617.8	19.7	474.3	15.1	143.5	4.6	745.7	23.8	594.3	18.9	151.4	4.8
1983	3,321.9	600.6	18.1	453.2	13.6	147.3	4.4	808.3	24.3	661.2	19.9	147.1	4.4
1984	3,687 7	666.5	18.1	500.4	13.6	166.1	4.5	851.8	23.1	686.0	18.6	165.8	4.5
1985	3,952.4	734.1	18.6	547.9	13.9	186.2	4.7	946.3	23.9	769.5	19.5	176.8	4.5
1986	4,186.8	769.1	18.4	568.9	13.6	200.2	4.8	990.3	23.7	806.8	19.3	183.5	4.4
1987	4,433.8	854.1	19.3	640.7	14.5	213.4	4.8	1,003.8	22.6	810.0	18.3	193.8	4.4
1988	4,780.0	909.0	19.0	667.5	14.0	241.5	5.1	1,064.0	22.3	861.4	18.0	202.7	4.2
1989 estimate	5,119.7	975.5	19.1	708.7	13.8	266.9	5.2	1,137.0	22.2	926.2	18.1	210.9	4.1
1990 estimate	5,475.7	1,059.3	19.3	770.4	14.1	288.9	5.3	1,151.8	21.0	931.7	17.0	220.1	4.0
1991 estimate	5,847.6	1,140.5	19.5	828.0	14.2	312.5	5.3	1,207.3	20.6	975.6	16.7	231.7	4.0
1992 estimate	6,208.5	1,212.2	19.5	880.4	14.2	331.8	5.3	1,244.4	20.0	1,003.6	16.2	240.8	3.9
1993 estimate	6,555.1	1,281.4	19.5	927.1	14.1	354.4	5.4	1,279.0	19.5	1,029.3	15.7	249.8	3.8
1994 estimate	6,887.5	1,345.0	19.5	970.7	14.1	374.2	5.4	1,311.6	19.0	1,053.8	15.3	257.8	3.7

Table 17. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1973–94—Continued

(Dollar amounts in billions)

Fiscal year	Gross national product	Surplus or deficit (–)						Federal debt, end of year					
		Total		On-budget		Off-budget [1]		Gross		Held by Government accounts		Held by the public	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1973	1,281.4	−14.9	−1.2	−15.4	−1.2	0.5	*	466.3	36.4	125.4	9.8	340.9	26.6
1974	1,416.5	−6.1	−.4	−8.0	−.6	1.8	0.1	483.9	34.2	140.2	9.9	343.7	24.3
1975	1,522.5	−53.2	−3.5	−55.3	−3.6	2.0	0.1	541.9	35.6	147.2	9.7	394.7	25.9
1976	1,698.2	−73.7	−4.3	−70.5	−4.2	−3.2	−.2	629.0	37.0	151.6	8.9	477.4	28.1
1977	1,933.0	−53.6	−2.8	−49.7	−2.6	−3.9	−.2	706.4	36.5	157.3	8.1	549.1	28.4
1978	2,171.8	−59.2	−2.7	−54.9	−2.5	−4.3	−.2	776.6	35.8	169.5	7.8	607.1	28.0
1979	2,447.8	−40.2	−1.6	−38.2	−1.6	−2.0	−.1	828.9	33.9	189.2	7.7	639.8	26.1
1980	2,670.6	−73.8	−2.8	−72.7	−2.7	−1.1	−*	908.5	34.0	199.2	7.5	709.3	26.6
1981	2,986.4	−78.9	−2.6	−73.9	−2.5	−5.0	−.2	994.3	33.3	209.5	7.0	784.8	26.3
1982	3,139.1	−127.9	−4.1	−120.0	−3.8	−7.9	−.3	1,136.8	36.2	217.6	6.9	919.2	29.3
1983	3,321.9	−207.8	−6.3	−208.0	−6.3	0.2	*	1,371.2	41.3	240.1	7.2	1,131.0	34.0
1984	3,687.7	−185.3	−5.0	−185.6	−5.0	0.3	*	1,564.1	42.4	264.2	7.2	1,300.0	35.3
1985	3,952.4	−212.3	−5.4	−221.6	−5.6	9.4	0.2	1,817.0	46.0	317.6	8.0	1,499.4	37.9
1986	4,186.8	−221.2	−5.3	−237.9	−5.7	16.7	0.4	2,120.1	50.6	383.9	9.2	1,736.2	41.5
1987	4,433.8	−149.7	−3.4	−169.3	−3.8	19.6	0.4	2,345.6	52.9	457.4	10.3	1,888.1	42.6
1988	4,780.0	−155.1	−3.2	−193.9	−4.1	38.8	0.8	2,600.8	54.4	550.6	11.5	2,050.2	42.9
1989 estimate	5,119.7	−161.5	−3.2	−217.5	−4.2	56.0	1.1	2,868.8	56.0	675.0	13.2	2,193.8	42.9
1990 estimate	5,475.7	−92.5	−1.7	−161.3	−2.9	68.8	1.3	3,107.2	56.7	822.2	15.0	2,285.0	41.7
1991 estimate	5,847.6	−66.8	−1.1	−147.6	−2.5	80.8	1.4	3,335.6	57.0	984.3	16.8	2,351.2	40.2
1992 estimate	6,208.5	−32.2	−.5	−123.2	−2.0	91.0	1.5	3,537.1	57.0	1,154.2	18.6	2,382.9	38.4
1993 estimate	6,555.1	2.4	*	−102.2	−1.6	104.6	1.6	3,719.7	56.7	1,339.8	20.4	2,379.9	36.3
1994 estimate	6,887.5	33.4	0.5	−83.1	−1.2	116.4	1.7	3,886.4	56.4	1,540.4	22.4	2,346.0	34.1

* 0.05 percent or less. [1] Social security trust funds. Note: Excludes transition quarter.

Table 18. COMPOSITION OF RECEIPTS AND OUTLAYS IN CURRENT DOLLARS: 1975–94

(In billions of dollars)

Fiscal year	Receipts	Outlays								Surplus or deficit (–)
		Total	National defense	Nondefense						
				Total nondefense	Payments for individuals	All other grants [1]	Net interest	Other	Undistributed offsetting receipts	
1975	279.1	332.3	86.5	245.8	153.5	33.3	23.2	49.4	–13.6	–53.2
1976	298.1	371.8	89.6	282.2	180.1	39.4	26.7	50.3	–14.4	–73.7
1977	355.6	409.2	97.2	312.0	196.3	46.1	29.9	54.5	–14.9	–53.6
1978	399.6	458.7	104.5	354.2	211.0	53.7	35.4	69.9	–15.7	–59.2
1979	463.3	503.5	116.3	387.1	232.9	55.9	42.6	73.2	–17.5	–40.2
1980	517.1	590.9	134.0	456.9	277.5	59.4	52.5	87.4	–19.9	–73.8
1981	599.3	678.2	157.5	520.7	323.4	57.8	68.7	98.8	–28.0	–78.9
1982	617.8	745.7	185.3	560.4	356.7	50.3	85.0	94.5	–26.1	–127.9
1983	600.6	808.3	209.9	598.4	395.4	50.8	89.8	96.5	–34.0	–207.8
1984	666.5	851.8	227.4	624.4	399.8	53.2	111.1	92.2	–32.0	–185.3
1985	734.1	946.3	252.7	693.6	425.6	57.6	129.4	113.6	–32.7	–212.3
1986	769.1	990.3	273.4	716.9	449.4	59.3	136.0	105.1	–33.0	–221.2
1987	854.1	1,003.8	282.0	721.8	469.4	51.8	138.6	98.4	–36.5	–149.7
1988	909.0	1,064.0	290.4	773.7	498.8	54.1	151.7	106.0	–37.0	–155.1
1989 estimate	975.5	1,137.0	298.3	838.8	534.5	56.8	165.7	118.7	–36.9	–161.5
1990 estimate	1,059.3	1,151.8	303.0	848.9	564.5	56.1	170.1	100.2	–42.0	–92.5
1991 estimate	1,140.5	1,207.3	314.4	892.9	603.4	55.7	165.7	110.4	–42.3	–66.8
1992 estimate	1,212.2	1,244.4	326.4	918.0	643.4	54.3	154.5	107.8	–42.0	–32.2
1993 estimate	1,281.4	1,279.0	339.9	939.1	680.1	53.3	144.0	105.0	–43.4	2.4
1994 estimate	1,345.0	1,311.6	354.3	957.3	718.1	53.0	132.3	99.8	–45.9	33.4

Note: Excludes transition quarter. Includes off-budget amounts.

[1] Grants to State and local governments excluding those for payments for individuals.

Table 19. COMPOSITION OF RECEIPTS AND OUTLAYS IN CONSTANT (FISCAL YEAR 1982) DOLLARS: 1975–94

(In billions of dollars)

Fiscal year	Receipts	Outlays								Surplus or deficit (–)
		Total	National defense	Nondefense						
				Total nondefense	Payments for individuals	All other grants [1]	Net interest	Other	Undistributed offsetting receipts	
1975	492.1	586.0	159.8	426.2	265.8	58.5	40.4	84.9	–23.4	–93.9
1976	488.9	609.8	153.6	456.2	291.7	64.3	43.0	80.1	–22.9	–120.9
1977	541.0	622.6	154.3	468.3	295.5	70.1	44.6	79.9	–21.7	–81.6
1978	568.0	652.2	155.0	497.1	296.8	75.7	49.4	96.9	–21.7	–84.1
1979	607.5	660.2	159.1	501.0	301.6	71.8	54.7	95.9	–22.9	–52.7
1980	611.7	699.1	164.0	535.1	324.7	68.4	62.0	103.8	–23.8	–87.3
1981	642.0	726.5	171.4	555.2	344.3	61.3	73.7	106.0	–30.1	–84.6
1982	617.8	745.7	185.3	560.4	356.7	50.3	85.0	94.5	–26.1	–127.9
1983	575.8	775.0	201.3	573.7	378.6	48.8	86.1	92.6	–32.5	–199.2
1984	616.6	788.1	211.3	576.8	368.7	49.3	102.7	85.6	–29.4	–171.5
1985	659.1	849.6	230.0	619.7	380.0	51.0	116.0	101.7	–29.0	–190.6
1986	673.8	867.5	243.7	623.8	390.6	50.9	118.7	92.2	–28.6	–193.8
1987	729.8	857.8	250.3	607.4	393.1	43.4	117.2	84.6	–30.8	–127.9
1988	751.0	879.2	252.9	626.3	400.1	43.4	124.4	88.9	–30.6	–128.1
1989 estimate	774.2	902.4	250.0	652.4	412.3	43.2	130.7	95.6	–29.4	–128.2
1990 estimate	810.4	881.2	244.6	636.5	420.2	40.8	129.4	78.4	–32.3	–70.8
1991 estimate	843.3	892.7	245.6	647.1	434.7	38.8	122.1	83.4	–31.9	–49.4
1992 estimate	871.7	894.9	248.3	646.6	450.8	36.4	110.7	79.3	–30.6	–23.2
1993 estimate	901.4	899.7	253.0	646.7	465.8	34.6	100.8	75.6	–30.2	1.7
1994 estimate	929.3	906.3	259.4	647.0	483.1	33.6	91.0	70.7	–31.4	23.0

Note: Excludes transition quarter. Includes off-budget amounts.

[1] Grants to State and local governments excluding those for payments for individuals.

Table 24. **TOTAL RECEIPTS AND OUTLAYS, 1789–1994** (In millions of dollars)

Fiscal year	Receipts	Outlays	Surplus or deficit (–)
1789–1849	1,160	1,090	+70
1850–1900	14,462	15,453	–991
1901	588	525	+63
1902	562	485	+77
1903	562	517	+45
1904	541	584	–43
1905	544	567	–23
1906	595	570	+25
1907	666	579	+87
1908	602	659	–57
1909	604	694	–89
1910	676	694	–18
1911	702	691	+11
1912	693	690	+3
1913	714	715	–*
1914	725	726	–*
1915	683	746	–63
1916	761	713	+48
1917	1,101	1,954	–853
1918	3,645	12,677	–9,032
1919	5,130	18,493	–13,363
1920	6,649	6,358	+291
1921	5,571	5,062	+509
1922	4,026	3,289	+736
1923	3,853	3,140	+713
1924	3,871	2,908	+963
1925	3,641	2,924	+717
1926	3,795	2,930	+865
1927	4,013	2,857	+1,155
1928	3,900	2,961	+939
1929	3,862	3,127	+734
1930	4,058	3,320	+738
1931	3,116	3,577	–462
1932	1,924	4,659	–2,735
1933	1,997	4,598	–2,602
1934	2,955	6,541	–3,586
1935	3,609	6,412	–2,803
1936	3,923	8,228	–4,304
1937	5,387	7,580	–2,193
1938	6,751	6,840	–89
1939	6,295	9,141	–2,846
1940	6,548	9,468	–2,920
1941	8,712	13,653	–4,941
1942	14,634	35,137	–20,503
1943	24,001	78,555	–54,554
1944	43,747	91,304	–47,557
1945	45,159	92,712	–47,553
1946	39,296	55,232	–15,936
1947	38,514	34,496	+4,018
1948	41,560	29,764	+11,796
1949	39,415	38,835	+580
1950	39,443	42,562	–3,119
1951	51,616	45,514	+6,102
1952	66,167	67,686	–1,519
1953	69,608	76,101	–6,493
1954	69,701	70,855	–1,154
1955	65,451	68,444	–2,993
1956	74,587	70,640	+3,947
1957	79,990	76,578	+3,412
1958	79,636	82,405	–2,769
1959	79,249	92,098	–12,849
1960	92,492	92,191	+301
1961	94,388	97,723	–3,335
1962	99,676	106,821	–7,146
1963	106,560	111,316	–4,756
1964	112,613	118,528	–5,915
1965	116,817	118,228	–1,411
1966	130,835	134,532	–3,698
1967	148,822	157,464	–8,643
1968	152,973	178,134	–25,161
1969	186,882	183,640	+3,242
1970	192,807	195,649	–2,842
1971	187,139	210,172	–23,033
1972	207,309	230,681	–23,373
1973	230,799	245,707	–14,908
1974	263,224	269,359	–6,135
1975	279,090	332,332	–53,242
1976	298,060	371,779	–73,719
TQ	81,232	95,973	–14,741
1977	355,559	409,203	–53,644
1978	399,561	458,729	–59,168
1979	463,302	503,464	–40,162
1980	517,112	590,920	–73,808
1981	599,272	678,209	–78,936
1982	617,766	745,706	–127,940
1983	600,562	808,327	–207,764
1984	666,457	851,781	–185,324
1985	734,057	946,316	–212,260
1986	769,091	990,258	–221,167
1987	854,143	1,003,830	–149,687
1988	908,954	1,064,044	–155,090
1989 est	975,534	1,137,030	–161,496
1990 est	1,059,339	1,151,848	–92,509
1991 est	1,140,489	1,207,291	–66,802
1992 est	1,212,216	1,244,438	–32,222
1993 est	1,281,424	1,279,008	+2,416
1994 est	1,344,954	1,311,601	+33,353

* $500 thousand or less.

Data for 1789–1933 are for the administrative budget; data for 1934 and all following years are for the unified budget. Includes amounts for social security trust funds that are off-budget, which begin in 1937. See table 25 for details.

THE BUDGET OF THE UNITED STATES GOVERNMENT, 1990

RECOMMENDATIONS FOR EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

RECOMMENDATIONS FOR EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

To the Speaker of the House of Representatives and the President of the Senate:

As required by section 225 of the Federal Salary Act of 1967, Public Law 90-206 (2 U.S.C. 351 et seq.), the latest Quadrennial Commission on Executive, Legislative, and Judicial Salaries ("Commission") has submitted to me recommendations on salaries for Senators, Representatives, Federal judges, Cabinet officers, and other agency heads, and certain other officials in the executive, legislative, and judicial branches.

The statute requires that, in the budget next submitted after receipt of the report of the Commission, I set forth recommendations for adjustment of these salaries. Pursuant to section 225(i), as amended by section 135 of Public Law 99-190, these recommendations will be effective unless Congress disapproves the recommendation by a joint resolution within 30 days following the transmittal of my budget.

The Commission's report, submitted to me on December 14, 1988, documented both the substantial erosion in the real level of Federal executive pay which has occurred since 1969 and the recruitment and retention problems that have resulted, especially for the Federal judiciary. The Commission is to be commended for its diligent and conscientious effort to address the complicated and complex problems associated with Federal pay levels.

The Commission found that Federal executives and legislators have experienced a decline of approximately 35 percent in real salaries since 1969. In contrast, the salaries of General Schedule employees have declined by only 8 percent over the same period. The Commission's recommendations go a long way towards compensating for this salary erosion, but they do not make up the full gap. For example, for an official at Executive Level II, which is also the Congressional salary rate, the salary level adjusted for inflation since 1969 would be $140,340, while the Commission's recommendation is $135,000.

Every one of the Commissions that has met over the past 20 years concluded that a pay increase for key Federal officials was necessary. Each Commission found that pay for senior Government officials fell far behind that of their counterparts in the private

sector. They also surmised that we cannot afford a Government composed primarily of those wealthy enough to serve.

In accepting the Commission's salary recommendations, I recognize that we are under a mandate to reduce the Federal deficit and hold the costs of Government to an absolute minimum. Thus, while I have decided to propose a pay increase which accepts in full the salary recommendations made by the Commissioners in their report to me last month, this proposal will not increase the deficit; the funding for the pay increase will be fully absorbed within proposed budget levels.

This increase fulfills my promise made in January 1987, that, assuming continued progress toward eliminating the deficit and favorable economic conditions, I would recommend another step toward overcoming the erosion of real income.

While this represents a substantial increase in salaries, it is coupled with the salutary recommendation of a ban on receipt of all honoraria in all branches of Government. The Commission further recommended that Congress enact legislation to bar officials in the three branches from receiving outside earned income for activities that conflict with the performance of official duties. I endorse these recommendations of the Commission as an appropriate step toward better government. A salary increase and a prohibition on receipt of honoraria together will help ensure that the Government is able to attract and keep talented senior officials and that the questions that arise from outside payments of honoraria are put to rest.

Accordingly, pursuant to subparagraphs (A), (B), (C), and (D) of section 225(f) and section 225(h) of Public Law 90-206 (81 Stat. 643 and 644), as amended:

For the Vice President of the United States	$175,000
For offices and positions under the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code, as follows:	
Positions at level I	155,000
Positions at level II	135,000
Positions at level III	125,000
Positions at level IV	120,000
Positions at level V	115,000
For the Speaker of the House of Representatives	175,000
For the President Pro Tempore of the Senate, majority leader and minority leader of the Senate, and majority leader and minority leader of the House of Representatives	155,000
For Senators, Members of the House of Representatives, Delegates to the House of Representatives, and the Resident Commissioner from Puerto Rico	135,000
For other officers and positions in the legislative branch as follows:	
Comptroller General of the United States	135,000
Deputy Comptroller General of the United States, Librarian of Congress, and Architect of the Capitol	125,000
General Counsel of the General Accounting Office, Deputy Librarian of Congress, and Assistant Architect of the Capitol	120,000

For Justices, judges, and other personnel in the judicial branch as follows:

Chief Justice of the United States	175,000
Associate Justices of the Supreme Court	165,000
Judges:	
U.S. Courts of Appeals	140,000
Court of Military Appeals	140,000
U.S. District Courts	135,000
Court of International Trade	135,000
Tax Court of the United States	135,000
U.S. Claims Court	135,000

RONALD REAGAN

JANUARY 9, 1989

PART I

DETAILED BUDGET ESTIMATES

Department of Defense—Military
Department of Defense—Civil

Pages I-1 through I-6, I-G1 through I-G72, I-H1, I-H11 through I-H14 have been extracted and reprinted in that order within.

The entire part may be referred to on pages I-1 through I-Z121 of the "Budget of the United States Government" (APPENDIX).

EXPLANATION OF ESTIMATES

Part I contains various tables and certain schedules in support of the budget, including explanatory statements of the work to be performed and the money needed, as well as the text of the language proposed for enactment by Congress on each item for which congressional action in an appropriation bill is required. It also contains the text of general provisions of appropriations acts, proposed for enactment by the Congress, that apply to entire agencies or groups of agencies.

ARRANGEMENT

The chapters of Part I reflect the branches of Government, and the cabinet departments, selected independent agencies, and other activities of the executive branch. Most of the smaller agencies in the executive branch are grouped in one chapter—"Other independent agencies."

Each chapter 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 1990 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. In this volume, these accounts are presented in a separate chapter, Health and Human Services, Social Security.

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 chapter appear in a separate section at the end of that chapter. In some instances general provisions in an appropriation act may apply to two or more agencies. In the first column of the following list are the thirteen enacted appropriations and the major agencies which are included in each act. The second column provides the location of those general provisions which apply to two or more agencies in the appropriations act.

	Appropriation Act	*Location of general provisions which apply to two or more agencies*	*Chapter*
1.	Legislative Branch Appropriations Act, 1989 (Public Law 100-458)	Legislative Branch	I-A
2.	Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 (Public Law 100-461). Department of Defense Department of State Agency for International Development Department of Agriculture	Funds Appropriated to the President	I-D
3.	Rural Development, Agriculture, and Related Agencies Appropriations Act, 1989 (Public Law 100-460). Department of Agriculture Department of Health and Human Services	Department of Agriculture	I-E
4.	Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1989 (Public Law 100-459). Department of Commerce Department of Justice Department of State The Judiciary Department of Transportation Small Business Administration	Department of Commerce	I-F
5.	Department of Defense Appropriations Act, 1989 (Public Law 100-463)	Department of Defense Military	I-G
6.	Military Construction Appropriations Act, 1989 (Public Law 100-447)	Department of Defense	I-G
7.	Energy and Water Development Appropriations Act, 1989 (Public Law 100-371). Department of Energy Corps of Engineers Department of Interior	Department of Energy	I-J
8.	Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1989 (Public Law 100-404). Housing and Urban Development NASA Veterans Administration Environmental Protection General Services Administration	Department of Housing and Urban Development	I-M
9.	Department of the Interior and Related Agencies Appropriations Act, 1989 (Public Law 100-446). Department of Interior	Department of the Interior	I-N

	Department of Agriculture Department of Energy Department of Education Department of Health and Human Services		
10.	Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act, 1989 (Public Law 100-436). Department of Labor Department of Health and Human Services Department of Education	Department of Labor	I-P
11.	Department of Transportation and Related Agencies Appropriations Act, 1989 (Public Law 100-457).	Department of Transportation	I-R
12.	District of Columbia Appropriations Act, 1989 (Public Law 100-462)	(Not included in Appendix.)	
13.	Treasury, Postal Service and General Government Appropriations Act, 1989 (Public Law 100-440). All agencies	Department of Treasury End of this section.	I-S

An explanation of the types of funds included in the budget may be found in Part 8, "The Budget System and Concepts," in *The Budget of the United States Government, 1990.*

FORM OF DETAILED MATERIAL

APPROPRIATIONS LANGUAGE

The language proposed for inclusion in the 1990 appropriations acts is printed following the account title. Language for 1989 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 italics within parentheses, are citations to any relevant authorizing legislation and to the specific appropriation act from which the basic text of the 1989 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 1990 follows:

OPERATING EXPENSES

For necessary expenses of the Office of Climate Information, [$29,440,000] *$28,920,000* of which [$150,000] *$400,000* shall remain available until expended. (*$4 U.S.C. 218 et seq.; Department of Government Appropriation Act, 1989.*)

BASIS FOR SCHEDULES

The 1988 column of this budget generally presents the actual transactions and balances for that year, as recorded in agency accounts.

For 1989, the regular schedules include enacted appropriations. In addition, indefinite appropriations are included on the basis of amounts likely to be required.

The 1990 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." Appropriation 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 appropriation language and the regular schedules. The proposed change in the authorizing legislation may be included in the appropriation 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 three 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 the amounts of offsetting collections credited to the account. Next are unobligated balances of budgetary resources (that have not expired) brought forward from the end of the prior year. Finally, 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 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, the availability of budgetary resources may be restrained by legally binding limitations on obligations for direct loans or for other purposes. 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 entry "obligations incurred, net," shows the amount of new obligations incurred in the year, less offsetting collections credited to the account. 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 net amount of outlays resulting from the liquidation of obligations incurred in that year and previous years.

The account identification code, found at the head of the program and financing schedule, facilitates computer processing of budgetary information. The last three digits of this code represent the functional category to which the account is classified. Functional classification permits presentation of budget authority and outlays in terms of their purpose, rather than the organization administering the program or the account under which these funds are made available. For example, the 452 at the top of the following schedule indicates that the purpose of the program financed by this appropriation is *Area and regional development*—a subfunction within major function 450, *Community and regional development.* When the outlays from an account are split between two or more subfunctions within a single major function, the code of the major function is used. In those few cases where the outlays from an account are split between two or more functions, a code of 999 is used. A detailed discussion of how Federal programs are addressed to each identified national need is included in Part 5 of the 1990 Budget. The individual functional categories are identified with each appropriation or fund account in the "Federal Program by Agency and Account" in Part 9 of the Budget.

Program and Financing (in thousands of dollars)

Identification code 17-0643-0-1-452		1988 actual	1989 est.	1990 est.
	Program by activities:			
	Direct program:			
00.01	Information services	22,866	22,700	21,500
00.02	Meterological 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
	Financing:			
11.00	Offsetting collections from: Federal funds	−250	−350	−380
21.40	Unobligated balance available, start of year			−50
24.40	Unobligated balance available, end of year		50	
25.00	Unobligated balance lapsing	45		
40.00	**Budget authority (appropriation)**	**30,191**	**30,290**	**28,870**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	30,146	30,240	28,920
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
90.00	Outlays	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 1990. 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
11 Personnel compensation
12 Personnel benefits
13 Benefits for former personnel
20 CONTRACTUAL SERVICES AND SUPPLIES
21 Travel and transportation of persons
22 Transportation of things
23.1 Rental payment to GSA
23.2 Rental payments to others
23.3 Communications, utilities, and miscellaneous charges
24 Printing and reproduction
25 Other services
26 Supplies and materials
30 ACQUISITION OF CAPITAL ASSETS
31 Equipment
32 Lands and structures
33 Investments and loans
40 GRANTS AND FIXED CHARGES
41 Grants, subsidies, and *contributions*
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		1988 actual	1989 est.	1990 est.
	Direct obligations:			
	Personnel compensation:			
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

Direct:			
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
Reimbursable:			
Total number of full-time permanent positions	9	13	..
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 not usually 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 cost incurred but not yet paid), whether funded or unfunded.

Revenue and Expense (in thousands of dollars)

	1988 actual	1989 est.	1990 est.
Operating income:			
Revenue	23,625	27,950	34,980
Expense	−2,830	−3,700	−4,000
Net operating income, total	20,795	24,250	30,980
Nonoperating income: Interest from U.S. securities	8,092	9,874	12,791
Net income for the year	28,887	34,124	43,771

Statement of Financial Condition

The statement of financial condition shows assets, liabilities, and Government 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.

Financial Condition (in thousands of dollars)

	1987 actual	1988 actual	1989 est.	1990 est.
Assets:				
Fund balance with Treasury	1,214	350	550	450
U.S. securities (par)	98,174	129,969	170,769	218,169
Accounts receivable (net)	5,546	5,737	7,365	9,106
Loans receivable (net)	6,901	4,059	6,415	8,715
Total assets	111,835	140,115	185,909	236,440
Liabilities:				
Accounts payable and accrued liabilities	1,941	1,162	862	862
Advances received	21,656	21,828	32,988	40,558
Total liabilities	23,597	22,990	33,850	41,420
Government equity:				
Unexpended balances:				
Unobligated balance	81,051	112,491	144,486	186,702
Undelivered orders	280	569	348	603
Unfinanced budget authority: Unfilled customer orders	−1,340	−896	−1,205	−1,536
Invested capital	8,247	4,961	7,620	9,251
Total Government equity	88,238	117,125	151,249	195,020

FEDERAL CREDIT SCHEDULES

As part of an effort to establish systematic control of the levels of Federal credit during any fiscal year, the budget appendix includes annual limitations on the amount of obligations for direct loans and commitments for guaranteed loans in appropriations language for appropriations or funds with credit activity. For those accounts under which Federal credit is extended, schedules for the status of direct loans and the status of guaranteed loans summarize activity for the years shown.

Status of Direct Loans

A direct loan obligation is a legal or binding agreement that results in: (1) a disbursement of funds to a non-Federal entity by a Federal agency (including the Federal Financing Bank on behalf of a Federal agency) that is contracted to be repaid, with or without interest; (2) a purchase of non-Federal loans by a Federal agency through secondary market operations; or (3) a sale of Federal agency assets to a non-Federal entity on credit terms of more than 90 days duration.

Acquisitions of guaranteed non-Federal loans by a Federal agency in satisfaction of default or other guarantee claims are not recorded as new direct loan obligations. However, they are disbursements for guaranteed loan claims (line 1232) in the cumulative balance of loans outstanding section of the schedule on the status of direct loans.

A direct loan obligation is counted against the annual limitation when the principal amount is obligated. Limitations apply to the gross obligations for direct loans, which means the amount obligated during a fiscal year, without reductions for such items as repayments, prepayments, sale of loan assets, defaults, or forgiveness.

For each appropriation or fund with direct loan activity, a schedule is displayed immediately following the program and financing schedule as follows:

Status of Direct Loans (in thousands of dollars)

Identification code 17-4023-0-3-453	1988 actual	1989 est.	1990 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	19,700	14,000	14,000
1112 Unobligated direct loan limitation	-1,000		
1150 Total direct loan obligations	18,700	14,700	14,000
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	58,430	66,239	65,789
Disbursements:			
1231 Direct loan disbursements	18,700	14,000	14,000
1232 Disbursements for guarantee loan claims	5,000	3,000	2,000
Repayments:			
1251 Repayments and prepayments	-15,475	-16,500	-15,000
1252 Repayments of defaulted guaranteed loans	-150	-150	-150
Adjustments:			
1262 Write-offs for default	-1,000	-800	-600
1264 Other adjustments, net [1]	734		
1290 Outstanding, end of year	66,239	65,789	66,039
Estimate of direct loan subsidy:			
1320 Subsidy rate (in percent)	8.73	7.62	7.83
1330 Subsidy amount (in thousands of dollars)	1,633	1,120	1,096

[1] Represents an adjustment to the prior year balance of direct loans outstanding.

The subsidy amounts presented in these schedules are the estimated present value of the difference in cost to the borrower between the Federal direct loan or guaranteed loan and alternative private financing available to the same or a similar borrower for the same or a similar purpose.

Status of Guaranteed Loans

A guaranteed loan commitment is a legal or binding agreement that results in a non-Federal debt instrument on which the agency pledges to pay part or all of the amount due to a lender or holder in the event of default by the borrower. Agency guarantees that result in loans that are disbursed by the FFB are counted as *direct loans* of the agency and, therefore, will not be counted as guaranteed loans. However, the amount of direct loans made in this manner is subject to limitations on loan guarantee commitments of the originating agency. Loan guarantees include agreements in the form of loan insurance, defined as a type of guarantee in which an agency pledges the use of accumulated insurance premiums to secure lenders against default on the part of borrowers.

A guaranteed loan is counted against the annual limitation when a firm commitment is made, i.e., when the Government enters into a guarantee agreement to become effective at such time as the lender meets stipulated pre-conditions. A commitment is reported for every guaranteed loan, even though the commitment and the actual loan guarantee may occur simultaneously. Amounts for limitations and in the schedules are the full principal amounts of loans guaranteed whether guaranteed in full or in part. The amount of the Government's contingent liability is shown as a memorandum entry in the schedule. Limitations apply to the gross commitments for guaranteed loans, which means the amount committed during a fiscal year, without reductions for such items as repayments, prepayments, sale of guaranteed loans, or defaults.

For each appropriation or fund account with guaranteed loan activity, a schedule is displayed following the program and financing schedule (or status of direct loans schedule, if there is one) as follows:

Status of Guaranteed Loans (in thousands of dollars)

Identification code 17-4023-0-3-453	1988 actual	1989 est.	1990 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	300,000	200,000	200,000
2112 Uncommitted limitation	-120,000		
2150 Total, guaranteed loan commitments	180,000	200,000	200,000
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	965,752	910,736	923,336
2231 Disbursements of new guaranteed loans	158,600	170,000	170,000
2251 Repayments and prepayments	-208,616	-200,000	-200,000
Adjustments:			
2261 Terminations for default that result in direct loans	-5,000	-3,000	-2,000
2264 Other adjustments, net [1]		45,600	
2290 Outstanding, end of year	910,736	923,336	891,336
Memorandum:			
2299 U.S. contingent liability for guaranteed loans outstanding end of year	910,736	923,336	891,336
Estimate of guaranteed loan subsidy:			
2320 Subsidy rate (in percent)	1.2	1.2	1.2
2330 Subsidy amount (in dollars)	2,160	2,520	2,400

[1] Writedown of balance outstanding.

BUDGETS NOT SUBJECT TO REVIEW

In accordance with law or established practice, the presentations for the Legislative Branch, the Judiciary, the Federal Deposit Insurance Corporation, 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, presented in Part IV, are not subject to review; they are included for information purposes only.

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 subsistence, bonus programs, and other pay programs.

The numbers of active duty military personnel provided for are shown in the following table:

YEAREND NUMBER

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Defense total	2,138,213	2,133,165	2,138,200	2,134,600
Officers	304,595	304,209	301,780	301,600
Enlisted	1,819,898	1,815,314	1,822,678	1,819,258
Academy cadets and midshipmen	13,720	13,642	13,742	13,742
Army	771,847	771,800	772,300	772,400
Officers	106,963	106,910	106,380	106,337
Enlisted	660,445	660,440	661,370	661,513
Military Academy cadets	4,439	4,450	4,550	4,550
Navy	592,570	593,200	597,600	598,200
Officers	72,427	72,610	73,033	73,029
Enlisted	515,326	515,815	519,792	520,396
Naval Academy midshipmen/aviation cadets	4,817	4,775	4,775	4,775
Marine Corps	197,350	197,200	197,200	197,200
Officers	20,079	20,115	20,110	20,108
Enlisted	177,271	177,085	177,090	177,092
Air Force	576,446	570,965	571,100	566,800
Officers	105,126	104,574	102,257	102,126
Enlisted	466,856	461,974	464,426	460,257
Air Force Academy cadets	4,464	4,417	4,417	4,417

AVERAGE NUMBER

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Defense total	2,142,133	2,132,624	2,136,625	2,136,537
Officers	306,934	304,684	304,046	301,793
Enlisted	1,821,985	1,814,783	1,819,392	1,821,464
Academy cadets and midshipmen	13,214	13,157	13,187	13,280
Army	769,230	769,489	772,208	772,300
Officers	107,898	107,001	107,040	106,441
Enlisted	657,054	658,301	660,947	661,554
Military Academy cadets	4,278	4,187	4,221	4,305
Navy	582,306	588,602	593,412	596,052
Officers	72,081	72,332	72,842	72,966
Enlisted	505,653	511,680	515,984	518,491
Naval Academy midshipmen/aviation cadets	4,572	4,590	4,586	4,595
Marine Corps	197,576	196,716	197,172	197,208
Officers	20,029	20,130	20,118	20,119
Enlisted	177,547	176,586	177,054	177,089
Air Force	593,021	577,817	573,833	570,977
Officers	106,926	105,221	104,046	102,267
Enlisted	481,731	468,216	465,407	464,330
Air Force Academy cadets	4,364	4,380	4,380	4,380

Federal Funds

General and special funds:

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, 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; [$24,484,745,000] *$24,997,600,000.*

Further, for the foregoing purposes, $25,702,300,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2010-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Pay and allowances of officers	6,107,875	6,264,342	6,315,446	6,499,099
00.02	Pay and allowances of enlisted personnel	15,594,247	16,073,658	16,186,881	16,581,776
00.03	Pay and allowances of cadets	33,164	34,979	35,604	37,271
00.04	Subsistence of enlisted personnel	1,083,908	1,121,094	1,187,788	1,251,215
00.05	Permanent change of station travel	951,809	1,004,898	1,124,181	1,189,339
00.06	Other military personnel costs	146,191	146,674	147,700	143,600
00.91	Total direct program	23,917,194	24,645,645	24,997,600	25,702,300
01.01	Reimbursable program	182,819	183,829	191,600	198,800
10.00	Total obligations	24,100,013	24,829,474	25,189,200	25,901,100
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−70,195	−80,388	−83,808	−86,953
13.00	Trust funds	−46,015	−36,729	−38,274	−39,714
14.00	Non-Federal sources	−66,609	−66,712	−69,518	−72,133
22.40	Unobligated balance transferred, net		−120,608		
25.00	Unobligated balance lapsing	1,058			
39.00	**Budget authority**	**23,918,252**	**24,525,037**	**24,997,600**	**25,702,300**
	Budget authority:				
40.00	Appropriation	23,427,732	24,484,745	24,997,600	25,702,300
42.00	Transferred from other accounts	490,520	40,292		
43.00	**Appropriation (adjusted)**	**23,918,252**	**24,525,037**	**24,997,600**	**25,702,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	23,917,194	24,645,645	24,997,600	25,702,300
72.40	Obligated balance, start of year	1,163,325	1,160,007	1,260,152	1,341,552
74.40	Obligated balance, end of year	−1,160,007	−1,260,152	−1,341,552	−1,397,052
77.00	Adjustments in expired accounts	−71,369			
90.00	Outlays	23,849,142	24,545,500	24,916,200	25,646,800

General and special funds—Continued

MILITARY PERSONNEL, ARMY—Continued

Object Classification (in thousands of dollars)

Identification code 21-2010-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.7	Military personnel	15,439,429	15,080,578	15,655,578	16,170,452
11.8	Special personal services payments	318	319	321	322
11.9	Total personnel compensation benefits	15,439,747	15,080,897	15,655,899	16,170,774
	Military personnel benefits:				
12.2	Accrued retirement benefits	5,936,009	6,023,306	5,458,095	5,578,459
12.2	Other personnel benefits	1,207,918	2,106,177	2,279,654	2,269,338
13.0	Benefits for former personnel	61,900	72,703	83,120	80,020
21.0	Travel and transportation of persons	329,295	358,780	414,995	447,174
22.0	Transportation of things	501,589	532,017	583,996	610,742
25.0	Other services: Contracts	41,862	49,960	52,916	54,066
26.0	Supplies and materials	396,561	419,408	466,536	489,338
42.0	Insurance claims and indemnities	2,313	2,397	2,389	2,389
99.0	Subtotal, direct obligations	23,917,194	24,645,645	24,997,600	25,702,300
99.0	Reimbursable obligations	182,819	183,829	191,600	198,800
99.9	Total obligations	24,100,013	24,829,474	25,189,200	25,901,100

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, 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; [$18,962,456,000] *$19,439,800,000.*

Further, for the foregoing purposes, $20,019,900,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1453-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Pay and allowances of officers	4,281,414	4,488,327	4,555,831	4,693,211
00.02	Pay and allowances of enlisted personnel	12,581,553	13,143,284	13,362,049	13,760,373
00.03	Pay and allowances of cadets	37,467	39,026	40,294	41,488
00.04	Subsistence of enlisted personnel	769,244	818,144	856,245	886,955
00.05	Permanent change of station travel	523,513	540,966	576,873	588,798
00.06	Other military personnel costs	43,538	39,309	48,508	49,075
00.91	Total direct program	18,236,729	19,069,056	19,439,800	20,019,900
01.01	Reimbursable program	124,504	126,500	130,100	134,100
10.00	Total obligations	18,361,233	19,195,556	19,569,900	20,154,000
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−50,543	−51,359	−52,821	−54,445
13.00	Trust funds	−26,513	−26,932	−27,698	−28,550
14.00	Non-Federal sources	−47,448	−48,209	−49,581	−51,105
22.40	Unobligated balance transferred, net		−47,696		
25.00	Unobligated balance lapsing	470			
39.00	**Budget authority**	**18,237,199**	**19,021,360**	**19,439,800**	**20,019,900**
	Budget authority:				
40.00	Appropriation	17,971,297	18,962,456	19,439,800	20,019,900
42.00	Transferred from other accounts	265,902	58,904		
43.00	**Appropriation (adjusted)**	**18,237,199**	**19,021,360**	**19,439,800**	**20,019,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	18,236,729	19,069,056	19,439,800	20,019,600
72.40	Obligated balance, start of year	669,991	459,336	817,592	922,792
74.40	Obligated balance, end of year	−459,336	−817,592	−922,792	−1,020,792
77.00	Adjustments in expired accounts	−8,789			
90.00	Outlays	18,438,594	18,710,800	19,334,600	19,921,900

Object Classification (in thousands of dollars)

Identification code 17-1453-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.7	Military personnel	11,727,888	12,124,516	12,654,389	13,113,131
11.8	Special personal services payments	136	160	166	171
11.9	Total personnel compensation	11,728,024	12,124,676	12,654,555	13,113,302
	Military personnel benefits:				
12.2	Accrued retirement benefits	4,388,692	4,504,489	4,126,025	4,217,454
12.2	Other personnel benefits	1,278,435	1,555,215	1,718,942	1,728,530
13.0	Benefits for former personnel	35,412	35,100	35,600	36,100
21.0	Travel and transportation of persons	166,419	161,825	164,454	165,173
22.0	Transportation of things	317,999	339,143	369,927	379,466
25.0	Other services: Other	13,890	13,842	14,823	15,965
26.0	Supplies and materials	306,169	333,074	353,767	362,197
42.0	Insurance claims and indemnities	1,689	1,692	1,707	1,713
99.0	Subtotal, direct obligations	18,236,729	19,069,056	19,439,800	20,019,600
99.0	Reimbursable obligations	124,504	126,500	130,100	134,100
99.9	Total obligations	18,361,233	19,195,556	19,569,900	20,154,000

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, 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; [$5,716,200,000] *$5,818,900,000.*

Further, for the foregoing purposes, $5,984,100,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1105-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Pay and allowances of officers	1,127,122	1,166,616	1,170,912	1,200,670
00.02	Pay and allowances of enlisted personnel	3,965,941	4,073,306	4,139,682	4,258,814
00.04	Subsistence of enlisted personnel	265,039	275,494	293,062	302,671
00.05	Permanent change of station travel	185,724	187,504	198,701	204,639
00.06	Other military personnel costs	19,086	16,278	16,543	17,306
00.91	Total direct program	5,562,912	5,719,198	5,818,900	5,984,100
01.01	Reimbursable program	18,200	18,700	19,000	19,000
10.00	Total obligations	5,581,112	5,737,898	5,837,900	6,003,100
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−12,848	−12,337	−12,637	−12,637
13.00	Trust funds	−703	−240	−240	−240
14.00	Non-Federal sources	−4,649	−6,123	−6,123	−6,123
22.40	Unobligated balance transferred, net	−5,785			
25.00	Unobligated balance lapsing	315			
39.00	**Budget authority**	**5,557,442**	**5,719,198**	**5,818,900**	**5,984,100**

	Budget authority:				
40.00	Appropriation	5,478,266	5,716,200	5,818,900	5,984,100
40.00	Reduction pursuant to P.L. 100-463		−8,202		
42.00	Transferred from other accounts	79,176	11,200		
43.00	**Appropriation (adjusted)**	**5,557,442**	**5,719,198**	**5,818,900**	**5,984,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	5,562,912	5,719,198	5,818,900	5,984,100
72.40	Obligated balance, start of year	241,245	207,729	228,727	252,127
74.40	Obligated balance, end of year	−207,729	−228,727	−252,127	−266,127
77.00	Adjustments in expired accounts	−5,802			
90.00	Outlays	5,590,626	5,698,200	5,795,500	5,970,100

Object Classification (in thousands of dollars)

Identification code 17-1105-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.7	Military personnel	3,589,064	3,708,756	3,862,031	3,993,538
11.8	Special personal services payments	34	47	48	49
11.9	Total personnel compensation	3,589,098	3,708,803	3,862,079	3,993,587
	Military personnel benefits:				
12.2	Accrued retirement benefits	1,386,239	1,404,117	1,279,853	1,303,548
12.2	Other personnel benefits	293,905	306,548	349,591	348,986
13.0	Benefits for former personnel	17,672	14,500	14,700	15,400
21.0	Travel and transportation of persons	74,914	71,995	73,198	74,387
22.0	Transportation of things	97,835	102,643	111,968	116,304
25.0	Other services: Purchases from industrial funds	4,689	4,909	5,336	5,174
26.0	Supplies and materials	97,993	105,071	121,527	126,030
42.0	Insurance claims and indemnities	567	612	648	684
99.0	Subtotal, direct obligations	5,562,912	5,719,198	5,818,900	5,984,100
99.0	Reimbursable obligations	18,200	18,700	19,000	19,000
99.9	Total obligations	5,581,112	5,737,898	5,837,900	6,003,100

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, 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; [$20,066,403,000: *Provided,* That in addition to the funds appropriated in this paragraph, $36,200,000 is appropriated for Aviation Continuation Pay] ***$20,431,200,000.***

Further, for the foregoing purposes, $20,781,100,000, to become available for obligation on October 1, 1990. (10 U.S.C. 503, 504-09, 518-19, 600, 683-84, 687, 701-04, 744, 956, 1035-37, 1047-49, 1211-12, 1391, 1475-80, 2632, 2634, 8033, 8036, 8066, 8201-15, 8281, 8284-89, 8[illegible]-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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3500-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Pay and allowances of officers	6,307,418	6,464,720	6,525,550	6,629,721
00.02	Pay and allowances of enlisted personnel	11,985,491	12,053,862	12,053,453	12,261,663
00.03	Pay and allowances of cadets	34,725	35,703	36,871	38,078
00.04	Subsistence of enlisted personnel	872,336	871,208	903,919	922,853
00.05	Permanent change of station travel	769,890	807,925	872,868	889,498
00.06	Other military personnel costs	40,000	35,333	38,539	39,339
00.91	Total direct program	20,009,860	20,268,751	20,431,200	20,781,100
01.01	Reimbursable program	189,643	195,600	197,400	208,800
10.00	Total obligations	20,199,503	20,464,351	20,628,600	20,989,900
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−33,734	−54,841	−54,296	−57,254
13.00	Trust funds	−102,739	−105,966	−108,654	−115,220
14.00	Non-Federal sources	−53,170	−34,793	−34,450	−36,326
22.40	Unobligated balance transferred, net		−68,596		
39.00	**Budget authority**	**20,009,860**	**20,200,155**	**20,431,200**	**20,781,100**
	Budget authority:				
40.00	Appropriation	19,583,118	20,102,603	20,431,200	20,781,100
40.00	Reduction pursuant to P.L. 100-463		−18,152		
42.00	Transferred from other accounts	426,742	115,704		
43.00	**Appropriation (adjusted)**	**20,009,860**	**20,200,155**	**20,431,200**	**20,781,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	20,009,860	20,268,751	20,431,200	20,781,100
72.40	Obligated balance, start of year	613,735	789,692	814,343	924,143
74.40	Obligated balance, end of year	−789,692	−814,343	−924,143	−1,017,843
77.00	Adjustments in expired accounts	−69,823			
90.00	Outlays	19,764,080	20,244,100	20,321,400	20,687,400

Object Classification (in thousands of dollars)

Identification code 57-3500-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	12,555,921	12,751,509	13,143,353	13,465,603
	Military personnel benefits:				
12.2	Accrued retirement benefits	4,974,946	4,952,575	4,481,898	4,521,931
12.2	Other personnel benefits	1,654,374	1,698,977	1,861,726	1,838,406
13.0	Benefits for former personnel	38,463	33,800	37,000	37,800
21.0	Travel and transportation of persons	237,882	245,442	258,008	262,753
22.0	Transportation of things	450,270	476,930	526,121	536,305
25.0	Other services: Purchases from industrial funds	29,823	30,700	32,272	32,866
26.0	Supplies and materials	66,742	77,383	89,381	83,995
42.0	Insurance claims and indemnities	1,439	1,435	1,441	1,441
99.0	Subtotal, direct obligations	20,009,860	20,268,751	20,431,200	20,781,100
99.0	Reimbursable obligations	189,643	195,600	197,400	208,800
99.9	Total obligations	20,199,503	20,464,351	20,628,600	20,989,900

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:

YEAREND NUMBER

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Defense total	1,158,357	1,170,744	1,178,300	1,181,700
Trained inactive duty	1,033,552	1,040,226	1,046,772	1,048,683
Initial active duty for training	53,743	58,704	57,819	58,245
Full-time active duty	71,062	71,814	73,709	74,772
Army Reserve	312,825	318,654	322,000	323,700
Trained inactive duty	280,316	289,513	292,042	292,547

General and special funds—Continued

MILITARY PERSONNEL, AIR FORCE—Continued

YEAREND NUMBER—Continued

	1988 actual	1989 est.	1990 est.	1991 est.
Initial active duty for training	19,168	15,797	16,251	17,072
Full-time active duty	13,341	13,344	13,707	14,081
Navy Reserve	149,457	152,600	153,200	153,800
Trained inactive duty	123,987	127,392	127,663	127,988
Initial active duty for training	3,688	3,217	3,217	3,217
Full-time active duty	21,782	21,991	22,320	22,595
Marine Corps Reserve	43,556	43,600	44,000	44,100
Trained inactive duty	38,092	37,488	37,399	37,399
Initial active duty for training	3,519	4,167	4,300	4,300
Full-time active duty	1,945	1,945	2,301	2,401
Air Force Reserve	82,116	83,615	84,800	85,200
Trained inactive duty	79,467	80,818	82,200	82,807
Initial active duty for training	2,023	2,125	1,914	1,693
Full-time active duty	626	672	686	700
Army National Guard	455,182	457,300	458,000	458,800
Trained inactive duty	406,467	401,363	403,074	403,698
Initial active duty for training	23,056	30,023	28,762	28,588
Full-time active duty	25,659	25,914	26,164	26,514
Air National Guard	115,221	114,975	116,300	116,100
Trained inactive duty	105,223	103,652	104,394	104,244
Initial active duty for training	2,289	3,375	3,375	3,375
Full-time active duty	7,709	7,948	8,531	8,481

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 a ROTC unit has been established. College graduates who satisfactorily complete the advanced course of the program are commissioned and are ordinarily 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 commissioned officers for the various health professions.

The numbers of commissioned officers graduated from these programs are summarized below:

	1988 actual	1989 est.	1990 est.	1991 est.
ROTC:				
Army	8,174	8,000	8,000	8,000
Navy	2,113	2,070	1,990	1,920
Air Force	2,832	2,750	2,465	2,600
Total	13,119	12,820	12,455	12,520
Navy officer candidates	8	120	78	70
Marine Corps officer candidates	616	887	446	549
Total	624	1,007	524	619
Health professions scholarship:				
Army	339	340	340	340
Navy	216	216	215	215
Air Force	335	335	350	280
Total	890	891	905	835

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; [$2,261,200,000] *$2,261,400,000.*

Further, for the foregoing purposes, $2,378,200,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21–2070–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	1,172,890	1,178,206	1,134,300	1,183,932
00.02	Other training and support	1,050,054	1,033,594	1,127,100	1,194,268
00.91	Total direct program	2,222,944	2,211,800	2,261,400	2,378,200
01.01	Reimbursable program	3,015	6,426	6,200	6,400
10.00	Total obligations	2,225,959	2,218,226	2,267,600	2,384,600
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−735	−5,082	−4,856	−5,056
14.00	Non-Federal sources	−2,280	−1,344	−1,344	−1,344
25.00	Unobligated balance lapsing	17,796	.....	.....	.....
39.00	**Budget authority**	**2,240,740**	**2,211,800**	**2,261,400**	**2,378,200**
	Budget authority:				
40.00	Appropriation	2,239,365	2,261,200	2,261,400	2,378,200
40.00	Reduction pursuant to P.L. 100-463	.....	−49,400	.....	.....
41.00	Transferred to other accounts	−22,145	.....	.....	.....
42.00	Transferred from other accounts	23,520	.....	.....	.....
43.00	**Appropriation (adjusted)**	**2,240,740**	**2,211,800**	**2,261,400**	**2,378,200**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,222,944	2,211,800	2,261,400	2,378,200
72.40	Obligated balance, start of year	173,214	213,672	201,572	237,072
74.40	Obligated balance, end of year	−213,672	−201,572	−237,072	−276,772
77.00	Adjustments in expired accounts	−5,529	.....	.....	.....
90.00	Outlays	2,176,958	2,223,900	2,225,900	2,338,500

Object Classification (in thousands of dollars)

Identification code 21–2070–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	1,277,527	1,265,437	1,386,279	1,465,097
	Military personnel benefits:				
12.2	Accrued retirement benefits	385,621	378,015	268,395	280,936
12.2	Other personnel benefits	299,516	310,138	322,480	336,600
21.0	Travel and transportation of persons	170,959	165,809	190,461	198,286
22.0	Transportation of things	9,420	7,934	8,934	9,441
26.0	Supplies and materials	79,852	84,362	84,746	87,735
42.0	Insurance claims and indemnities	49	105	105	105
99.0	Subtotal, direct obligations	2,222,944	2,211,800	2,261,400	2,378,200
99.0	Reimbursable obligations	3,015	6,426	6,200	6,400
99.9	Total obligations	2,225,959	2,218,226	2,267,600	2,384,600

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; [$1,621,400,000] *$1,583,100,000.*

Further, for the foregoing purposes, $1,649,900,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1405-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	674,257	711,191	687,751	715,968
00.02	Other training and support	834,938	879,078	895,349	933,932
00.91	Total direct program	1,509,195	1,590,269	1,583,100	1,649,900
01.01	Reimbursable program	1,061	400	400	400
10.00	Total obligations	1,510,256	1,590,669	1,583,500	1,650,300
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−238	−236	−236	−236
13.00	Trust funds	−813	−136	−136	−136
14.00	Non-Federal sources	−10	−28	−28	−28
25.00	Unobligated balance lapsing	3,768			
39.00	**Budget authority**	**1,512,963**	**1,590,269**	**1,583,100**	**1,649,900**
	Budget authority:				
40.00	Appropriation	1,496,522	1,621,400	1,583,100	1,649,900
40.00	Reduction pursuant to P.L. 100-463		−31,131		
42.00	Transferred from other accounts	16,441			
43.00	**Appropriation (adjusted)**	**1,512,963**	**1,590,269**	**1,583,100**	**1,649,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,509,195	1,590,269	1,583,100	1,649,900
72.40	Obligated balance, start of year	120,856	126,151	143,720	156,120
74.40	Obligated balance, end of year	−126,151	−143,720	−156,120	−170,120
77.00	Adjustments in expired accounts	−14,732			
90.00	Outlays	1,489,169	1,572,700	1,570,700	1,635,900

Object Classification (in thousands of dollars)

Identification code 17-1405-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	981,330	1,025,144	1,073,994	1,122,007
	Military personnel benefits:				
12.2	Accrued retirement benefits	294,836	301,316	234,490	241,956
12.2	Other personnel benefits	85,704	99,153	103,939	109,376
21.0	Travel and transportation of persons	101,799	115,960	119,533	123,730
22.0	Transportation of things	11,195	11,957	13,168	13,735
25.0	Other services: Other	481	478	522	558
26.0	Supplies and materials	32,748	35,026	36,219	37,303
42.0	Insurance claims and indemnities	1,102	1,235	1,235	1,235
99.0	Subtotal, direct obligations	1,509,195	1,590,269	1,583,100	1,649,900
99.0	Reimbursable obligations	1,061	400	400	400
99.9	Total obligations	1,510,256	1,590,669	1,583,500	1,650,300

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 payments to the Department of Defense Military Retirement Fund; [$315,700,000] *$319,200,000.*

Further, for the foregoing purposes, $337,700,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1108-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	186,882	195,917	196,443	203,289
00.02	Other training and support	107,318	119,183	122,757	134,411
00.91	Total direct program	294,200	315,100	319,200	337,700
01.01	Reimbursable program	700	700	700	700
10.00	Total obligations	294,900	315,800	319,900	338,400
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−115	−650	−650	−650
14.00	Non-Federal sources	−585	−50	−50	−50
25.00	Unobligated balance lapsing	1,211			
39.00	**Budget authority**	**295,411**	**315,100**	**319,200**	**337,700**
	Budget authority:				
40.00	Appropriation	292,209	315,700	319,200	337,700
40.00	Reduction pursuant to P.L. 100-463		−600		
42.00	Transferred from other accounts	3,202			
43.00	**Appropriation (adjusted)**	**295,411**	**315,100**	**319,200**	**337,700**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	294,200	315,100	319,200	337,700
72.40	Obligated balance, start of year	25,308	30,909	29,209	36,209
74.40	Obligated balance, end of year	−30,909	−29,209	−36,209	−43,309
77.00	Adjustments in expired accounts	−11,755			
90.00	Outlays	276,843	316,800	312,200	330,600

Object Classification (in thousands of dollars)

Identification code 17-1108-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	196,431	212,795	234,843	248,849
	Military personnel benefits:				
12.2	Accrued retirement benefits	48,768	52,374	36,284	39,032
12.2	Other personnel benefits	11,659	12,688	8,403	9,163
21.0	Travel and transportation of persons	25,852	25,454	26,407	27,082
22.0	Transportation of things	462	383	917	719
26.0	Supplies and materials	10,297	10,407	11,347	11,856
42.0	Insurance claims and indemnities	731	999	999	999
99.0	Subtotal, direct obligations	294,200	315,100	319,200	337,700
99.0	Reimbursable obligations	700	700	700	700
99.9	Total obligations	294,900	315,800	319,900	337,700

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; [$657,964,000] *$668,700,000.*

Further, for the foregoing purposes, $696,300,000, to become available for obligation on October 1, 1990. (10 U.S.C. 261-80, 591-95, 597-

General and special funds—Continued

RESERVE PERSONNEL, AIR FORCE—Continued

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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3700-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	398,688	415,890	416,866	434,338
00.02	Other training and support	216,276	238,554	251,834	261,962
00.91	Total direct program	614,964	654,444	668,700	696,700
01.01	Reimbursable program	1,600	1,662	1,600	1,700
10.00	Total obligations	616,564	656,106	670,300	698,000
	Financing:				
11.00	Offsetting collections from: Federal funds	−1,600	−1,662	−1,600	−1,700
25.00	Unobligated balance lapsing	117			
39.00	**Budget authority**	**615,081**	**654,444**	**668,700**	**696,300**
	Budget authority:				
40.00	Appropriation	608,345	657,964	668,700	696,300
40.00	Reduction pursuant to P.L. 100-463		−3,520		
42.00	Transferred from other accounts	6,736			
43.00	**Appropriation (adjusted)**	**615,081**	**654,444**	**668,700**	**696,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	614,964	654,444	668,700	696,300
72.40	Obligated balance, start of year	30,639	43,763	51,107	59,307
74.40	Obligated balance, end of year	−43,763	−51,107	−59,307	−69,407
77.00	Adjustments in expired accounts	−4,724			
90.00	Outlays	597,116	647,100	660,500	686,200

Object Classification (in thousands of dollars)

Identification code 57-3700-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	413,784	438,391	478,297	498,203
	Military personnel benefits:				
12.2	Accrued retirement benefits	94,791	98,356	60,051	62,275
12.2	Other personnel benefits	37,851	44,656	49,513	52,895
21.0	Travel and transportation of persons	51,858	55,128	59,269	60,754
22.0	Transportation of things	633	739	1,847	1,916
26.0	Supplies and materials	16,011	17,039	19,582	20,110
42.0	Insurance claims and indemnities	36	135	141	147
99.0	Subtotal, direct obligations	614,964	654,444	668,700	696,300
99.0	Reimbursable obligations	1,600	1,662	1,600	1,700
99.9	Total obligations	616,564	656,106	670,300	698,000

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; [$3,334,000,000] *$3,277,700,000.*

Further, for the foregoing purposes $3,422,100,000, to become available for obligation on October 1, 1990. (10 U.S.C. 683, 1475-80, 3722; 37 U.S.C. 301, 305, 402-04, 418, 1002; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2060-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	1,772,733	1,849,613	1,761,747	1,832,995
00.02	Other training and support	1,435,157	1,449,487	1,515,953	1,589,105
00.91	Total direct program	3,207,890	3,299,100	3,277,700	3,422,100
01.01	Reimbursable program	5,659	5,659	5,700	5,700
10.00	Total obligations	3,213,549	3,304,759	3,283,400	3,427,800
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−3,083	−3,108	−3,149	−3,149
14.00	Non-Federal sources	−2,576	−2,551	−2,551	−2,551
25.00	Unobligated balance lapsing	1,409			
39.00	**Budget authority**	**3,209,299**	**3,299,100**	**3,277,700**	**3,422,100**
	Budget authority:				
40.00	Appropriation	3,196,386	3,334,000	3,277,700	3,422,100
40.00	Reduction pursuant to P.L. 100-463		−34,900		
41.00	Transferred to other accounts	−25,000			
42.00	Transferred from other accounts	37,913			
43.00	**Appropriation (adjusted)**	**3,209,299**	**3,299,100**	**3,277,700**	**3,422,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	3,207,890	3,299,100	3,277,700	3,422,100
72.40	Obligated balance, start of year	328,122	362,920	402,920	469,920
74.40	Obligated balance, end of year	−362,920	−402,920	−469,920	−553,520
77.00	Adjustments in expired accounts	−3,284			
90.00	Outlays	3,169,808	3,259,100	3,210,700	3,338,500

Object Classification (in thousands of dollars)

Identification code 21-2060-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	2,273,603	2,220,823	2,356,575	2,430,669
	Military personnel benefits:				
12.2	Accrued retirement benefits	575,010	600,031	431,282	466,421
12.2	Other personnel benefits	100,265	269,467	261,601	281,384
21.0	Travel and transportation of persons	128,986	147,683	163,248	173,737
22.0	Transportation of things	1,744	1,783	2,134	2,255
26.0	Supplies and materials	128,225	59,213	62,760	67,534
42.0	Insurance claims and indemnities	57	100	100	100
99.0	Subtotal, direct obligations	3,207,890	3,299,100	3,277,700	3,422,100
99.0	Reimbursable obligations	5,659	5,659	5,700	5,700
99.9	Total obligations	3,213,549	3,304,759	3,283,400	3,427,800

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; [$1,033,686,000] *$1,047,000,000.*

Further, for the foregoing purposes, $1,087,900,000, to become available for obligation on October 1, 1990. (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; 31 U.S.C. 698; 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3850-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Unit and individual training	534,464	555,228	534,330	550,213
00.02	Other training and support	453,239	474,363	512,670	537,687
00.91	Total direct program	987,703	1,029,591	1,047,000	1,087,900
01.01	Reimbursable program	549	650	650	650
10.00	Total obligations	988,252	1,030,241	1,047,650	1,088,550
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−18			
14.00	Non-Federal sources	−531	−650	−650	−650
25.00	Unobligated balance lapsing	486			
39.00	**Budget authority**	**988,189**	**1,029,591**	**1,047,000**	**1,087,900**
	Budget authority:				
40.00	Appropriation	976,939	1,033,686	1,047,000	1,087,900
40.00	Reduction pursuant to P.L. 100-463		−4,095		
42.00	Transferred from other accounts	11,250			
43.00	**Appropriation (adjusted)**	**988,189**	**1,029,591**	**1,047,000**	**1,087,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	987,703	1,029,591	1,047,000	1,087,900
72.40	Obligated balance, start of year	68,286	64,143	82,534	100,534
74.40	Obligated balance, end of year	−64,143	−82,534	−100,534	−119,334
77.00	Adjustments in expired accounts	−7,335			
90.00	Outlays	984,511	1,011,200	1,029,000	1,069,100

Object Classification (in thousands of dollars)

Identification code 57-3850-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.7	Personnel compensation: Military personnel	691,138	711,731	768,734	800,361
	Military personnel benefits:				
12.2	Accrued retirement benefits	186,329	195,598	142,588	149,416
12.2	Other personnel benefits	45,325	66,566	71,995	74,971
21.0	Travel and transportation of persons	41,583	37,310	42,980	42,165
22.0	Transportation of things	1,288	2,722	3,527	3,673
26.0	Supplies and materials	21,946	15,562	17,074	17,312
42.0	Insurance claims and indemnities	94	102	102	102
99.0	Subtotal, direct obligations	987,703	1,029,591	1,047,000	1,087,900
99.0	Reimbursable obligations	549	650	650	650
99.9	Total obligations	988,252	1,030,241	1,047,650	1,088,550

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 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 [$18,487,000] *$18,487,000* 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; [$22,083,496,000: *Provided*, That of the funds appropriated in this paragraph, $900,000 shall be available only to support the 1989 World Ski Championships] *$24,262,500,000.*

Further, for the foregoing purposes, and not to exceed $18,487,000 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; $25,551,200,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2020-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.02	General purpose forces	7,441,839	7,753,656	8,494,998	8,973,279
00.03	Intelligence and communications	1,382,066	1,410,706	1,607,176	1,717,457
00.07	Central supply and maintenance	5,759,543	6,333,727	6,505,084	6,858,741
00.08	Training, medical, and other general personnel activities	5,477,797	5,724,237	6,093,209	6,381,644
00.09	Administration and associated activities	991,016	1,039,977	1,086,893	1,120,633
00.10	Support of other nations	240,117	251,185	263,288	272,626
00.11	Special operations forces	189,633	197,140	211,852	226,820
00.91	Total direct program	21,482,011	22,710,628	24,262,500	25,551,200
01.01	Reimbursable program	3,378,034	3,427,809	3,428,400	3,434,000
10.00	Total obligations	24,860,045	26,138,437	27,690,900	28,985,200
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−3,091,117	−3,164,110	−3,163,861	−3,171,534
13.00	Trust funds	−139,347	−137,079	−135,729	−132,933
14.00	Non-Federal sources	−147,570	−126,620	−128,810	−129,533
22.40	Unobligated balance transferred, net	−342,889	−320,500		
25.00	Unobligated balance lapsing	18,542			
39.00	**Budget authority**	**21,157,664**	**22,390,128**	**24,262,500**	**25,551,200**
	Budget authority:				
40.00	Appropriation	20,853,205	22,083,496	24,262,500	25,551,200
40.00	Reduction pursuant to P.L. 100-463		−21,100		
41.00	Transferred to other accounts	−8,057	−5,500		
42.00	Transferred from other accounts	312,516	333,232		
43.00	**Appropriation (adjusted)**	**21,157,664**	**22,390,128**	**24,262,500**	**25,551,200**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	21,482,011	22,710,628	24,262,500	25,551,200
72.40	Obligated balance, start of year	7,578,396	6,945,303	7,297,631	8,236,731
74.40	Obligated balance, end of year	−6,945,303	−7,297,631	−8,236,731	−9,177,031
77.00	Adjustments in expired accounts	90,506			
90.00	Outlays	22,205,610	22,358,300	23,323,400	24,610,900

Object Classification (in thousands of dollars)

Identification code 21-2020-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	4,383,865	4,353,198	4,688,620	4,860,773
11.3	Other than full-time permanent	280,353	360,234	388,475	402,739
11.5	Other personnel compensation	135,072	218,707	235,283	243,080
11.9	Total personnel compensation	4,799,290	4,932,139	5,312,378	5,506,592
12.1	Civilian personnel benefits	984,123	869,151	949,006	990,927
13.0	Benefits for former personnel	39,495	41,018	53,007	52,698
21.0	Travel and transportation of persons	626,090	672,345	689,852	695,928
22.0	Transportation of things	631,034	847,208	890,868	928,983
23.1	Rental payments to GSA	167,976	167,216	170,104	173,553

General and special funds—Continued

OPERATION AND MAINTENANCE, ARMY—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 21-2020-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
23.2	Rental payments to others	151,815	182,809	197,180	205,089
23.3	Communications, utilities, and miscellaneous charges	612,998	760,303	801,169	822,022
24.0	Printing and reproduction	59,420	68,853	64,580	67,707
	Other services:				
25.0	Payments to foreign national indirect hire personnel	1,144,413	1,233,381	1,411,452	1,474,328
25.0	Purchases from industrial funds	1,719,558	2,099,926	2,176,507	2,079,607
25.0	Contracts	6,901,180	7,260,974	7,728,316	8,473,930
25.0	Other	943,548	990,374	796,025	908,211
26.0	Supplies and materials	2,326,548	2,294,255	2,705,080	2,847,954
31.0	Equipment	371,647	287,781	314,058	320,750
41.0	Grants, subsidies, and contributions	2,876	2,895	2,918	2,921
99.0	Subtotal, direct obligations	21,482,011	22,710,628	24,262,500	25,551,200
99.0	Reimbursable obligations	3,378,034	3,427,809	3,428,400	3,434,000
99.9	Total obligations	24,860,045	26,138,437	27,690,900	28,985,200

Personnel Summary

Total number of full-time permanent positions	164,759	183,653	194,388	194,213
Total compensable workyears:				
Full-time equivalent employment	214,193	207,542	216,532	217,036
Full-time equivalent of overtime and holiday hours	5,025	4,863	5,181	5,187

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 [$4,014,000] *$4,277,000* 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; [$24,852,100,000, of which $60,000,000 shall be transferred to the Coast Guard: *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 and air rework facilities. The Navy shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private shipyards and air rework facilities. Competitions shall not be subject to section 502 of the Department of Defense Authorization Act, 1981, as amended, section 307 of the Department of Defense Authorization Act, 1985, or Office of Management and Budget Circular A-76: *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 of the amount appropriated, $40,000,000 shall be available after August 15, 1989, for repair of blister modification of the USS MIDWAY: *Provided further*, That blister modification of the USS MIDWAY may be accomplished at a shipyard in Japan only if such costs are assumed by the Government of Japan, or if the Government of Japan agrees to increase its share of U.S. labor costs or operational costs in the Japanese fiscal year by an amount equal to or greater than $40,000,000, and that such increase will be in addition to any increase already agreed to by the Governments of the United States and Japan at the time of enactment of this Act: *Provided further*, Notwithstanding section 2805 of title 10, of the funds appropriated herein, $3,500,000 shall be available for a grant to the Naval Undersea Museum Foundation for the completion of the Naval Undersea Museum at Keyport, Washington. 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 of the funds appropriated herein, not to exceed $980,000 shall be available to pay Ukpeavic Inupiat Corporation for expenses related to the conveyance of the Navy Arctic Research Laboratory: *Provided further*, that, notwithstanding any other provision of law, the lease of the United States Navy repair ship HECTOR is hereby authorized in accordance with chapter 6 of the Arms Export Control Act and subject to the reporting requirements of section 62 of the Arms Export Control Act, as provided for in Executive Communication 4362, subject to a separate authorization bill being enacted on or after October 18, 1988, whichever comes first] *$26,364,300,000.*

Further, for the foregoing purposes, and not to exceed $4,292,000 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; $27,626,000,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1804-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Strategic forces	1,423,322	1,472,858	1,726,646	1,851,573
00.02	General purpose forces	11,033,096	11,145,031	11,622,151	11,914,936
00.03	Intelligence and communications	1,047,296	1,078,870	1,165,282	1,279,005
00.04	Airlift and sealift	520,859	546,523	458,121	478,570
00.07	Central supply and maintenance	6,320,329	6,322,446	6,654,214	7,003,661
00.08	Training, medical, and other general personnel activities	3,695,974	3,850,032	3,883,986	4,110,007
00.09	Administration and associated activities	822,237	839,919	879,836	887,163
00.10	Support of other nations	3,718	3,754	6,420	6,908
00.11	Special operations forces	67,618	102,196	93,644	94,177
00.91	Total direct program	24,934,449	25,361,629	26,490,300	27,626,000
01.01	Reimbursable program	2,796,638	2,658,745	2,644,700	2,543,800
10.00	Total obligations	27,731,087	28,020,374	29,135,000	30,169,800
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−2,594,985	−2,470,194	−2,456,149	−2,355,249
13.00	Trust funds	−132,244	−142,041	−142,041	−142,041
14.00	Non-Federal sources	−69,409	−46,510	−46,510	−46,510
22.40	Unobligated balance transferred, net	−881,200	−128,197	−126,000	
25.00	Unobligated balance lapsing	82,726			
39.00	**Budget authority**	**24,135,975**	**25,233,432**	**26,364,300**	**27,626,000**
	Budget authority:				
40.00	Appropriation	23,601,462	24,852,100	26,364,300	27,626,000
41.00	Transferred to other accounts		−60,000		
42.00	Transferred from other accounts	534,513	441,332		
43.00	**Appropriation (adjusted)**	**24,135,975**	**25,233,432**	**26,364,300**	**27,626,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	24,934,449	25,361,629	26,490,300	27,626,000
72.40	Obligated balance, start of year	10,610,311	10,033,351	9,984,280	10,718,780
74.40	Obligated balance, end of year	−10,033,351	−9,984,280	−10,718,780	−11,518,080
77.00	Adjustments in expired accounts	18,166			
90.00	Outlays	25,529,575	25,410,700	25,755,800	26,826,700

Object Classification (in thousands of dollars)

Identification code 17-1804-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	2,646,335	2,686,432	2,812,131	2,812,131
11.3	Other than full-time permanent	204,350	174,922	191,001	204,055
11.5	Other personnel compensation	132,250	132,450	136,783	142,016
11.8	Special personal services payments	808	726	767	767
11.9	Total personnel compensation	2,983,743	2,994,530	3,140,682	3,158,969
12.1	Civilian personnel benefits	494,473	500,915	528,157	554,535
13.0	Benefits for former personnel	13,950	14,144	14,023	14,130

21.0	Travel and transportation of persons	324,972	321,230	343,951	353,557
22.0	Transportation of things	430,144	396,247	460,825	485,992
23.1	Rental payments to GSA	88,826	95,108	95,609	98,847
23.2	Rental payments to others	103,486	91,706	102,068	105,289
23.3	Communications, utilities, and miscellaneous charges	890,316	920,432	941,068	970,453
24.0	Printing and reproduction	28,132	26,423	28,114	28,121
	Other services:				
25.0	Payments to foreign national indirect hire personnel	109,565	112,599	144,502	136,359
25.0	Purchases from industrial funds	5,953,739	6,225,733	6,597,427	6,427,196
25.0	Contracts	6,692,616	6,773,440	6,555,254	7,273,372
25.0	Other	1,609,715	1,507,769	1,840,760	1,880,340
26.0	Supplies and materials	4,448,163	4,595,557	4,861,454	5,257,803
31.0	Equipment	762,609	785,796	836,406	881,037
99.0	Subtotal, direct obligations	24,934,449	25,361,629	26,490,300	27,626,000
99.0	Reimbursable obligations	2,796,638	2,658,745	2,644,700	2,543,800
99.9	Total obligations	27,731,087	28,020,374	29,135,000	30,169,800

Personnel Summary

Total number of full-time permanent positions	112,728	116,288	117,894	118,445
Total compensable workyears:				
Full-time equivalent employment	134,288	131,814	133,413	134,071
Full-time equivalent of overtime and holiday hours	4,441	3,462	3,447	3,544

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; [$1,817,000,000] *$1,745,100,000.*

Further, for the foregoing purposes, $1,802,500,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17–1106–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.02	General purpose forces	1,061,197	1,063,985	970,594	995,114
00.07	Central supply and maintenance	367,583	395,593	383,171	402,018
00.08	Training, medical, and other general personnel activities	266,407	270,547	264,669	273,253
00.09	Administration and associated activities	135,510	125,709	126,666	132,115
00.91	Total direct program	1,830,697	1,855,834	1,745,100	1,802,500
01.01	Reimbursable program	343,276	319,000	322,000	325,000
10.00	Total obligations	2,173,973	2,174,834	2,067,100	2,127,500
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−327,389	−287,750	−290,750	−293,750
13.00	Trust funds	−378	−2,650	−2,650	−2,650
14.00	Non-Federal sources	−15,509	−28,600	−28,600	−28,600
22.40	Unobligated balance transferred, net	−31,577	−36,500	.....	.....
25.00	Unobligated balance lapsing	1,368	.....	.....	.....
39.00	**Budget authority**	**1,800,488**	**1,819,334**	**1,745,100**	**1,802,500**
	Budget authority:				
40.00	Appropriation	1,819,188	1,817,000	1,745,100	1,802,500
40.00	Reduction pursuant to P.L. 100-463	.....	−1,700	.....	.....
41.00	Transferred to other accounts	−18,700	.....	.....	.....
42.00	Transferred from other accounts	.....	4,034	.....	.....
43.00	**Appropriation (adjusted)**	**1,800,488**	**1,819,334**	**1,745,100**	**1,802,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,830,697	1,855,834	1,745,100	1,802,500
72.40	Obligated balance, start of year	758,379	725,336	740,370	757,170
74.40	Obligated balance, end of year	−725,336	−740,370	−757,170	−776,770
77.00	Adjustments in expired accounts	−3,348	.....	.....	.....
90.00	Outlays	1,860,392	1,840,800	1,728,300	1,782,900

Object Classification (in thousands of dollars)

Identification code 17–1106–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	333,836	332,264	348,899	359,178
11.3	Other than full-time permanent	14,560	13,031	12,763	13,168
11.5	Other personnel compensation	12,248	12,592	12,427	12,891
11.9	Total personnel compensation	360,644	357,887	374,089	385,237
12.1	Civilian personnel benefits	64,487	61,167	64,005	66,121
21.0	Travel and transportation of persons	79,044	80,004	71,530	72,604
22.0	Transportation of things	70,165	82,952	73,785	76,385
23.3	Communications, utilities, and miscellaneous charges	143,864	157,694	164,282	168,373
24.0	Printing and reproduction	6,758	8,822	8,513	8,770
	Other services:				
25.0	Payments to foreign national indirect hire personnel	59,319	70,003	94,130	90,238
25.0	Purchases from industrial funds	107,005	106,614	94,344	101,909
25.0	Contracts	523,993	540,968	489,364	515,235
25.0	Other services	27,444	.....	.....	.....
26.0	Supplies and materials	309,411	325,226	265,618	269,922
31.0	Equipment	78,563	64,497	45,440	47,706
99.0	Subtotal, direct obligations	1,830,697	1,855,834	1,745,100	1,802,500
99.0	Reimbursable obligations	343,276	319,000	322,000	325,000
99.9	Total obligations	2,173,973	2,174,834	2,067,100	2,127,500

Personnel Summary

Total number of full-time permanent positions	15,363	15,870	15,797	15,762
Total compensable workyears:				
Full-time equivalent employment	16,656	16,488	16,686	16,669
Full-time equivalent of overtime and holiday hours	242	276	276	276

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 [$7,690,000] *$8,053,000* 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; [$21,721,673,000 of which $1,500,000 shall be available only for repair and maintenance of Decker Field, Utah: *Provided,* That $26,000,000 shall be available only for the operation of the SR–71 Base in the Pacific area and, these funds shall be available for obligation and expenditure for this purpose: *Provided further,* That in fiscal year 1989, not less than $15,000,000 shall be available only for the cleanup of uncontrolled hazardous waste contamination at Hamilton Air Force Base, in Novato, in the State of California, sufficient to permit the unrestricted use of the property, subject to the resolution of procedural and technical issues to meet such standard which shall be established by the relevant State and Federal regulatory agencies in consultation with the Department of Defense, in accordance with the agreement between the Federal Government and the purchaser] *$23,265,200,000.*

Further, for the foregoing purposes, and not to exceed $8,433,000 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; $23,869,600,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

General and special funds—Continued

OPERATION AND MAINTENANCE, AIR FORCE—Continued

Program and Financing (in thousands of dollars)

Identification code 57-3400-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Strategic forces	2,968,276	3,178,009	3,272,489	3,395,998
00.02	General purpose forces	4,289,809	4,413,507	4,559,891	4,819,879
00.03	Intelligence and communications	2,220,178	2,476,768	2,686,945	2,803,050
00.04	Airlift and sealift	971,484	1,092,733	1,163,788	1,203,243
00.07	Central supply and maintenance	6,312,688	6,926,258	7,268,859	7,177,727
00.08	Training, medical, and other general personnel activities	2,882,141	3,128,575	3,454,778	3,594,401
00.09	Administration and associated activities	583,036	619,152	672,080	667,792
00.10	Support of other nations	6,236	9,309	11,018	11,286
00.11	Special operations forces	79,039	173,807	175,352	196,224
00.91	Total direct program	20,312,887	22,018,118	23,265,200	23,869,600
01.01	Reimbursable program	1,814,262	1,866,000	1,932,000	1,991,000
10.00	Total obligations	22,127,149	23,884,118	25,197,200	25,860,600
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−1,417,324	−1,474,140	−1,526,280	−1,572,890
13.00	Trust funds	−328,239	−317,220	−328,440	−338,470
14.00	Non-Federal sources	−68,699	−74,640	−77,280	−79,640
22.40	Unobligated balance transferred, net	−255,457	−106,200		
25.00	Unobligated balance lapsing	23,155			
39.00	**Budget authority**	**20,080,585**	**21,911,918**	**23,265,200**	**23,869,600**
	Budget authority:				
40.00	Appropriation	19,661,448	21,721,673	23,265,200	23,869,600
40.00	Reduction pursuant to P.L. 100-463		−15,120		
42.00	Transferred from other accounts	419,137	205,365		
43.00	**Appropriation (adjusted)**	**20,080,585**	**21,911,918**	**23,265,200**	**23,869,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	20,312,887	22,018,118	23,265,200	23,869,600
72.40	Obligated balance, start of year	7,471,003	7,089,311	7,491,229	8,041,929
74.40	Obligated balance, end of year	−7,089,311	−7,491,229	−8,041,929	−8,458,629
77.00	Adjustments in expired accounts	132,410			
90.00	Outlays	20,826,988	21,616,200	22,714,500	23,452,900

Object Classification (in thousands of dollars)

Identification code 57-3400-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	3,101,510	3,825,413	4,078,037	4,233,938
11.3	Other than full-time permanent	162,132	135,015	143,931	149,433
11.5	Other personnel compensation	363,313	90,010	95,954	99,622
11.9	Total personnel compensation	3,626,955	4,050,438	4,317,922	4,482,993
12.1	Civilian personnel benefits	578,116	405,044	431,792	448,299
13.0	Benefits for former personnel	20,584	45,005	47,977	49,811
21.0	Travel and transportation of persons	550,172	503,737	521,963	538,051
22.0	Transportation of things	589,494	648,735	739,983	807,094
23.1	Rental payments to GSA	23,533	24,247	25,045	25,822
23.2	Rental payments to others	95,798	111,308	112,087	119,899
23.3	Communications, utilities, and miscellaneous charges	1,020,429	1,059,250	1,177,046	1,215,968
24.0	Printing and reproduction	43,780	51,183	48,887	48,851
	Other services:				
25.0	Payments to foreign national indirect hire personnel	246,045	270,752	327,201	352,810
25.0	Purchases from industrial funds	2,768,656	3,123,591	3,260,725	3,068,429
25.0	Contracts	6,907,445	7,606,924	8,262,819	8,646,373
26.0	Supplies and materials	3,436,353	3,724,412	3,552,027	3,646,392
31.0	Equipment	324,482	261,901	296,825	295,145
32.0	Land and structures	28	87	100	116
41.0	Grants, subsidies, and contributions	1,487	2,488	4,240	2,970
42.0	Insurance claims and indemnities	78,886	129,002	118,561	120,577
43.0	Interest and dividends	644	14		
99.0	Subtotal, direct obligations	20,312,887	22,018,118	23,265,200	23,869,600
99.0	Reimbursable obligations	1,814,262	1,866,000	1,932,000	1,991,000
99.9	Total obligations	22,127,149	23,884,118	25,197,200	25,860,600

Personnel Summary

Total number of full-time permanent positions	129,784	140,131	139,998	139,630
Total compensable workyears:				
Full-time equivalent employment	151,430	152,318	156,104	157,051
Full-time equivalent of overtime and holiday hours	1,839	2,457	2,841	2,930

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

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; [$7,635,973,000] *$10,642,000*, of which not to exceed [$11,691,000] *$8,085,000,000* 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[: *Provided*, That $1,400,000 is available to the Office of Economic Adjustment for making community planning assistance grants pursuant to section 2391 of title 10, United States Code, and joint community/military planning assistance grants for mitigation of operational impacts from encroachment].

Further, for the foregoing purposes, and not to exceed $10,993,000 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, $8,408,100,000, to become available for obligation on October 1, 1990. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0100-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.02	General purpose forces: Joint Chiefs of Staff	265,760	299,775	280,636	286,333
	Intelligence and communications:				
00.03	Defense Investigative Service	155,375	163,529	178,252	189,810
00.03	Defense Mapping Agency	504,655	518,315	543,652	620,073
00.03	Defense Nuclear Agency	64,649	68,322	75,388	84,768
00.03	Intelligence and communications activities	2,368,848	2,561,745	2,774,117	2,900,321
00.03	On-Site Inspection Agency	19,953	50,353	49,830	48,831
00.07	Central supply and maintenance: Defense Logistics Agency	1,978,739	2,164,661	2,086,974	2,032,965
	Training, medical, and other general personnel activities:				
00.08	Department of Defense Dependents Schools	942,966	1,016,610	1,108,427	1,184,731
00.08	American Forces Information Service	61,469	62,395	73,422	77,361
00.08	Defense Medical Systems Support Activities	94,184	103,763	101,602	102,904
00.08	Uniformed Services University of the Health Sciences	37,956	35,307	37,357	38,553
00.08	Civilian Health and Medical Program of the Uniformed Services	112,455	45,896	48,123	51,680
	Administration and associated activities:				
00.09	Secretary of Defense	127,611	146,322	152,445	158,990
00.09	Office of Economic Adjustment	18,124	19,609	29,631	31,442
00.09	Washington Headquarters Services	119,405	124,213	136,982	163,976
00.09	Joint Chiefs of Staff	68,602	57,769	60,729	64,420
00.09	Defense Contract Audit Agency	243,139	291,081	330,057	353,274

00.09	Defense Legal Services Agency	6,355	6,005	6,749	7,081
00.09	Office of the Inspector General	83,662	89,651	.....	.....
00.09	Defense Information Services Activity	2,148	.....	.....	.....
00.09	Defense Technology Security Administration	5,697	5,758	10,627	10,587
00.91	Total direct program	7,281,752	7,831,079	8,085,000	8,408,100
01.01	Reimbursable program	3,331,951	3,633,849	3,697,900	4,020,700
10.00	Total obligations	10,613,703	11,464,928	11,782,900	12,428,800
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−3,257,142	−3,572,407	−3,635,724	−3,955,623
13.00	Trust funds	−62,399	−44,230	−44,227	−45,024
14.00	Non-Federal sources	−12,410	−17,212	−17,949	−20,053
17.00	Recovery of prior year obligations	−370	.....	.....	.....
21.40	Unobligated balance available, start of year	−4,183	.....	.....	.....
22.40	Unobligated balance transferred, net	−31,300	−121,900	.....	.....
25.00	Unobligated balance lapsing	24,478	.....	.....	.....
39.00	**Budget authority**	**7,270,377**	**7,709,179**	**8,085,000**	**8,408,100**
	Budget authority:				
40.00	Appropriation	7,112,951	7,635,973	8,085,000	8,408,100
40.00	Reduction pursuant to P.L. 100-463	.....	−13,400	.....	.....
41.00	Transferred to other accounts	−29,887	.....	.....	.....
42.00	Transferred from other accounts	187,313	86,606	.....	.....
43.00	**Appropriation (adjusted)**	**7,270,377**	**7,709,179**	**8,085,000**	**8,408,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	7,281,752	7,831,079	8,085,000	8,408,100
72.40	Obligated balance, start of year	1,609,816	1,440,398	1,863,477	2,060,877
74.40	Obligated balance, end of year	−1,440,398	−1,863,477	−2,060,877	−2,263,677
77.00	Adjustments in expired accounts	−77,735	.....	.....	.....
78.00	Adjustments in unexpired accounts	−370	.....	.....	.....
90.00	Outlays	7,373,066	7,408,000	7,887,600	8,205,300

Includes $2,500 thousand in budget authority in 1990 and $2,600 thousand in 1991 for activities previously financed from:

[In thousands of dollars]

Department of State:	*1988 actual*	*1989 estimate*
Salaries and expenses	2,402	2,572
Acquisition and maintenance of buildings abroad	412	442

Object Classification (in thousands of dollars)

Identification code 97-0100-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	2,373,577	2,558,730	2,584,179	2,656,414
11.3	Other than full-time permanent	89,684	88,107	89,390	90,632
11.5	Other personnel compensation	83,820	90,342	87,725	88,611
11.8	Special personal services payments	1,296	1,257	1,325	1,387
11.9	Total personnel compensation	2,548,377	2,738,436	2,762,619	2,837,044
12.1	Civilian personnel benefits	474,123	538,969	564,933	593,217
13.0	Benefits for former personnel	1,660	3,360	3,360	3,360
21.0	Travel and transportation of persons	228,069	234,562	242,032	252,054
22.0	Transportation of things	313,395	343,449	328,695	336,716
23.1	Rental payments to GSA	81,511	98,472	104,211	130,615
23.2	Rental payments to others	166,093	204,574	225,117	232,544
23.3	Communications, utilities, and miscellaneous charges	150,810	149,320	157,197	165,833
24.0	Printing and reproduction	27,752	25,056	27,274	28,536
	Other services:				
25.0	Payments to foreign national indirect hire personnel	49,034	51,776	59,803	63,251
25.0	Purchases from industrial funds	25,540	43,490	47,753	49,516
25.0	Contracts	1,341,419	1,477,737	1,549,424	1,608,415
25.0	Other	1,460,932	1,528,732	1,626,819	1,730,121
26.0	Supplies and materials	258,232	238,195	253,509	254,497
31.0	Equipment	151,879	145,172	122,779	112,526
41.0	Grants, subsidies, and contributions	2,925	9,779	9,475	9,855
43.0	Interest and dividends	1	.....	.....	.....
99.0	Subtotal, direct obligations	7,281,752	7,831,079	8,085,000	8,408,100
99.0	Reimbursable obligations	3,331,951	3,633,849	3,697,900	4,020,700
99.9	Total obligations	10,613,703	11,464,928	11,782,900	12,428,800

Personnel Summary

Total number of full-time permanent positions	83,902	86,526	84,274	83,930
Total compensable workyears:				
Full-time equivalent employment	92,661	92,561	91,169	90,066
Full-time equivalent of overtime and holiday hours	1,601	3,837	3,092	2,922

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, $94,749,000; for Procurement, $1,051,000; in all, $95,800,000: Provided, That the amount provided for Procurement shall remain available until September 30, 1992.

Further, for the foregoing purposes, as follows: for Operation and Maintenance, $96,559,000; for Procurement, $1,041,000; in all, $97,600,000, to become available for obligation on October 1, 1990: Provided, That the amount provided for Procurement shall remain available until September 30, 1993. (Additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0107-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Operations and Maintenance	.....	.....	94,749	96,559
00.02	Procurement	.....	.....	1,030	1,030
10.00	Total obligations	.....	.....	95,779	97,589
	Financing:				
21.40	Unobligated balance available, start of year	.....	.....	.....	−21
24.40	Unobligated balance available, end of year	.....	.....	21	32
40.00	**Budget authority (appropriation)**	.....	.....	**95,800**	**97,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	.....	.....	95,779	97,589
72.40	Obligated balance, start of year	.....	.....	.....	23,879
74.40	Obligated balance, end of year	.....	.....	−23,879	−31,068
90.00	Outlays	.....	.....	71,900	90,400

Object Classification (in thousands of dollars)

Identification code 97-0107-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	.....	.....	61,378	61,216
11.3	Other than full-time permanent	.....	.....	150	150
11.5	Other personnel compensation	.....	.....	2,160	2,405
11.9	Total personnel compensation	.....	.....	63,688	63,771
12.1	Civilian personnel benefits	.....	.....	8,876	9,335
21.0	Travel and transportation of persons	.....	.....	8,112	8,232
22.0	Transportation of things	.....	.....	990	1,090
23.1	Rental payments to GSA	.....	.....	4,842	5,011
23.2	Rental payments to others	.....	.....	1,540	1,500
24.0	Printing and reproduction	.....	.....	250	250
	Other services:				
25.0	Payments to foreign national indirect hire personnel	.....	.....	70	75
25.0	Other	.....	.....	5,301	6,033
26.0	Supplies and materials	.....	.....	550	600
31.0	Equipment	.....	.....	1,560	1,692
99.9	Total obligations	.....	.....	95,779	97,589

General and special funds—Continued

OPERATION AND MAINTENANCE, DEFENSE AGENCIES—Continued

Personnel Summary

Total number of full-time permanent positions			1,517	1,517
Total compensable workyears:				
Full-time equivalent employment			1,500	1,500
Full-time equivalent of overtime and holiday hours			6	6

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; [$794,900,000] *$867,100,000.*

Further, for the foregoing purposes, $907,600,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2080-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Mission forces	513,276	486,058	751,505	787,314
00.02	Depot maintenance	9,081	8,842	8,770	8,571
00.03	Other support	337,081	337,700	106,825	111,715
00.91	Total direct program	859,438	832,600	867,100	907,600
01.01	Reimbursable program	21,690	19,506	19,900	19,400
10.00	*Total obligations*	881,128	852,106	887,000	927,000
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−21,587	−19,382	−19,773	−19,271
14.00	Non-Federal sources	−103	−124	−127	−129
22.40	Unobligated balance transferred, net		−40,000		
25.00	Unobligated balance lapsing	20,247			
39.00	**Budget authority**	**879,685**	**792,600**	**867,100**	**907,600**
	Budget authority:				
40.00	Appropriation	857,540	794,900	867,100	907,600
40.00	Reduction pursuant to P.L. 100-463		−300		
41.00	Transferred to other accounts		−2,000		
42.00	Transferred from other accounts	22,145			
43.00	**Appropriation (adjusted)**	**879,685**	**792,600**	**867,100**	**907,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	859,438	832,600	867,100	907,600
72.40	Obligated balance, start of year	239,359	280,171	305,271	344,171
74.40	Obligated balance, end of year	−280,171	−305,271	−344,171	−382,971
77.00	Adjustments in expired accounts	−18,325			
90.00	Outlays	800,301	807,500	828,200	868,800

Object Classification (in thousands of dollars)

Identification code 21-2080-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	328,383	233,046	248,856	259,444
11.3	Other than full-time permanent	17,050	141,302	136,909	141,585
11.9	Total personnel compensation	345,433	374,348	385,765	401,029
13.0	Benefits for former personnel	32	24	25	26
21.0	Travel and transportation of persons	70,329	69,416	68,695	70,456
22.0	Transportation of things	3,358	3,213	4,087	4,091
23.1	Rental payments to GSA	4,296	1,377	6,419	6,922
23.2	Rental payments to others	39,310	56,557	59,716	60,171
24.0	Printing and reproduction	7,606	6,461	6,566	7,166
	Other services:				
25.0	Payments to foreign national indirect hire personnel		52	61	63
25.0	Purchases from industrial funds	11,673	11,799	11,988	12,658
25.0	Contracts	203,110	179,218	154,751	161,697
25.0	Other	657	3,811	2,711	2,883
26.0	Supplies and materials	130,665	96,663	139,518	147,464
31.0	Equipment	42,969	29,661	26,796	32,974
99.0	Subtotal, direct obligations	859,438	832,600	867,100	907,600
99.0	Reimbursable obligations	21,690	19,506	19,900	19,400
99.9	Total obligations	881,128	852,106	887,000	927,000

Personnel Summary

Total number of full-time permanent positions	11,567	13,031	13,033	13,174
Total compensable workyears:				
Full-time equivalent employment	12,994	12,909	13,072	13,252
Full-time equivalent of overtime and holiday hours	104	75	97	99

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; [$979,200,000] *$984,400,000.*

Further, for the foregoing purposes, $1,014,100,000, to become available for obligation on October 1, 1990. (10 U.S.C. 262, 276, 503, 1481-88, 2110, 2202, 2231, 2233a, 2631-34, 5013, 5062, 5251, 6022; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1806-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Mission forces	561,205	602,467	859,216	895,869
00.02	Depot maintenance	121,312	120,332	118,863	111,725
00.03	Other support	241,846	253,626	6,321	6,506
00.91	Total direct program	924,363	976,425	984,400	1,014,100
01.01	Reimbursable program	18,455	15,050	15,100	15,000
10.00	Total obligations	942,818	991,475	999,500	1,029,100
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−17,087	−14,050	−14,100	−14,000
13.00	Trust funds	−52			
14.00	Non-Federal sources	−1,316	−1,000	−1,000	−1,000
25.00	Unobligated balance lapsing	5,533			
39.00	**Budget authority**	**929,896**	**976,425**	**984,400**	**1,014,100**
	Budget authority:				
40.00	Appropriation	929,896	979,200	984,400	1,014,100
40.00	Reduction pursuant to P.L. 100-463		−950		
41.00	Transferred to other accounts		−1,825		
43.00	**Appropriation (adjusted)**	**929,896**	**976,425**	**984,400**	**1,014,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	924,363	976,425	984,400	1,014,100
72.40	Obligated balance, start of year	456,349	461,803	501,328	550,028
74.40	Obligated balance, end of year	−461,803	−501,328	−550,028	−599,928
77.00	Adjustments in expired accounts	−16,573			
90.00	Outlays	902,336	936,900	935,700	964,200

Object Classification (in thousands of dollars)

Identification code 17-1806-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	61,093	62,513	62,788	63,708
11.3	Other than full-time permanent	3,121	2,587	3,274	3,497

11.5	Other personnel compensation	2,382	2,422	2,453	2,499
11.9	Total personnel compensation	66,596	67,522	68,515	69,704
12.1	Civilian personnel benefits	11,247	11,279	11,476	11,612
21.0	Travel and transportation of persons	18,137	18,967	21,329	22,504
22.0	Transportation of things	1,235	1,309	1,355	1,397
23.2	Rental payments to others	5,461	5,804	6,100	6,301
23.3	Communications, utilities, and miscellaneous charges	37,804	41,401	42,220	44,583
24.0	Printing and reproduction	1,361	1,525	1,370	1,472
	Other services:				
25.0	Purchases from industrial funds	119,179	135,967	138,951	135,264
25.0	Contracts	258,055	291,433	300,060	296,986
25.0	Other	23,027	25,583	26,261	27,777
26.0	Supplies and materials	359,634	351,524	339,066	367,973
31.0	Equipment	22,627	24,111	27,697	28,527
99.0	Subtotal, direct obligations	924,363	976,425	984,400	1,014,100
99.0	Reimbursable obligations	18,455	15,050	15,100	15,000
99.9	Total obligations	942,818	991,475	999,500	1,029,100

Personnel Summary

Total number of full-time permanent positions	2,777	2,838	2,776	2,705
Total compensable workyears:				
Full-time equivalent employment	3,011	2,898	2,901	2,853
Full-time equivalent of overtime and holiday hours	20	25	25	25

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; [$77,500,000] *$77,400,000.*

Further, the foregoing purposes, $79,400,000, to become available for obligation on October 1, 1990. *(10 U.S.C. 262, 276, 503, 1481–88, 2110, 2202, 2231, 2233a, 2631–34, 5013, 5062, 5252, 6022; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 17–1107–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Mission forces	30,651	37,692	62,948	64,584
00.02	Depot maintenance	1,365	1,974	1,917	1,969
00.03	Other support	36,862	37,965	12,535	12,847
00.91	Total direct program	68,878	77,631	77,400	79,400
01.01	Reimbursable program	1,663	990	1,000	1,000
10.00	Total obligations	70,541	78,621	78,400	80,392
	Financing:				
11.00	Offsetting collections from: Federal funds	−1,663	−990	−1,000	−1,000
25.00	Unobligated balance lapsing	622			
39.00	**Budget authority**	**69,500**	**77,631**	**77,400**	**79,400**
	Budget authority:				
40.00	Appropriation	69,500	77,500	77,400	79,400
42.00	Transferred from other accounts		131		
43.00	**Appropriation (adjusted)**	**69,500**	**77,631**	**77,400**	**79,400**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	68,878	77,631	77,400	79,400
72.40	Obligated balance, start of year	26,112	26,688	31,419	34,019
74.40	Obligated balance, end of year	−26,688	−31,419	−34,019	−37,019
77.00	Adjustments in expired accounts	−2,494			
90.00	Outlays	65,607	72,900	74,800	76,400

Object Classification (in thousands of dollars)

Identification code 17–1107–0–1–051		1988 actual	1989 est.	1990 est	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	6,996	7,711	7,909	8,158
11.3	Other than full-time permanent	327			
11.5	Other personnel compensation	149	43	43	43
11.9	Total personnel compensation	7,472	7,754	7,952	8,201
12.1	Civilian personnel benefits	1,282	1,305	1,305	1,346
21.0	Travel and transportation of persons	6,433	5,797	5,936	6,062
22.0	Transportation of things	3,229	3,729	3,856	3,972
23.3	Communications, utilities, and miscellaneous charges	9,195	9,574	9,624	9,865
24.0	Printing and reproduction	458	492	509	524
	Other services:				
25.0	Purchases from industrial funds	1,538	1,974	1,917	1,969
25.0	Contracts	13,901	16,217	16,768	17,272
26.0	Supplies and materials	20,985	28,349	27,042	27,679
31.0	Equipment	4,385	2,440	2,491	2,510
99.0	Subtotal, direct obligations	68,878	77,631	77,400	79,400
99.0	Reimbursable obligations	1,663	990	1,000	1,000
99.9	Total obligations	70,541	78,621	78,400	80,400

Personnel Summary

Total number of full-time permanent positions	338	352	352	352
Total compensable workyears:				
Full-time equivalent employment	334	342	342	342
Full-time equivalent of overtime and holiday hours	2	1	1	1

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; [$1,033,900,000] *$1,007,400,000.*

Further, for the foregoing purposes, $1,043,100,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57–3740–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Mission forces	641,215	678,950	770,915	799,590
00.02	Depot maintenance	189,576	218,398	194,144	198,933
00.03	Other support	168,930	174,192	42,341	44,577
00.91	Total direct program	999,721	1,071,540	1,007,400	1,043,100
01.01	Reimbursable program	11,732	17,200	21,700	22,900
10.00	Total obligations	1,011,453	1,088,740	1,029,100	1,066,000
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−10,814	−16,686	−21,161	−22,336
13.00	Trust funds	−632			
14.00	Non-Federal sources	−286	−514	−539	−564
22.40	Unobligated balance transferred, net		−40,000		
25.00	Unobligated balance lapsing	1,260			
39.00	**Budget authority**	**1,000,981**	**1,031,540**	**1,007,400**	**1,043,100**
	Budget authority:				
40.00	Appropriation	1,000,981	1,033,900	1,007,400	1,043,100
40.00	Reduction pursuant to P.L. 100-463		−360		
41.00	Transferred to other accounts		−2,000		
43.00	**Appropriation (adjusted)**	**1,000,981**	**1,031,540**	**1,007,400**	**1,043,100**

General and special funds—Continued

OPERATION AND MAINTENANCE, AIR FORCE RESERVE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 57-3740-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	999,721	1,071,540	1,007,400	1,043,100
72.40	Obligated balance, start of year	237,407	246,225	264,165	267,465
74.40	Obligated balance, end of year	−246,225	−264,165	−267,465	−288,365
77.00	Adjustments in expired accounts	−16,465			
90.00	Outlays	974,439	1,053,600	1,004,100	1,022,200

Object Classification (in thousands of dollars)

Identification code 57-3740-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	360,240	387,008	386,980	400,945
11.5	Other personnel compensation	11,401	12,211	12,149	12,536
11.9	Total personnel compensation	371,641	399,219	399,129	413,481
12.1	Civilian personnel benefits	69,179	77,997	83,640	85,930
13.0	Benefits for former personnel	86	96	104	107
21.0	Travel and transportation of persons	10,396	9,312	9,157	9,320
22.0	Transportation of things	3,869	6,036	4,035	3,770
23.2	Rental payments to others	1,547	2,890	3,003	2,938
23.3	Communications, utilities, and miscellaneous charges	12,742	16,377	16,732	16,979
24.0	Printing and reproduction	770	831	857	895
	Other services:				
25.0	Purchases from industrial funds	242,044	287,424	247,877	257,049
25.0	Contracts	81,704	62,670	54,931	55,454
25.0	Other	3,365	3,444	3,161	3,310
26.0	Supplies and materials	189,836	192,755	168,836	177,525
31.0	Equipment	12,542	12,489	12,100	12,332
42.0	Insurance claims and indemnities			3,838	4,010
99.0	Subtotal, direct obligations	999,721	1,071,540	1,007,400	1,043,100
99.0	Reimbursable obligations	11,732	17,200	21,700	22,900
99.9	Total obligations	1,011,453	1,088,740	1,029,100	1,066,000

Personnel Summary

Total number of full-time permanent positions	13,768	14,149	14,004	13,926
Total compensable workyears:				
Full-time equivalent employment	13,959	14,532	14,118	14,167
Full-time equivalent of overtime and holiday hours	265	266	267	268

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); [$1,801,200,000] *$1,873,200,000.*

Further, for the foregoing purposes, $1,904,500,000, to become available for obligation on October 1, 1990. (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, 1989, additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2065-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Training operations	269,968	293,785	1,665,106	1,709,678
00.02	Logistical support	1,395,074	1,343,255	64,487	53,486
00.03	Headquarters and command support	176,804	192,451	143,607	141,336
00.04	Medical support	17,892	16,609		
00.91	Total direct program	1,859,738	1,846,100	1,873,200	1,904,500
01.01	Reimbursable program	53,254	29,200	30,000	30,200
10.00	Total obligations	1,912,992	1,875,300	1,903,200	1,934,700
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−51,802	−28,324	−29,114	−29,304
14.00	Non-Federal sources	−1,452	−876	−886	−896
22.40	Unobligated balance transferred, net		−50,000		
25.00	Unobligated balance lapsing	21,804			
39.00	**Budget authority**	**1,881,542**	**1,796,100**	**1,873,200**	**1,904,500**
	Budget authority:				
40.00	Appropriation	1,856,542	1,801,200	1,873,200	1,904,500
40.00	Reduction pursuant to P.L. 100-463		−1,100		
41.00	Transferred to other accounts		−4,000		
42.00	Transferred from other accounts	25,000			
43.00	**Appropriation (adjusted)**	**1,881,542**	**1,796,100**	**1,873,200**	**1,904,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,859,738	1,846,100	1,873,200	1,904,500
72.40	Obligated balance, start of year	519,936	569,853	664,953	726,653
74.40	Obligated balance, end of year	−569,853	−664,953	−726,653	−790,753
77.00	Adjustments in expired accounts	−56,862			
90.00	Outlays	1,752,958	1,751,000	1,811,500	1,840,400

Object Classification (in thousands of dollars)

Identification code 21-2065-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	640,009	710,646	630,091	563,898
11.3	Other than full-time permanent	34,696	37,575	38,450	40,214
11.5	Other personnel compensation	5,000	4,246	4,337	4,330
11.9	Total personnel compensation	679,705	752,467	672,878	608,442
12.1	Civilian personnel benefits	130,644	131,768	136,366	143,974
13.0	Benefits for former personnel	665	817	828	825
21.0	Travel and transportation of persons	39,660	35,272	39,356	39,650
22.0	Transportation of things	22,292	21,773	38,628	39,684
23.2	Rental payments to others	44,228	52,620	53,490	63,090
24.0	Printing and reproduction	8,404	9,017	11,000	13,040
	Other services:				
25.0	Purchases from industrial funds	63,803	42,700	63,169	71,040
25.0	Contracts	348,482	244,233	253,000	302,333
25.0	Other	1,831			
26.0	Supplies and materials	488,930	461,210	498,435	514,372
31.0	Equipment	22,975	88,743	100,450	102,050
32.0	Land and structures	8,119	5,480	5,600	6,000
99.0	Subtotal, direct obligations	1,859,738	1,846,100	1,873,200	1,904,500
99.0	Reimbursable obligations	53,254	29,200	30,000	30,200
99.9	Total obligations	1,912,992	1,875,300	1,903,200	1,934,700

Personnel Summary

Total number of full-time permanent positions	27,868	28,526	28,863	29,053
Total compensable workyears:				
Full-time equivalent employment	28,067	28,355	28,604	28,864
Full-time equivalent of overtime and holiday hours	6	2	2	2

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; [$1,971,000,000] *$2,055,800,000.*

Further, for the foregoing purposes, $2,184,900,000, to become available for obligation on October 1, 1990. (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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3840-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Mission forces	1,466,059	1,517,874	1,664,550	1,745,705
00.02	Depot maintenance	379,640	392,812	385,721	433,519
00.03	Other support	111,985	106,954	5,529	5,676
00.91	Total direct program	1,957,684	2,017,640	2,055,800	2,184,900
01.01	Reimbursable program	22,647	28,642	29,700	30,600
10.00	Total obligations	1,980,331	2,046,282	2,085,500	2,215,500
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−20,204	−24,059	−24,957	−25,710
13.00	Trust funds	−22			
14.00	Non-Federal sources	−2,421	−4,583	−4,743	−4,890
22.40	Unobligated balance transferred, net		−50,000		
25.00	Unobligated balance lapsing	379			
39.00	**Budget authority**	**1,958,063**	**1,967,640**	**2,055,800**	**2,184,900**
	Budget authority:				
40.00	Appropriation	1,958,063	1,971,000	2,055,800	2,184,900
40.00	Reduction pursuant to P.L. 100-463		−360		
41.00	Transferred to other accounts		−3,000		
43.00	**Appropriation (adjusted)**	**1,958,063**	**1,967,640**	**2,055,800**	**2,184,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,957,684	2,017,640	2,055,800	2,184,900
72.40	Obligated balance, start of year	416,492	420,758	458,398	496,198
74.40	Obligated balance, end of year	−420,758	−458,398	−496,198	−550,898
77.00	Adjustments in expired accounts	−2,389			
90.00	Outlays	1,951,029	1,980,000	2,018,000	2,130,200

Object Classification (in thousands of dollars)

Identification code 57-3840-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	691,265	702,685	708,628	729,058
11.5	Other personnel compensation	7,488	24,052	24,060	24,761
11.9	Total personnel compensation	698,753	726,737	732,688	753,819
12.1	Civilian personnel benefits	126,061	160,061	165,347	170,215
13.0	Benefits for former personnel	328	489	505	520
21.0	Travel and transportation of persons	26,149	27,686	27,604	27,972
22.0	Transportation of things	13,282	13,406	16,868	19,184
23.2	Rental payments to others	6,579	4,116	5,718	7,061
23.3	Communications, utilities, and miscellaneous charges	36,226	35,636	43,866	50,483
24.0	Printing and reproduction	1,835	1,609	1,689	1,778
	Other services:				
25.0	Purchases from industrial funds	363,768	382,506	377,476	422,699
25.0	Contracts	183,609	175,835	220,017	247,523
26.0	Supplies and materials	474,141	476,085	438,325	458,417
31.0	Equipment	26,953	13,474	17,969	17,154
42.0	Insurance claims and indemnities			7,728	8,075
99.0	Subtotal, direct obligations	1,957,684	2,017,640	2,055,800	2,184,900
99.0	Reimbursable obligations	22,647	28,642	29,700	30,600
99.9	Total obligations	1,980,331	2,046,282	2,085,500	2,215,500

Personnel Summary

Total number of full-time permanent positions	23,790	24,103	24,107	24,109
Total compensable workyears:				
Full-time equivalent employment	25,246	25,042	25,455	25,494
Full-time equivalent of overtime and holiday hours	73	73	73	73

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 in excess of the amounts provided under section 4313 of title 10, United States Code; [not to exceed $4,300,000] *$4,700,000,* of which not to exceed $7,500 shall be available for incidental expenses of the National Board.

Further, for the foregoing purpose, $5,600,000, to become available for obligation on October 1, 1990, 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-1705-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations	3,923	4,300	4,700	5,600
	Financing:				
25.00	Unobligated balance lapsing	176			
40.00	**Budget authority (appropriation)**	**4,099**	**4,300**	**4,700**	**5,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	3,923	4,300	4,700	5,600
72.40	Obligated balance, start of year	1,206	1,773	1,873	2,173
74.40	Obligated balance, end of year	−1,773	−1,873	−2,173	−2,573
77.00	Adjustments in expired accounts	67			
90.00	Outlays	3,423	4,200	4,400	5,200

Object Classification (in thousands of dollars)

Identification code 21-1705-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	656	930	959	989
11.3	Other than full-time permanent	60	64	66	68
11.5	Other personnel compensation	38	87	87	91
11.9	Total personnel compensation	754	1,081	1,112	1,148
12.1	Civilian personnel benefits	144	151	154	160
21.0	Travel and transportation of persons	383	390	398	406
22.0	Transportation of things	60	100	104	107
23.3	Communications, utilities, and miscellaneous charges	106	157	161	167
24.0	Printing and reproduction	5	18	19	20
	Other services:				
25.0	Contracts	160	227	235	242
25.0	Other	1,171	1,035	1,200	1,139
26.0	Supplies and materials	1,127	1,101	1,276	2,171
31.0	Equipment	13	40	41	40
99.9	Total obligations	3,923	4,300	4,700	5,600

General and special funds—Continued

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY—Continued

Personnel Summary

Total number of full-time permanent positions	32	37	37	37
Total compensable workyears:				
Full-time equivalent employment	30	37	37	37
Full-time equivalent of overtime and holiday hours	1	1	1	1

CLAIMS, DEFENSE

Program and Financing (in thousands of dollars)

Identification code 97-0102-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Personnel claims	109,518			
00.02	Tort claims	80,441			
00.03	Admiralty claims	550			
00.04	Other miscellaneous claims	12			
10.00	Total obligations (object class 42.0)	190,521			
	Financing:				
25.00	Unobligated balance lapsing	4,653			
39.00	**Budget authority**	**195,174**			
	Budget authority:				
40.00	Appropriation	193,574			
42.00	Transferred from other accounts	1,600			
43.00	**Appropriation (adjusted)**	**195,174**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	190,521			
72.40	Obligated balance, start of year	9,256	7,646	3,546	3,546
74.40	Obligated balance, end of year	−7,646	−3,546	−3,546	−3,546
77.00	Adjustments in expired accounts	−3,241			
90.00	Outlays	188,889	4,100		

COURT OF MILITARY APPEALS, DEFENSE

For salaries and expenses necessary for the United States Court of Military Appeals; [$3,500,000] *$4,000,000,* and not to exceed $1,500 can be used for official representation purposes.

Further, for the foregoing purposes, $4,200,000, to become available for obligation on October 1, 1990, and not to exceed $1,500 can be used for official representation purposes. *(10 U.S.C. 867; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-0104-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations	3,203	3,500	4,000	4,200
	Financing:				
25.00	Unobligated balance lapsing	38			
40.00	**Budget authority (appropriation)**	**3,241**	**3,500**	**4,000**	**4,200**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	3,203	3,500	4,000	4,200
72.40	Obligated balance, start of year	630	539	739	939
74.40	Obligated balance, end of year	−539	−739	−939	−1,039
77.00	Adjustments in expired accounts	−82			
90.00	Outlays	3,212	3,300	3,800	4,100

Object Classification (in thousands of dollars)

Identification code 97-0104-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	1,755	1,981	2,178	2,269
11.3	Other than full-time permanent	132	138	144	151
11.5	Other personnel compensation	9	42	46	49
11.9	Total personnel compensation	1,896	2,161	2,368	2,469
12.1	Civilian personnel benefits	217	260	286	297
21.0	Travel and transportation of persons	50	59	70	80
23.1	Rental payments to GSA	568	543	578	607
23.3	Communications, utilities, and miscellaneous charges	42	51	61	70
24.0	Printing and reproduction	6	11	16	20
	Other services:				
25.0	Contracts	227	207	289	299
25.0	Other	75	85	125	132
26.0	Supplies and materials	122	123	163	175
31.0	Equipment			44	51
99.9	Total obligations	3,203	3,500	4,000	4,200

Personnel Summary

Total number of full-time permanent positions	36	46	46	46
Total compensable workyears: Full-time equivalent employment	42	46	49	49

[DRUG INTERDICTION, DEFENSE]

[(INCLUDING TRANSFER OF FUNDS)]

[For the Department of Defense, $210,000,000 and by transfer from Aircraft Procurement, Navy, 1987/89, $90,000,000 for transfer to "Military Personnel" and "Operation and Maintenance" appropriations for operating costs of the Department of Defense related to the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. Not less than $40,000,000 of such amount shall be available only for drug interdiction activities of the Army National Guard and the Air National Guard. Funds appropriated by this paragraph in excess of $30,000,000 may not be obligated or expended until—

(1) the Secretary submits to the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives a report on how the funds are proposed to be used; and

(2) a period of 30 days has elapsed after the date on which the report is received by such committees.

Such report shall be submitted not later than 60 days after the date of the enactment of this Act and should set forth in detail the plans of the Secretary for the obligation of such funds, including a statement of the following:

(A) The appropriation account or accounts to which the funds are proposed to be transferred.

(B) The activities proposed to be undertaken using those funds.

(C) The relationship between those activities and the drug interdiction strategy of the United States.

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. The transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act. The restrictions contained in the third sentence of this paragraph shall not apply to the obligation of any amount not in excess of $30,000,000 which is obligated for drug interdiction activities.] *(Department of Defense Appropriations Act, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 97-0105-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 25.0)		300,000		
	Financing:				
22.40	Unobligated balance transferred, net		−90,000		
40.00	**Budget authority (appropriation)**		**210,000**		
	Relation of obligations to outlays:				
71.00	Obligations incurred, net		300,000		
72.40	Obligated balance, start of year			165,000	84,900
74.40	Obligated balance, end of year		−165,000	−84,900	−40,800
90.00	Outlays		135,000	80,100	44,100

Goodwill Games

For logistical support and personnel services including initial planning for security needs (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 Goodwill Games) provided by any component of the Department of Defense to the Goodwill Games; [$5,000,000] *$15,000,000. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-0106-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations		5,000	15,000	
	Financing:				
40.00	**Budget authority (appropriation)**		**5,000**	**15,000**	
	Relation of obligations to outlays:				
71.00	Obligations incurred, net		5,000	15,000	
72.40	Obligated balance, start of year			2,800	8,600
74.40	Obligated balance, end of year		−2,800	−8,600	−900
90.00	Outlays		2,200	9,200	7,700

Department of Defense Base Closure Account

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), $500,000,000, to remain available for obligation until expended.

Further, for the foregoing purposes, to become available for deposit on October 1, 1990, $500,000,000, to remain available until expended.

Program and Financing (in thousands of dollars)

Identification code 97-0103-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
07.02	Base operations			500,000	500,000
10.00	Total obligations (object class 25.0)			415,000	475,000
	Financing:				
21.40	Unobligated balance available, start of year				−85,000
24.40	Unobligated balance available, end of year			85,000	110,000
40.00	**Budget authority (appropriation)**			**500,000**	**500,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net			415,000	475,000
72.40	Obligated balance, start of year				306,800
74.40	Obligated balance, end of year			−306,800	−450,200
90.00	Outlays			108,200	331,600

Public Law 100-526 authorized the Department of Defense to establish a no-year appropriation account to finance the recommendations of the Commission on Realignment and Base Closure. Financing for the account can come from appropriations, transfers in appropriations acts, and proceeds from the sale of assets made available by base realignments and closures. Proposed legislation allowing the use of proceeds from asset sales is included in the General Provisions.

Foreign Currency Fluctuations, Defense

Program and Financing (in thousands of dollars)

Identification code 97-0801-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Financing:				
21.40	Unobligated balance available, start of year	−501,005	−414,152	−414,152	−414,152
22.40	Unobligated balance transferred, net	338,523			
24.40	Unobligated balance available, end of year	414,152	414,152	414,152	414,152
39.00	**Budget authority**	**251,670**			
	Budget authority:				
50.00	Reappropriation	710,870			
50.00	Portion applied to meet foreign currency fluctuations in expired accounts	−459,200			
53.00	**Reappropriation (adjusted)**	**251,670**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
90.00	Outlays				

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.

Summer Olympics

Program and Financing (in thousands of dollars)

Identification code 21-2087-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
72.40	Obligated balance, start of year	1,120	1,628	1,628	1,628
74.40	Obligated balance, end of year	−1,628	−1,628	−1,628	−1,628
77.00	Adjustments in expired accounts	−33			
90.00	Outlays	−541			

Tenth International Pan American Games

Program and Financing (in thousands of dollars)

Identification code 97-0812-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
72.40	Obligated balance, start of year	18,963	3,545	3,445	3,445
74.40	Obligated balance, end of year	−3,545	−3,445	−3,445	−3,445
90.00	Outlays	15,418	100		

Environmental Restoration, Defense

(INCLUDING TRANSFER OF FUNDS)

For the Department of Defense; [$500,000,000] *$517,800,000,* to remain available until transferred *and, further, $519,900,000, to become available for transfer on October 1, 1990 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

General and special funds—Continued

ENVIRONMENTAL RESTORATION, DEFENSE—Continued

(INCLUDING TRANSFER OF FUNDS)—Continued

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 pursuant to this provision are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation. *(Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-0810-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 25.0)			517,800	519,900
	Financing:				
21.40	Unobligated balance available, start of year	-1,162	-197		
22.40	Unobligated balance transferred, net	965	197		
24.40	Unobligated balance available, end of year	197			
39.00	**Budget authority**			**517,800**	**519,900**
	Budget authority:				
40.00	Appropriation	402,800	500,000	517,800	519,900
41.00	Transferred to other accounts	-406,487	-500,000		
42.00	Transferred from other accounts	3,687			
43.00	**Appropriation (adjusted)**			**517,800**	**519,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net			517,800	519,900
72.40	Obligated balance, start of year	48,903	33,622	33,622	240,722
74.40	Obligated balance, end of year	-33,622	-33,622	-240,722	-339,922
77.00	Adjustments in expired accounts	-392			
90.00	Outlays	14,889		310,700	420,700

[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; $13,000,000, to remain available for obligation until September 30, 1990: *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, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 97-0819-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 25.0)	10,000	10,000		
	Financing:				
39.00	**Budget authority**	**10,000**	**10,000**		
	Budget authority:				
40.00	Appropriation	13,000	13,000		
41.00	Transferred to other accounts	-6,000	-3,000		
42.00	Transferred from other accounts	3,000			
43.00	**Appropriation (adjusted)**	**10,000**	**10,000**		
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	10,000	10,000		
72.40	Obligated balance, start of year		2,670	3,270	870
74.40	Obligated balance, end of year	-2,670	-3,270	-870	-470
90.00	Outlays	7,330	9,400	2,400	400

CIVILIAN AND MILITARY PAY RAISES

Program and Financing (in thousands of dollars)

Identification code 97-0823-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Budget authority:				
40.00	Appropriation	875,000			
41.00	Transferred to other accounts	-875,000			
43.00	**Appropriation (adjusted)**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
90.00	Outlays				

This account was created to implement section 9094 of the Department of Defense Appropriations Act, 1987 and Section 8139 of the Department of Defense Appropriations Act, 1988.

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 for the Army's Patriot and Stinger air defense missile systems, TOW and Hellfire antitank missiles, M-1 main battle tank, Bradley Fighting Vehicle System, Multiple Launch Rocket System, AH-64 attack helicopter, and improved conventional munitions.

Modernization of our naval forces in 1990 and 1991 includes continued procurement of the F-18 air combat fighter and the new production and remanufacture of the F-14 fleet air defense fighter. Procurement of the Trident strategic missile and submarine continues. General purpose ships to be acquired include SSN-688 and SSN-21 nuclear attack submarines, DDG-51 guided missile destroyers, mine countermeasure ships and coastal minehunters.

Significant Air Force programs include procurement of the Peacekeeper ballistic missile, AMRAAM air-to-air missile, B-2A bomber, F-15 and F-16 air combat fighters, C-17 airlift aircraft, satellites and space launch vehicles, and precision guided munitions.

The 1990 and 1991 budget continues emphasis on the DOD Acquisition Initiatives with increased use of multiyear procurement and economic production rates.

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 1990 and 1991, it presents, by budget activity, the value of

the program requested for the life of the multiple-year appropriation, with comparable amounts in 1988 and 1989.

The appropriations for procurement depend upon the enactment of authorizing legislation.

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; [$2,883,700,000] *$3,267,500,000*, to remain available for obligation until September 30, [1991] *1992, of which $156,703,000 shall be available only for the Army National Guard and Army Reserve.*

Further, for the foregoing purposes, $3,377,300,000, of which $338,604,000 shall be available only for the Army National Guard and Army Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multiyear procurement, $965,600,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $932,560,000 to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $675,600,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2031-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Aircraft	1,246,692	1,414,300	1,333,631	1,381,276
00.02	Modification of aircraft	575,249	865,030	1,093,189	1,140,145
00.03	Spares and repair parts	510,893	524,759	553,141	565,219
00.04	Support equipment and facilities	121,793	189,065	222,171	255,723
00.91	Total direct program	2,454,627	2,993,154	3,202,132	3,342,363
01.01	Reimbursable program	39,503	84,938	49,300	49,300
10.00	Total obligations	2,494,130	3,078,092	3,251,432	3,391,663
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−35,712	−46,496	−35,496	−35,496
13.00	Trust funds	−18,642	−13,311	−13,311	−13,311
14.00	Non-Federal sources	−183	−493	−493	−493
17.00	Recovery of prior year obligations	−70,403			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−428,009	−695,252	−555,538	−620,906
21.40	Available to finance new budget plans	−87,100	−44,800		
22.40	Unobligated balance transferred, net	31,115	38,510		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	695,252	555,538	620,906	655,843
24.40	Available to finance subsequent year budget plans	44,800			
25.00	Unobligated balance lapsing	6,951			
39.00	**Budget authority**	**2,632,199**	**2,871,788**	**3,267,500**	**3,377,300**
	Budget authority:				
40.00	Appropriation	2,718,406	2,883,700	3,267,500	3,377,300
40.00	Reduction pursuant to P.L. 100-463		−912		
40.00	Appropriation rescinded (unobligated balance) (P.L. 99-500, P.L. 99-591, P.L. 100-202)	−61,200			
41.00	Transferred to other accounts	−25,007	−11,000		
43.00	**Appropriation (adjusted)**	**2,632,199**	**2,871,788**	**3,267,500**	**3,377,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,439,593	3,017,792	3,202,132	3,342,363
72.40	Obligated balance, start of year	4,568,876	4,062,411	4,211,203	4,599,935
74.40	Obligated balance, end of year	−4,062,411	−4,211,203	−4,599,935	−4,931,198
77.00	Adjustments in expired accounts	2,328			
78.00	Adjustments in unexpired accounts	−70,403			
90.00	Outlays	2,877,984	2,869,000	2,813,400	3,011,100

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Aircraft	1,372,182	1,430,126	1,346,389	1,366,696
07.02	Modification of aircraft	622,090	743,065	1,131,008	1,178,973
07.03	Spares and repair parts	512,279	552,169	576,123	564,865
07.04	Support equipment and facilities	156,848	146,428	213,980	266,766
07.91	Total direct	2,663,399	2,871,788	3,267,500	3,377,300
08.01	Reimbursable	58,726	60,300	49,300	49,300
08.93	Total budget plan	2,722,125	2,932,088	3,316,800	3,426,600

Object Classification (in thousands of dollars)

Identification code 21-2031-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Other	429,161	390,580	449,780	454,358
26.0	Supplies and materials	446,658	278,781	321,036	324,304
31.0	Equipment	1,578,808	2,323,793	2,431,316	2,563,701
99.0	Subtotal, direct obligations	2,454,627	2,993,154	3,202,132	3,342,363
99.0	Reimbursable obligations	39,503	84,938	49,300	49,300
99.9	Total obligations	2,494,130	3,078,092	3,251,432	3,391,663

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; [$2,602,800,000] *$2,907,900,000*, to remain available for obligation until September 30, [1991; *Provided*, That funds may be obligated and expended for procurement and advance procurement of the Forward Area Air Defense System, Line-of-Sight Forward-Heavy system without regard to the restrictions contained in section 111(d) of the National Defense Authorization Act for fiscal years 1988 and 1989 (Public Law 100-180): *Provided further*, That notwithstanding sections 138 and 2366 of title 10, United States Code, the Secretary of the Army may obligate advance procurement funds provided for the Forward Area Air Defense System, Line-of-Sight Forward-Heavy system] *1992.*

Further, for the foregoing purposes, $3,032,600,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $950,100,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $317,800,000, to become available for obligation on October 1, 1992 and

General and special funds—Continued

MISSILE PROCUREMENT, ARMY—Continued

to remain available for obligation until September 30, 1995; and $74,400,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2032-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Other missiles	1,977,594	1,916,969	2,421,118	2,656,162
00.02	Modification of missiles	119,746	189,125	153,061	142,095
00.03	Spares and repair parts	199,349	193,805	243,466	167,513
00.04	Support equipment and facilities	31,113	39,161	43,521	42,850
00.91	Total direct program	2,327,802	2,339,060	2,861,166	3,008,620
01.01	Reimbursable program	385,144	692,870	281,600	281,600
10.00	Total obligations	2,712,946	3,031,930	3,142,766	3,290,220
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−393,539	−512,800	−243,700	−243,700
13.00	Trust funds	−13,537	−53,800	−37,900	−37,900
14.00	Non-Federal sources	−4,076			
17.00	Recovery of prior year obligations	−134,255			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−672,200	−653,077	−779,755	−826,489
21.40	Available to finance new budget plans	−94,900	−94,690		
22.40	Unobligated balance transferred, net	45,792	94,690		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	653,077	779,755	826,489	850,469
24.40	Available to finance subsequent year budget plans	94,690			
25.00	Unobligated balance lapsing	28,276			
39.00	**Budget authority**	**2,222,273**	**2,592,008**	**2,907,900**	**3,032,600**
	Budget authority:				
40.00	Appropriation	2,332,237	2,602,800	2,907,900	3,032,600
40.00	Reduction pursuant to P.L. 100-463		−792		
40.00	Appropriation rescinded (unobligated balance) (P.L. 99-500, P.L. 99-591, P.L. 100-202)	−59,200			
41.00	Transferred to other accounts	−50,764	−10,000		
43.00	**Appropriation (adjusted)**	**2,222,273**	**2,592,008**	**2,907,900**	**3,032,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,301,794	2,465,330	2,861,166	3,008,620
72.40	Obligated balance, start of year	4,345,673	4,217,032	4,389,962	4,990,128
74.40	Obligated balance, end of year	−4,217,032	−4,389,962	−4,990,128	−5,444,048
77.00	Adjustments in expired accounts	−57,676			
78.00	Adjustments in unexpired accounts	−134,255			
90.00	Outlays	2,238,503	2,292,400	2,261,000	2,554,700

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Other missiles	1,893,034	2,157,075	2,459,252	2,701,260
07.02	Modification of missiles	139,934	177,472	138,637	140,617
07.03	Spares and repair parts	203,570	224,402	263,914	147,770
07.04	Support equipment and facilities	31,735	33,059	46,097	42,953
07.91	Total direct	2,268,273	2,592,008	2,907,900	3,032,600
08.01	Reimbursable	428,432	566,600	281,600	281,600
08.93	Total budget plan	2,696,705	3,158,608	3,189,500	3,314,200

Object Classification (in thousands of dollars)

Identification code 21-2032-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Other	432,806	530,608	572,498	620,901
26.0	Supplies and materials	919,114	785,390	1,184,839	1,190,563
31.0	Equipment	975,882	1,023,062	1,103,829	1,197,156
99.0	Subtotal, direct obligations	2,327,802	2,339,060	2,861,166	3,008,620
99.0	Reimbursable obligations	385,144	692,870	281,600	281,600
99.9	Total obligations	2,712,946	3,031,930	3,142,766	3,290,220

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; [$2,830,921,000] *$2,745,000,000*, to remain available for obligation until September 30, [1991] *1992, of which $1,484,000 shall be available only for the Army National Guard and Army Reserve.*

Further, for the foregoing purposes, $3,002,100,000, of which $442,000 shall be available only for the Army National Guard and Army Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $2,513,900,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $2,546,800,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $2,557,900,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2033-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Tracked combat vehicles	2,961,398	2,405,510	2,637,453	2,775,228
00.02	Weapons and other combat vehicles	184,079	185,105	143,720	160,191
00.91	Total direct program	3,145,477	2,590,615	2,781,173	2,935,419
01.01	Reimbursable program	282,455	718,497	687,100	687,100
10.00	Total obligations	3,427,932	3,309,112	3,468,273	3,622,519
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−228,400	−442,600	−595,000	−595,000
13.00	Trust funds	−119,904	−149,100	−92,100	−92,100
14.00	Non-Federal sources	−6,930			
17.00	Recovery of prior year obligations	−215,057			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−1,098,205	−1,200,703	−1,303,644	−1,267,471
21.40	Available to finance new budget plans	−173,400	−149,100		
22.40	Unobligated balance transferred, net	120,693	149,100		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,200,703	1,303,644	1,267,471	1,334,152
24.40	Available to finance subsequent year budget plans	149,100			
25.00	Unobligated balance lapsing	10,140			
39.00	**Budget authority**	**3,066,671**	**2,820,353**	**2,745,000**	**3,002,100**

	Budget authority:				
40.00	Appropriation	3,207,187	2,830,921	2,745,000	3,002,100
40.00	Reduction pursuant to P.L. 100-463		−568		
40.00	Appropriation rescinded (unobligated balance) (P.L. 99-500, P.L. 99-591, P.L. 100-202)	−113,700			
41.00	Transferred to other accounts	−26,816	−10,000		
43.00	**Appropriation (adjusted)**	**3,066,671**	**2,820,353**	**2,745,000**	**3,002,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	3,072,698	2,717,412	2,781,173	2,935,419
72.40	Obligated balance, start of year	6,100,787	5,091,710	4,632,122	4,502,695
74.40	Obligated balance, end of year	−5,091,710	−4,632,122	−4,502,695	−4,673,614
77.00	Adjustments in expired accounts	12,003			
78.00	Adjustments in unexpired accounts	−215,057			
90.00	Outlays	3,878,719	3,177,000	2,910,600	2,764,500

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Tracked combat vehicles	2,962,958	2,652,614	2,583,803	2,843,749
07.02	Weapons and other combat vehicles	145,913	167,739	161,197	158,351
07.91	*Total direct*	3,108,871	2,820,353	2,745,000	3,002,100
08.01	Reimbursable	356,765	591,700	687,100	687,100
08.93	Total budget plan	3,465,636	3,412,053	3,432,100	3,689,200

Object Classification (in thousands of dollars)

Identification code 21-2033-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Other	633,876	644,249	580,237	624,284
26.0	Supplies and materials	436,734	410,004	369,267	397,298
31.0	*Equipment*	*2,074,867*	*1,536,362*	*1,831,669*	*1,913,837*
99.0	Subtotal, direct obligations	3,145,477	2,590,615	2,781,173	2,935,419
99.0	Reimbursable obligations	282,455	718,497	687,100	687,100
99.9	Total obligations	3,427,932	3,309,112	3,468,273	3,622,519

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; [$2,012,970,000] *$1,735,700,000,* to remain available for obligation until September 30, [1991] *1992, of which $151,592,000 shall be available only for the Army National Guard and Army Reserve.*

Further, for the foregoing purposes, $1,542,300,000, of which $127,199,000 shall be available only for the Army National Guard and Army Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2034-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	*Ammunition*	1,885,748	1,781,246	1,551,238	1,301,862
00.02	Ammunition production base support	534,717	246,177	205,997	257,966
00.91	Total direct program	2,420,465	2,027,423	1,757,235	1,559,828
01.01	*Reimbursable program*	19,370	47,594	28,800	28,800
10.00	Total obligations	2,439,835	2,075,017	1,786,035	1,588,628
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−18,718	−27,548	−17,548	−17,548
13.00	Trust funds	−5,208	−9,700	−9,700	−9,700
14.00	Non-Federal sources	−351	−1,552	−1,552	−1,552
17.00	Recovery of prior year obligations	−100,745			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−250,488	−199,823	−168,801	−147,266
21.40	Available to finance new budget plans	−7,200			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	199,823	168,801	147,266	129,738
25.00	Unobligated balance lapsing	9,443			
39.00	**Budget authority**	**2,266,392**	**2,005,195**	**1,735,700**	**1,542,300**
	Budget authority:				
40.00	Appropriation	2,273,592	2,012,970	1,735,700	1,542,300
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−7,200			
41.00	Transferred to other accounts		−8,000		
42.00	Transferred from other accounts		225		
43.00	**Appropriation (adjusted)**	**2,266,392**	**2,005,195**	**1,735,700**	**1,542,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,415,558	2,036,217	1,757,235	1,559,828
72.40	Obligated balance, start of year	3,353,435	3,409,721	3,366,638	3,154,673
74.40	Obligated balance, end of year	−3,409,721	−3,366,638	−3,154,673	−2,991,101
77.00	Adjustments in expired accounts	−8,651			
78.00	Adjustments in unexpired accounts	−100,745			
90.00	Outlays	2,249,878	2,079,300	1,969,200	1,723,400

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Ammunition	1,839,264	1,733,834	1,561,443	1,322,623
07.02	Ammunition production base support	434,328	271,361	174,257	219,677
07.91	Total direct	2,273,592	2,005,195	1,735,700	1,542,300
08.01	Reimbursable	25,674	38,800	28,800	28,800
08.93	*Total budget plan*	2,299,266	2,043,995	1,764,500	1,571,100

Object Classification (in thousands of dollars)

Identification code 21-2034-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Other	632,193	165,032	123,825	124,507
26.0	Supplies and materials	1,786,100	1,862,391	1,633,410	1,435,321
31.0	Equipment	2,172			
99.0	Subtotal, direct obligations	2,420,465	2,027,423	1,757,235	1,559,828
99.0	Reimbursable obligations	19,370	47,594	28,800	28,800
99.9	Total obligations	2,439,835	2,075,017	1,786,035	1,588,628

Other Procurement, Army

For construction, procurement, production, and modification of vehicles, including tactical, support, and nontracked combat vehicles; the purchase of not to exceed [185] *168* passenger motor vehicles, *of which 55 shall be* 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

General and special funds—Continued

OTHER PROCUREMENT, ARMY—Continued

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; [$4,568,011,000] *$4,233,800,000,* to remain available for obligation until September 30, [1991] *1992, of which $183,499,000 shall be available only for the Army National Guard and Army Reserve.*

Further, for the foregoing purposes, including the purchase of not to exceed 175 passenger motor vehicles, of which 66 shall be for replacement only, $4,282,400,000, of which $231,005,000 shall be available only for the Army National Guard and Army Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $783,400,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $980,600,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $1,103,400,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 2353, 2361, 3013, 4531-32; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2035-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Tactical and support vehicles	863,179	716,145	465,177	795,193
00.02	Communications and electronics equipment	2,054,914	3,730,037	2,999,263	2,549,245
00.03	Other support equipment	1,246,349	991,077	996,590	978,217
00.91	Total direct program	4,164,442	5,437,259	4,461,030	4,322,655
01.01	Reimbursable program	338,253	286,829	182,600	182,600
10.00	Total obligations	4,502,695	5,724,088	4,643,630	4,505,255
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−281,915	−231,161	−157,561	−157,561
13.00	Trust funds	−19,367	−21,462	−21,462	−21,462
14.00	Non-Federal sources	39	−3,577	−3,577	−3,577
17.00	Recovery of prior year obligations	−382,122			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−1,453,086	−2,400,662	−1,602,125	−1,374,895
21.40	Available to finance new budget plans	−123,254	−43,100		
22.40	Unobligated balance transferred, net	−9,329	33,700		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	2,400,662	1,602,125	1,374,895	1,334,640
24.40	Available to finance subsequent year budget plans	43,100			
25.00	Unobligated balance lapsing	43,495			
39.00	**Budget authority**	**4,720,919**	**4,659,951**	**4,233,800**	**4,282,400**
	Budget authority:				
40.00	Appropriation	5,093,549	4,568,011	4,233,800	4,282,400
40.00	Reduction pursuant to P.L. 100-463		−1,403		
40.00	Appropriation rescinded (unobligated balance) (P.L. 99-500, P.L. 99-591, P.L. 100-202)	−106,893			
41.00	Transferred to other accounts	−277,120	−18,000		
42.00	Transferred from other accounts	11,383	111,343		
43.00	**Appropriation (adjusted)**	**4,720,919**	**4,659,951**	**4,233,800**	**4,282,400**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	4,201,452	5,467,888	4,461,030	4,322,655
72.40	Obligated balance, start of year	8,385,320	7,845,208	8,682,896	8,590,826
74.40	Obligated balance, end of year	−7,845,208	−8,682,896	−8,590,826	−8,582,781
77.00	Adjustments in expired accounts	−26,454			
78.00	Adjustments in unexpired accounts	−382,122			
90.00	Outlays	4,332,989	4,630,200	4,553,100	4,330,700

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Tactical and support vehicles	812,419	808,603	446,282	840,349
07.02	Communications and electronics equipment	3,065,176	2,986,173	2,817,512	2,446,186
07.03	Other support equipment	968,407	865,175	970,006	995,865
07.91	Total direct	4,846,002	4,659,951	4,233,800	4,282,400
08.01	Reimbursable	312,587	256,200	182,600	182,600
08.93	Total budget plan	5,158,589	4,916,151	4,416,400	4,465,000

Object Classification (in thousands of dollars)

Identification code 21-2035-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Other	880,858	763,805	734,274	736,161
26.0	Supplies and materials	131,614	179,555	172,612	173,056
31.0	Equipment	3,151,970	4,493,899	3,554,144	3,413,438
99.0	Subtotal, direct obligations	4,164,442	5,437,259	4,461,030	4,322,655
99.0	Reimbursable obligations	338,253	286,829	182,600	182,600
99.9	Total obligations	4,502,695	5,724,088	4,643,630	4,505,255

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; [$9,415,311,000] *$10,784,300,000,* to remain available for obligation until September 30, [1991: *Provided,* That the provisions in Public Laws 100-180 and 100-202 which provide that funds are available in specific dollar amounts only for specific programs, projects, or activities funded by the appropriation "Aircraft Procurement, Navy" shall have no force or effect which would limit the application of a proportionate share of the general reduction of $250,000,000 allocated within the appropriation account against these specific programs, projects or activities] *1992, of which $34,086,000 shall be available only for the Navy Reserve and Marine Corps Reserve.*

Further, for the foregoing purposes, $11,368,600,000, of which $40,135,000 shall be available only for the Navy Reserve and Marine Corps Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $2,564,435,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $2,858,568,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $2,650,505,000, to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 5013, 5063, 7201, 7341; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17–1506–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Combat aircraft	5,570,392	5,383,109	7,533,888	7,831,306
00.02	Airlift aircraft	18,059	908		
00.03	Trainer aircraft	374,543	395,624	400,007	607,590
00.04	Other aircraft	433,334	300,378	51,845	20,884
00.05	Modification of aircraft	1,206,570	905,680	651,798	711,675
00.06	Aircraft spares and repair parts	1,349,925	1,152,480	1,378,817	1,450,697
00.07	Aircraft support equipment and facilities	509,242	526,688	543,841	585,275
00.91	Total direct program	9,462,065	8,664,867	10,566,196	11,207,427
01.01	Reimbursable program	9,989	11,108	1,598	1,598
10.00	Total obligations	9,472,054	8,675,975	10,567,794	11,209,025
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	5,883	−1,591	−1,600	−1,600
13.00	Trust funds	−2,642			
14.00	Non-Federal sources	91			
17.00	Recovery of prior year obligations	−38,279			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−1,439,756	−1,226,223	−1,865,544	−2,083,650
21.40	Available to finance new budget plans	−421,300	−204,700		
22.40	Unobligated balance transferred, net	13,000	204,700		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,226,223	1,865,544	2,083,650	2,244,825
24.40	Available to finance subsequent year budget plans	204,700			
25.00	Unobligated balance lapsing	18,525			
39.00	**Budget authority**	**9,038,499**	**9,313,705**	**10,784,300**	**11,368,600**
	Budget authority:				
40.00	Appropriation	9,522,299	9,415,311	10,784,300	11,368,600
40.00	Reduction pursuant to P.L. 100-463		−15,606		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−418,300			
41.00	Transferred to other accounts	−65,500	−86,000		
43.00	**Appropriation (adjusted)**	**9,038,499**	**9,313,705**	**10,784,300**	**11,368,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	9,475,386	8,674,384	10,566,194	11,207,425
72.40	Obligated balance, start of year	16,805,073	16,721,218	16,049,602	17,596,596
74.40	Obligated balance, end of year	−16,721,218	−16,049,602	−17,596,596	−19,164,321
77.00	Adjustments in expired accounts	−114,439			
78.00	Adjustments in unexpired accounts	−38,279			
90.00	Outlays	9,406,523	9,346,000	9,019,200	9,639,700

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Combat aircraft	5,776,954	5,918,429	7,824,539	7,966,844
07.03	Trainer aircraft	368,110	413,315	429,137	603,565
07.04	Other aircraft	409,310	347,632		
07.05	Modification of aircraft	904,756	931,908	600,757	753,351
07.06	Aircraft spares and repair parts	1,421,769	1,140,424	1,373,207	1,452,950
07.07	Aircraft support equipment and facilities	489,200	561,997	556,660	591,890
07.91	Total direct	9,370,099	9,313,705	10,784,300	11,368,600
08.01	Reimbursable	3,571	1,591	1,600	1,600
08.93	Total budget plan	9,373,670	9,315,296	10,785,900	11,370,200

Object Classification (in thousands of dollars)

Identification code 17–1506–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Purchases from industrial funds	41,014	38,639	42,357	49,200
26.0	Supplies and materials	1,327,549	1,260,733	1,382,036	1,505,311
31.0	Equipment	8,093,502	7,365,495	9,141,803	9,652,916
99.0	Subtotal, direct obligations	9,462,065	8,664,867	10,566,196	11,207,427
99.0	Reimbursable obligations	9,989	11,108	1,598	1,598
99.9	Total obligations	9,472,054	8,675,975	10,567,794	11,209,025

Weapons Procurement, Navy

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, 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, $1,872,538,000;
Other Missile Programs, $3,245,154,000;
Mark-48 ADCAP Torpedo, $485,000,000;
Mark-50 Torpedo, $198,547,000;
Vertical Launched ASROC, $105,000,000;
Modification of Torpedoes, $3,289,000;
Torpedo Support Programs, $48,652,000;
Other Weapons, $108,440,000;
Spares and Repair Parts, $87,412,000;
In all: $6,154,032,000]; *$5,725,000,000,* to remain available for obligation until September 30, [1991] *1992, of which $1,000,000 shall be available only for the Navy Reserve and Marine Corps Reserve.*

Further, for the foregoing purposes, $6,332,900,000, of which $8,500,000 shall be available only for the Navy Reserve and Marine Corps Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $629,049,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $558,759,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $980,401,000, to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 5013, 5063, 7201; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17–1507–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Ballistic missiles	1,533,217	1,795,125	1,853,864	1,612,655
00.02	Other missiles	2,968,292	2,568,191	2,879,425	3,485,031
00.03	Torpedoes and related equipment	662,345	935,554	802,484	879,486
00.04	Other weapons	100,439	100,369	153,316	180,228
00.05	Spares and repair parts	109,461	119,060	91,269	93,172
00.91	Total direct program	5,373,754	5,518,299	5,780,358	6,250,572
01.01	Reimbursable program	79,785	349,210	157,997	157,998
10.00	Total obligations	5,453,539	5,867,509	5,938,355	6,408,570
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	275	−30,766	−30,766	−30,766
13.00	Trust funds	−94,134	−248,234	−127,234	−127,234
14.00	Non-Federal sources	−21,754			
17.00	Recovery of prior year obligations	−5,128			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−1,446,688	−1,791,170	−2,295,631	−2,240,276

General and special funds—Continued

WEAPONS PROCUREMENT, NAVY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 17-1507-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
21.40	Available to finance new budget plans	-459,400	-71,900		
22.40	Unobligated balance transferred, net	73,800	71,900		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,791,170	2,295,631	2,240,276	2,322,606
24.40	Available to finance subsequent year budget plans	71,900			
25.00	Unobligated balance lapsing	12,738			
39.00	**Budget authority**	**5,376,319**	**6,092,970**	**5,725,000**	**6,332,900**
	Budget authority:				
40.00	Appropriation	5,967,019	6,154,032	5,725,000	6,332,900
40.00	Reduction pursuant to P.L. 100-463		-5,062		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	-389,000			
41.00	Transferred to other accounts	-201,700	-56,000		
43.00	**Appropriation (adjusted)**	**5,376,319**	**6,092,970**	**5,725,000**	**6,332,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	5,337,926	5,588,509	5,780,355	6,250,570
72.40	Obligated balance, start of year	7,593,924	8,670,165	9,546,174	10,055,829
74.40	Obligated balance, end of year	-8,670,165	-9,546,174	-10,055,829	-10,776,199
77.00	Adjustments in expired accounts	-17,019			
78.00	Adjustments in unexpired accounts	-5,128			
90.00	Outlays	4,239,539	4,712,500	5,270,700	5,530,200

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Ballistic missiles	2,048,692	1,870,263	1,818,165	1,538,842
07.02	Other missiles	3,012,421	3,202,486	2,783,337	3,606,494
07.03	Torpedoes and related equipment	489,039	841,868	859,696	894,324
07.04	Other weapons	100,339	105,045	169,361	200,263
07.05	Spares and repair parts	114,828	73,308	94,441	92,977
07.91	Total direct	5,765,319	6,092,970	5,725,000	6,332,900
08.01	Reimbursable	128,737	279,000	158,000	158,000
08.93	Total budget plan	5,894,056	6,371,970	5,883,000	6,490,900

Object Classification (in thousands of dollars)

Identification code 17-1507-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Other services:				
25.0	Contracts	165,376	164,556	177,006	190,120
25.0	Other	15,998			
26.0	Supplies and materials	659,337	411,289	305,824	391,873
31.0	Equipment	4,533,043	4,942,454	5,297,528	5,668,579
99.0	Subtotal, direct obligations	5,373,754	5,518,299	5,780,358	6,250,572
99.0	Reimbursable obligations	79,785	349,210	157,997	157,998
99.9	Total obligations	5,453,539	5,867,509	5,938,355	6,408,570

SHIPBUILDING AND CONVERSION, NAVY

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. $1,261,100,000;
SSN-688 attack submarine program, $1,365,100,000;
SSN-21 attack submarine program, $1,488,000,000;
Aircraft carrier service life extension program, $62,743,000;
DDG-51 destroyer program, $2,062,200,000;
LHD-1 amphibious assault ship program, $737,500,000;
MHC coastal mine hunter program, $197,200,000;
T-AO fleet oiler program, $689,900,000: *Provided,* That the Navy shall first execute the remaining options for the low bidder's current contract: *Provided further,* That the remaining funds may not be obligated or expended until the Secretary of the Navy conducts an independent assessment of the shipbuilding mobilization base and determines whether or not the remaining three T-AO fleet oilers should be awarded to a second source shipyard and submits for approval to the Committees on Appropriations its T-AO fleet oiler procurement strategy;
AO conversion program, $84,900,000;
T-AGOS surveillance ship program, $159,600,000;
AOE combat support ship program, $363,900,000;
LCAC landing craft air cushion program, $306,600,000;
For outfitting, and post delivery, $276,800,000;

In all: $9,055,543,000]; *$10,419,600,000,* to remain available for obligation until September 30, [1993] *1996*: *Provided,* That additional obligations may be incurred after September 30, [1993] *1996,* 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].

Further, for the foregoing purposes, $9,765,400,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1997: Provided, That additional obligations may be incurred after September 30, 1997, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stages of ship construction.

Further, for the foregoing purposes, only for multi-year procurement, $3,852,500,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1998; $3,946,500,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1999; and $4,036,400,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 2000: Provided, That additional obligations may be incurred after the expiration of the appropriations herein provided 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1611-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Fleet ballistic missile ships	1,124,614	1,191,035	1,202,545	1,307,487
00.02	Other warships	12,187,777	5,921,713	6,404,943	7,218,694
00.03	Amphibious ships	833,993	654,516	373,552	300,382
00.04	Mine warfare and patrol ships	70,788	295,232	533,701	213,511
00.05	Auxiliaries, craft, and prior-year program costs	830,517	1,649,847	1,675,676	1,241,348
00.91	Total direct program	15,047,689	9,712,343	10,190,417	10,281,422
01.01	Reimbursable program		74		
10.00	Total obligations	15,047,689	9,712,417	10,190,417	10,281,422

	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−47			
14.00	Non-Federal sources	284			
17.00	Recovery of prior year obligations	−44,237			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−8,442,876	−8,777,878	−9,802,211	−10,031,394
21.40	Available to finance new budget plans	−432,300	−126,300		
22.40	Unobligated balance transferred, net	28,000	−1,078,000		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	8,777,878	9,802,211	10,031,394	9,515,372
24.40	Available to finance subsequent year budget plans	120,700			
25.00	Unobligated balance lapsing	789,13			
39.00	**Budget authority**	**15,849,955**	**9,532,450**	**10,419,600**	**9,765,400**
	Budget authority:				
40.00	Appropriation	16,155,355	9,494,343	10,419,600	9,765,400
40.00	Reduction pursuant to P.L. 100-463		−16,893		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−404,300			
41.00	Transferred to other accounts	−53,400	−45,000		
42.00	Transferred from other accounts		100,000		
43.00	**Appropriation (adjusted)**	**15,697,655**	**9,532,450**	**10,419,600**	**9,765,400**
50.00	**Reappropriation**	**152,300**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	15,047,926	9,712,417	10,190,417	10,281,422
72.40	Obligated balance, start of year	23,277,192	29,686,342	28,858,959	28,374,876
74.40	Obligated balance, end of year	−29,686,342	−28,858,959	−28,374,876	−27,714,198
77.00	Adjustments in expired accounts	283,200			
78.00	Adjustments in unexpired accounts	−44,237			
90.00	Outlays	8,877,739	10,539,800	10,674,500	10,942,100

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Fleet ballistic missile ships	1,260,800	1,196,200	1,228,600	1,254,500
07.02	Other warships	12,995,455	5,786,483	6,638,200	6,843,200
07.03	Amphibious ships	1,010,900	733,100	229,300	268,500
07.04	Mine warfare and patrol ships		196,700	571,800	214,900
07.05	Auxiliaries, craft, and prior-year program costs	708,500	1,969,167	1,751,700	1,184,300
08.93	Total budget plan	15,975,655	9,881,650	10,419,600	9,765,400

Object Classification (in thousands of dollars)

Identification code 17-1611-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Other services:				
25.0	Contracts	331,049	233,979	234,675	230,532
25.0	Other	316,001	223,806	224,471	220,508
31.0	Equipment	14,400,639	9,254,558	9,731,271	9,830,382
99.0	Subtotal, direct obligations	15,047,689	9,712,343	10,190,417	10,281,422
99.0	Reimbursable obligations		74		
99.9	Total obligations	15,047,689	9,712,417	10,190,417	10,281,422

Other Procurement, Navy

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance and ammunition (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 $160,000 per vehicle and* the purchase of not to exceed [492] *671* passenger motor vehicles of which [434] *645* 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; [$4,813,969,000] *$4,986,900,000,* to remain available for obligation until September 30, [1991: *Provided,* That funds appropriated for procurement of TSEC/KY-67 (Bancroft) radios shall be available only for procurement of SINCGARS radios] *1992, of which $24,132,000 shall be available only for the Navy Reserve.*

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 $160,000 per vehicle and the purchase of not to exceed 649 passenger motor vehicles, $5,723,900,000 of which 630 shall be for replacement only; $44,025,000 shall be available only for the Navy Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993. (10 U.S.C. 5013, 5063; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1810-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Ships support equipment	722,600	647,099	710,107	685,289
00.02	Communications and electronics equipment	1,545,698	1,583,017	1,611,485	1,879,417
00.03	Aviation support equipment	747,689	469,342	564,368	494,999
00.04	Ordnance support equipment	925,984	861,554	900,566	969,382
00.05	Civil engineering support equipment	119,692	105,523	97,420	98,171
00.06	Supply support equipment	81,169	91,578	113,759	298,271
00.07	Personnel and command support equipment	447,404	414,688	391,676	514,038
00.08	Spares and repair parts	266,669	555,345	504,960	548,030
00.91	Total direct program	4,856,905	4,728,146	4,894,341	5,487,597
01.01	Reimbursable program	26,409	86,219	65,000	65,000
10.00	Total obligations	4,883,314	4,814,365	4,959,341	5,552,597
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−620	−17,500	−17,500	−17,500
13.00	Trust funds	2,181	−45,000	−45,000	−45,000
14.00	Non-Federal sources	−22,700	−2,500	−2,500	−2,500
17.00	Recovery of prior year obligations	−61,343			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−2,294,718	−1,817,864	−1,804,590	−1,897,149
21.40	Available to finance new budget plans	−342,975	−163,800		
22.40	Unobligated balance transferred, net	154,997	53,100		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,817,864	1,804,590	1,897,149	2,133,452
24.40	Available to finance subsequent year budget plans	163,800			
25.00	Unobligated balance lapsing	55,723			
39.00	**Budget authority**	**4,355,523**	**4,625,391**	**4,986,900**	**5,723,900**
	Budget authority:				
40.00	Appropriation	4,872,461	4,813,969	4,986,900	5,723,900
40.00	Reduction pursuant to P.L. 100-463		−6,978		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−257,975			
41.00	Transferred to other accounts	−259,963	−208,600		
42.00	Transferred from other accounts	1,000	27,000		
43.00	**Appropriation (adjusted)**	**4,355,523**	**4,625,391**	**4,986,900**	**5,723,900**

General and special funds—Continued

OTHER PROCUREMENT, NAVY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 17-1810-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	4,862,175	4,749,365	4,894,341	5,487,597
72.40	Obligated balance, start of year	9,082,151	9,050,447	9,090,312	9,263,553
74.40	Obligated balance, end of year	−9,050,447	−9,090,312	−9,263,553	−10,022,150
77.00	Adjustments in expired accounts	−33,303			
78.00	Adjustments in unexpired accounts	−61,343			
90.00	Outlays	4,799,233	4,709,500	4,721,100	4,729,000

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Ship support equipment	730,167	620,995	736,413	691,650
07.02	Communications and electronics equipment	1,518,876	1,397,494	1,734,677	2,014,475
07.03	Aviation support equipment	641,391	490,844	510,398	528,529
07.04	Ordnance support equipment	788,811	1,086,481	752,446	902,442
07.05	Civil engineering support equipment	95,215	108,125	97,092	97,550
07.06	Supply support equipment	107,194	103,500	163,298	441,572
07.07	Personnel and command support equipment	409,886	406,174	445,171	478,716
07.08	Spares and repair parts	258,058	522,478	547,405	568,966
07.91	Total direct	4,549,598	4,736,091	4,986,900	5,723,900
08.01	Reimbursable	31,499	65,000	65,000	65,000
08.93	Total budget plan	4,581,097	4,801,091	5,051,900	5,788,900

Object Classification (in thousands of dollars)

Identification code 17-1810-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Other services:				
25.0	Purchases from industrial funds	64,833	22,762	25,519	28,488
25.0	Contracts	139,641	49,060	54,882	61,387
25.0	Other	74,808	72,780	81,575	92,068
26.0	Supplies and materials	1,037,330	1,009,201	1,131,154	1,262,787
31.0	Equipment	3,540,293	3,574,337	3,601,211	4,042,867
99.0	Subtotal, direct obligations	4,856,905	4,728,146	4,894,341	5,487,597
99.0	Reimbursable obligations	26,409	86,219	65,000	65,000
99.9	Total obligations	4,883,314	4,814,365	4,959,341	5,552,597

COASTAL DEFENSE AUGMENTATION

Program and Financing (in thousands of dollars)

Identification code 17-0380-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 31.0)	84,730	39,429		
	Financing:				
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−124,159	−39,429		
21.40	Available to finance new budget plans		−20,000		
22.40	Unobligated balance transferred, net		20,000		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	39,429			
24.40	Available to finance new budget plans	20,000			
40.00	**Budget authority (appropriation)**	**20,000**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	84,730	39,429		
72.40	Obligated balance, start of year	370,628	363,854	243,083	134,683
74.40	Obligated balance, end of year	−363,854	−243,083	−134,683	−67,383
90.00	Outlays	91,504	160,200	108,400	67,300

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 purchase of not to exceed [150] *142* 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; [$1,297,265,000] *$1,207,600,000*, to remain available for obligation until September 30, [1991] *1992, of which $28,100,000 shall be available only for the Marine Corps Reserve.*

Further, for the foregoing purposes, including the purchase of not to exceed 154 passenger motor vehicles for replacement only, $1,415,300,000 of which $315,100,000 shall be available only for the Marine Corps Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $25,800,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; and $5,600,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995. (10 U.S.C. 5013, 7201; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1109-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Ammunition	375,104	251,121	222,527	279,206
00.02	Weapons and combat vehicles	96,562	205,472	493,387	637,674
00.03	Guided missiles and equipment	296,825	284,314	42,625	32,552
00.04	Communications and electronics equipment	312,277	274,110	294,154	261,365
00.05	Support vehicles	81,431	36,459	24,193	32,191
00.06	Engineer and other equipment	186,697	135,312	80,629	88,185
00.07	Spares and repair parts	44,129	49,887	63,280	59,035
00.91	Total direct program	1,393,025	1,236,675	1,220,795	1,390,208
01.01	Reimbursable program	37,682	11,946	5,000	5,000
10.00	Total obligations	1,430,707	1,248,621	1,225,795	1,395,208
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−33,883	−4,500	−5,000	−5,000
13.00	Trust funds	−41			
14.00	Non-Federal sources	3			
17.00	Recovery of prior year obligations	−18,849			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−324,819	−219,083	−266,802	−253,607
21.40	Available to finance new budget plans	−71,300	−1,500		
22.40	Unobligated balance transferred, net	10,400	1,500		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	219,083	266,802	253,607	278,699
24.40	Available to finance subsequent year budget plans	1,500			
25.00	Unobligated balance lapsing	198			
39.00	**Budget authority**	**1,212,999**	**1,291,840**	**1,207,600**	**1,415,300**
	Budget authority:				
40.00	Appropriation	1,295,599	1,297,265	1,207,600	1,415,300
40.00	Reduction pursuant to P.L. 100-463		−425		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−62,600			
41.00	Transferred to other accounts	−20,000	−5,000		
43.00	**Appropriation (adjusted)**	**1,212,999**	**1,291,840**	**1,207,600**	**1,415,300**

	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,396,786	1,244,121	1,220,795	1,390,208
72.40	Obligated balance, start of year	2,738,768	2,723,975	2,550,196	2,422,491
74.40	Obligated balance, end of year	−2,723,975	−2,550,196	−2,422,491	−2,504,799
77.00	Adjustments in expired accounts	−7,876			
78.00	Adjustments in unexpired accounts	−18,849			
90.00	Outlays	1,384,855	1,417,900	1,348,500	1,307,900

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Ammunition	362,723	267,094	222,401	287,116
07.02	Weapons and combat vehicles	85,723	220,296	543,224	685,654
07.03	Guided missiles and equipment	297,209	335,749	11,055	14,906
07.04	Communications and electronics equipment	279,002	266,130	281,801	243,309
07.05	Support vehicles	52,726	22,670	23,202	32,405
07.06	Engineer and other equipment	162,217	123,715	64,079	90,487
07.07	Spares and repair parts	35,999	56,186	61,838	61,423
07.91	Total direct	1,275,599	1,291,840	1,207,600	1,415,300
08.01	Reimbursable	37,718	4,500	5,000	5,000
08.93	Total budget plan	1,313,317	1,296,340	1,212,600	1,420,300

Object Classification (in thousands of dollars)

Identification code 17-1109-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
26.0	Supplies and materials	431,838	405,162	368,919	394,989
31.0	Equipment	961,187	831,513	851,876	995,219
99.0	Subtotal, direct obligations	1,393,025	1,236,675	1,220,795	1,390,208
99.0	Reimbursable obligations	37,682	11,946	5,000	5,000
99.9	Total obligations	1,430,707	1,248,621	1,225,795	1,395,208

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; **[**$15,922,499,000**]** *$17,975,000,000*, to remain available for obligation until September 30, **[**1991: *Provided*, That none of the funds provided in this Act may be obligated on B-1B bomber contracts which would cause the Air Force's $20,500,000,000 cost estimate for the B-1B bomber baseline program expressed in fiscal year 1981 constant dollars to be exceeded**]** *1992, of which $693,600,000 shall be available only for the Air National Guard and Air Force Reserve.*

Further, for the foregoing purposes, $20,628,400,000, of which $674,500,000 shall be available only for the Air National Guard and Air Force Reserve, to become available for obligation on October 1, 1990, and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $10,456,751,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $12,896,135,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $10,766,265,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (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 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3010-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Combat aircraft	4,446,493	7,049,400	7,564,149	10,194,578
00.02	Airlift aircraft	725,442	694,813	1,505,222	2,132,652
00.03	Trainer aircraft		6,629	111,035	152,056
00.04	Other aircraft	233,781	88,609	60,511	83,041
00.05	Modification of inservice aircraft	2,573,262	2,578,248	2,318,449	2,142,385
00.06	Aircraft spares and repair parts	3,091,034	2,245,732	3,595,173	3,557,395
00.07	Aircraft support equipment and facilities	4,139,202	2,446,802	1,835,132	1,331,233
00.91	Total direct program	15,209,914	15,110,233	16,989,671	19,593,340
01.01	Reimbursable program	295,102	389,088	213,100	222,400
10.00	Total obligations	15,505,016	15,499,321	17,202,771	19,815,740
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−67,306	−65,955	−68,202	−71,172
13.00	Trust funds	−141,479	−140,094	−144,838	−151,168
14.00	Non-Federal sources	−347	−60	−60	−60
17.00	Recovery of prior year obligations	−651,218			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−7,857,629	−5,727,387	−6,053,661	−7,038,990
21.40	Available to finance new budget plans	−989,422	−112,087		
22.40	Unobligated balance transferred, net	−65,919	112,087		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	5,727,387	6,053,661	7,038,990	8,074,050
24.40	Available to finance subsequent year budget plans	112,087			
25.00	Unobligated balance lapsing	221,236			
39.00	**Budget authority**	**11,792,407**	**15,619,486**	**17,975,000**	**20,628,400**
	Budget authority:				
40.00	Appropriation	12,956,827	15,922,499	17,975,000	20,628,400
40.00	Reduction pursuant to P.L. 100-463		−5,131		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−938,121			
41.00	Transferred to other accounts	−227,711	−365,782		
42.00	Transferred from other accounts	1,412	67,900		
43.00	**Appropriation (adjusted)**	**11,792,407**	**15,619,486**	**17,975,000**	**20,628,400**
	Relation of obligations to outlays:				
71.00	Obligations incurred net	15,295,884	15,293,212	16,989,671	19,593,340
72.40	Obligated balance, start of year	29,031,477	27,391,258	26,148,570	28,460,041
74.40	Obligated balance, end of year	−27,391,258	−26,148,570	−28,460,041	−32,168,581
77.00	Adjustments in expired accounts	−323,403			
78.00	Adjustments in unexpired accounts	−651,218			
90.00	Outlays	15,961,482	16,535,900	14,678,200	15,884,800

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Combat aircraft	4,362,268	7,635,644	8,365,940	10,752,409
07.02	Airlift aircraft	654,200	695,571	1,765,957	2,421,353
07.03	Trainer aircraft		9,525	147,425	178,272
07.04	Other aircraft	87,200	89,840	54,822	90,281
07.05	Modification of inservice aircraft	1,933,207	2,275,468	2,244,969	2,183,495
07.06	Aircraft spares and repair parts	2,348,176	2,994,123	3,966,968	3,6[illegible]8
07.07	Aircraft support equipment and facilities	3,445,477	1,619,315	1,428,919	1,3[illegible],672
07.91	Total direct	12,83[illegible]528	15,619,486	17,975,000	20,628,400

General and special funds—Continued

AIRCRAFT PROCUREMENT, AIR FORCE—Continued

Budget Plan (in thousands of dollars)—Continued

08.01	Reimbursable	228,748	206,109	213,100	222,400
08.93	Total budget plan	13,059,276	15,825,595	18,188,100	20,850,800

Object Classification (in thousands of dollars)

Identification code 57-3010-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
31.0	Direct obligations: Equipment	15,209,914	15,110,233	16,989,671	19,593,340
99.0	Reimbursable obligations	295,102	389,088	213,100	222,400
99.9	Total obligations	15,505,016	15,499,321	17,202,771	19,815,740

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; [$7,219,683,000] *$7,690,000,000*, to remain available for obligation until September 30, [1991] *1992*.

Further, for the foregoing purposes, $10,371,900,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $1,307,837,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; $699,356,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995; and $955,226,000 to become available for obligation on October 1, 1993 and to remain available for obligation until September 30, 1996. (10 U.S.C. 1905, 2271-79, 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3020-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Ballistic missiles	904,148	1,061,119	1,085,614	1,632,142
00.02	Other missiles	2,078,803	1,626,557	1,448,489	1,901,553
00.03	Modification of inservice missiles	122,846	138,939	111 489	192,841
00.04	Spares and repair parts	239,468	225,823	353,422	497,835
00.05	Other support	4,307,367	4,029,372	4,422,436	5,226,559
00.91	Total direct program	7,652,632	7,081,810	7,421,450	9,450,930
01.01	Reimbursable program	164,734	319,230	311,300	315,200
10.00	Total obligations	7,817,366	7,401,040	7,732,750	9,766,130
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−160,895	−309,689	−305,074	−308,897
13.00	Trust funds	−2,464	−5,311	−6,226	−6,303
14.00	Non-Federal sources	1			
17.00	Recovery of prior year obligations	−78,148			
	Unobligated balance available, start of year				
21.40	For completion of prior year budget plans	−3,353,610	−2,721,274	−2,758,717	−3,027,267
21.40	Available to finance new budget plans	−230,546	−103,000		
22.40	Unobligated balance transferred, net	141,255	99,913		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	2,721,274	2,758,717	3,027,267	3,948,237
24.40	Available to finance subsequent year budget plans	103,000			
25.00	Unobligated balance lapsing	66,570			
39.00	**Budget authority**	**7,023,804**	**7,120,396**	**7,690,000**	**10,371,900**
	Budget authority:				
40.00	Appropriation	7,290,771	7,219,683	7,690,000	10,371,900
40.00	Reduction pursuant to P.L. 100-463		−3,002		
40.00	Appropriation rescinded (unobligated balance) (P.L. 99-500, P.L. 99-591, P.L. 100-202)	−174,046			
41.00	Transferred to other accounts	−110,521	−96,285		
42.00	Transferred from other accounts	17,600			
43.00	**Appropriation (adjusted)**	**7,023,804**	**7,120,396**	**7,690,000**	**10,371,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	7,654,008	7,086,040	7,421,450	9,450,930
72.40	Obligated balance, start of year	9,637,070	11,317,589	11,096,429	11,238,479
74.40	Obligated balance, end of year	−11,317,589	−11,096,429	−11,238,479	−13,192,709
77.00	Adjustments in expired accounts	150,322			
78.00	Adjustments in unexpired accounts	−78,148			
90.00	Outlays	6,045,663	7,307,200	7,279,400	7,496,700

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Ballistic missiles	912,080	851,455	1,140,899	2,015,279
07.02	Other missiles	1,916,387	1,469,201	1,566,268	2,233,106
07.03	Modification of inservice missiles	95,175	144,021	117,147	234,600
07.04	Spares and repair parts	154,148	231,026	469,411	607,157
07.05	Other support	4,128,547	4,424,693	4,396,275	5,281,758
07.91	Total direct	7,206,337	7,120,396	7,690,000	10,371,900
08.01	Reimbursable	161,716	315,000	311,300	315,200
08.93	Total budget plan	7,368,053	7,435,396	8,001,300	10,687,100

Object Classification (in thousands of dollars)

Identification code 57-3020-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
31.0	Direct obligations: Equipment	7,652,632	7,081,810	7,421,450	9,450,930
99.0	Reimbursable obligations	164,734	319,230	311,300	315,200
99.9	Total obligations	7,817,366	7,401,040	7,732,750	9,766,130

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; for the purchase of not to exceed [517] *451* passenger motor vehicles of which [403] *376* 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; [$8,188,638,000] *$8,735,800,000*, to remain available for obligation until September 30, [1991] *1992, of which $111,200,000 shall be available only for the Air National Guard and Air Force Reserve.*

Further, for the foregoing purposes, including the purchase of not to exceed 337 passenger motor vehicles of which 243 shall be for replacement only, $9,256,000,000, of which $203,200,000 shall be available only for the Air National Guard and Air Force Reserve, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993.

Further, for the foregoing purposes, only for multi-year procurement, $156,300,000, to become available for obligation on October 1, 1991 and to remain available for obligation until September 30, 1994; and $136,300,000, to become available for obligation on October 1, 1992 and to remain available for obligation until September 30, 1995. (10 U.S.C. 2110, 2353, 2386, 8013, 9505, 9531-32; 50 U.S.C. 491-94; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3080-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Munitions and associated equipment	708,884	500,562	428,888	612,091
00.02	Vehicular equipment	294,027	231,402	233,563	254,318
00.03	Electronics and telecommunications equipment	2,289,008	2,025,125	2,314,480	2,386,644
00.04	Other base maintenance and support equipment	5,804,245	5,158,590	5,738,604	5,907,848
00.91	Total direct program	9,096,164	7,915,679	8,715,535	9,160,901
01.01	Reimbursable program	196,914	614,462	213,100	219,700
10.00	Total obligations	9,293,078	8,530,141	8,928,635	9,380,601
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−196,741	−469,917	−176,880	−182,345
13.00	Trust funds	−3,817	−14,720	−5,539	−5,713
14.00	Non-Federal sources	−2,388	−81,528	−30,681	−31,642
17.00	Recovery of prior year obligations	−172,613			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−2,758,929	−1,950,168	−2,139,693	−2,159,958
21.40	Available to finance new budget plans	−102,908	−34,500		
22.40	Unobligated balance transferred, net	−177,904	34,500		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	1,950,168	2,139,693	2,159,958	2,255,057
24.40	Available to finance subsequent year budget plans	34,500			
25.00	Unobligated balance lapsing	22,577			
39.00	**Budget authority**	**7,885,024**	**8,153,501**	**8,735,800**	**9,256,000**
	Budget authority:				
40.00	Appropriation	8,010,827	8,188,638	8,735,800	9,256,000
40.00	Reduction pursuant to P.L. 100-463		−5,619		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−58,200			
41.00	Transferred to other accounts	−70,503	−35,518		
42.00	Transferred from other accounts	2,900	6,000		
43.00	**Appropriation (adjusted)**	**7,885,024**	**8,153,501**	**8,735,800**	**9,256,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	9,090,132	7,963,976	8,715,535	9,160,901
72.40	Obligated balance, start of year	6,891,397	6,955,656	6,356,532	6,464,367
74.40	Obligated balance, end of year	−6,955,656	−6,356,532	−6,464,367	−6,766,468
77.00	Adjustments in expired accounts	−15,740			
78.00	Adjustments in unexpired accounts	−172,613			
90.00	Outlays	8,837,521	8,563,100	8,607,700	8,858,800

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

	Direct:				
07.01	Munitions and associated equipment	589,431	592,478	421,171	696,294
07.02	Vehicular equipment	231,430	272,477	226,068	241,419
07.03	Electronics and telecommunications equipment	1,899,139	1,909,753	2,387,572	2,374,089
07.04	Other base maintenance and support equipment	5,221,224	5,378,793	5,700,989	5,944,198
07.91	Total direct	7,941,224	8,153,501	8,735,800	9,256,000
08.01	Reimbursable	221,563	566,165	213,100	219,700
08.93	Total budget plan	8,162,787	8,719,666	8,948,900	9,475,700

Object Classification (in thousands of dollars)

Identification code 57-3080-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
31.0	Direct obligations: Equipment	9,096,164	7,915,679	8,715,535	9,160,901
99.0	Reimbursable obligations	196,914	614,462	213,100	219,700
99.9	Total obligations	9,293,078	8,530,141	8,928,635	9,380,601

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 [79] *633* passenger motor vehicles of which [72] *586* 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; [$1,186,100,000] *$1,403,800,000*, to remain available for obligation until September 30, [1991] *1992*.

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 $150,000 per vehicle and the purchase of not to exceed 560 passenger motor vehicles for replacement only, $1,466,800,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Direct program: Major equipment	1,329,686	1,172,278	1,360,285	1,448,981
01.01	Reimbursable program	313,588	402,130	444,120	408,220
10.00	Total obligations	1,643,274	1,574,408	1,804,405	1,857,201
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−304,441	−402,130	−444,120	−408,220
13.00	Trust funds	−253			
14.00	Non-Federal sources	−2,352			
17.00	Recovery of prior year obligations	−21,464			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−357,483	−340,540	−349,815	−393,330
21.40	Available to finance new budget plans	−106,000			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	340,540	349,815	393,330	411,149
25.00	Unobligated balance lapsing	4,942			
39.00	**Budget authority**	**1,196,763**	**1,181,553**	**1,403,800**	**1,466,800**
	Budget authority:				
40.00	Appropriation	1,266,263	1,186,100	1,403,800	1,466,800
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−106,000			
41.00	Transferred to other accounts		−4,547		
42.00	Transferred from other accounts	36,500			
43.00	**Appropriation (adjusted)**	**1,196,763**	**1,181,553**	**1,403,800**	**1,466,800**

General and special funds—Continued

PROCUREMENT, DEFENSE AGENCIES—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 97-0300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,236,228	1,172,278	1,360,285	1,448,981
72.40	Obligated balance, start of year	1,210,426	1,219,410	1,103,888	1,141,473
74.40	Obligated balance, end of year	−1,219,410	−1,103,888	−1,141,473	−1,198,454
77.00	Adjustments in expired accounts	−11,068			
78.00	Adjustments in unexpired accounts	−21,464			
90.00	Outlays	1,294,712	1,287,800	1,322,700	1,392,000

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Direct: Major equipment	1,302,763	1,181,553	1,403,800	1,466,800
08.01	Reimbursable	308,421	402,130	444,120	408,220
08.93	Total budget plan	1,611,184	1,583,683	1,847,920	1,875,020

Object Classification (in thousands of dollars)

Identification code 97-0300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
31.0	Direct obligations: Equipment	1,329,686	1,172,278	1,360,285	1,448,981
99.0	Reimbursable obligations	313,588	402,130	444,120	408,220
99.9	Total obligations	1,643,274	1,574,408	1,804,405	1,857,201

[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; $1,138,900,000, to remain available for obligation until September 30, 1991.] *(Department of Defense Appropriations Act, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 97-0350-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Reserve equipment	562,347	442,055	223,115	73,400
00.02	National Guard equipment	604,687	668,647	105,393	40,480
10.00	Total obligations (object class 31.0)	1,167,034	1,110,702	328,508	113,880
	Financing:				
17.00	Recovery of prior year obligations	−82,355			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−494,321	−414,289	−442,388	−113,880
21.40	Available to finance new budget plans	−17,900	−193,000		
22.40	Unobligated balance transferred, net	−4,000	193,000		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	414,289	442,388	113,880	
24.40	Available to finance subsequent year budget plans	193,000			
25.00	Unobligated balance lapsing	6,352			
39.00	**Budget authority**	**1,182,100**	**1,138,801**		
	Budget authority:				
40.00	Appropriation	1,200,000	1,138,900		
40.00	Reduction pursuant to P.L. 100-463		−99		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−17,900			
43.00	**Appropriation (adjusted)**	**1,182,100**	**1,138,801**		
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,167,034	1,110,702	328,508	113,880
72.40	Obligated balance, start of year	1,522,691	2,064,338	2,353,340	1,727,848
74.40	Obligated balance, end of year	−2,064,338	−2,353,340	−1,727,848	−1,229,928
77.00	Adjustments in expired accounts	−6,710			
78.00	Adjustments in unexpired accounts	−82,355			
90.00	Outlays	536,322	821,700	954,000	611,800

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Reserve equipment	392,900	483,400		
07.02	National Guard equipment	614,100	655,401		
08.93	Total budget plan	1,007,000	1,138,801		
	Distribution of budget authority by account: National Guard and Reserve equipment, Defense	1,200,000	1,138,801		
	Distribution of outlays by account:				
	National Guard and Reserve equipment, Defense	536,124	821,700	954,000	611,800
	Army National Guard equipment	198			

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); [$33,500,000 of which *$27,500,000*] *$10,700,000,* [shall] *to* remain available for obligation until September 30, [1991, and of which $6,000,000 for a project to develop a reliable supply of titanium ore from ilemenite shall remain available until September 30, 1993] *1992.*

Further, for the foregoing purposes, $14,100,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1993. (Department of Defense Appropriations Act, 1989.)

Program and Financing (in thousands of dollars)

Identification code 97-0360-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 26.0)	29,721	13,410	14,025	32,360
	Financing:				
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	−42,481	−25,760	−45,850	−42,525
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	25,760	45,850	42,525	24,265
40.00	**Budget authority (appropriation)**	**13,000**	**33,500**	**10,700**	**14,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	29,721	13,410	14,025	32,360
72.40	Obligated balance, start of year	9,510	38,262	47,272	55,597
74.40	Obligated balance, end of year	−38,262	−47,272	−55,597	−84,657
90.00	Outlays	970	4,400	5,700	3,300

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Total budget plan	13,000	33,500	10,700	14,100

[SPECIAL OPERATIONS FORCES FUND]

[(INCLUDING TRANSFER OF FUNDS)]

[For expenses, not otherwise provided for, necessary for equipping and operating Special Operations Forces; $286,000,000, of which $108,000,000 shall be transferred to and merged with Other Procurement, Army; $35,000,000 shall be transferred to and merged with Operation and Maintenance, Navy; $100,000,000 shall be transferred to and merged with Shipbuilding and Conversion, Navy; $25,000,000 shall be transferred to and merged with Other Procurement, Navy; and $18,000,000 shall be transferred to and merged with Operation and Maintenance, Army.] *(Department of Defense Appropriations Act, 1989.)*

Program and financing (in thousands of dollars)

Identification code 97-0301-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Budget authority:				
40.00	Appropriation		286,000		
41.00	Transferred to other accounts		-286,000		
43.00	**Appropriation (adjusted)**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
90.00	Outlays				

[NATO COOPERATIVE DEFENSE PROGRAMS]

Program and Financing (in thousands of dollars)

Identification code 97-0370-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Financing:				
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	-14,265			
25.00	Unobligated balance lapsing	14,265			
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
90.00	Outlays				

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; [$179,500,000] *$286,500,000*, of which [$117,300,000] *$149,100,000* shall remain available for obligation until September 30, [1989] *1990*, [$17,900,000] *$1,100,000* shall remain available for obligation until September 30, [1990] *1991*, [$44,300,000] *$136,300,000* shall remain available for obligation until September 30, [1991] *1992*.

Further, for the foregoing purposes, $313,700,000, to become available for obligation on October 1, 1990, of which $139,000,000 shall remain available for obligation until September 30, 1991; and $174,700,000 shall remain available for obligation until September 30, 1993. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0390-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Research, development, test, and evaluation	4,783	1,767	1,567	
00.02	Procurement	24,600	118,349	120,248	167,999
00.03	Operation and maintenance	96,998	117,300	149,100	139,000
10.00	Total obligations	126,381	237,416	270,915	306,999
	Financing:				
17.00	Recovery of prior year obligations	-463			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	-17,139	-89,704	-31,788	-47,373
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	89,704	31,788	47,373	54,074
25.00	Unobligated balance lapsing	17			
40.00	**Budget authority (appropriation)**	**198,500**	**179,500**	**286,500**	**313,700**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	126,381	237,416	270,915	306,999
72.40	Obligated balance, start of year	55,243	69,775	110,291	167,406
74.40	Obligated balance, end of year	-69,775	-110,291	-167,406	-210,005
77.00	Adjustments in expired accounts	-80			
78.00	Adjustments in unexpired accounts	-463			
90.00	Outlays	111,306	196,900	213,800	264,400

Budget Plan (in thousands of dollars)

(amount for procurement actions programmed)

07.01	Research, development, test, and evaluation	4,900	1,600	1,100	
07.02	Procurement	96,600	60,600	136,300	174,700
07.03	Operation and maintenance	96,998	117,300	149,100	139,000
08.93	Total budget plan	198,498	179,500	286,500	313,700

Object Classification (in thousands of dollars)

Identification code 97-0390-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
11.8	Personnel compensation: Special personal services payments	4,332	6,461	6,762	7,778
21.0	Travel and transportation of persons	657	878	918	1,005
22.0	Transportation of things	15	20	22	24
23.2	Rental payments to others	23	40	42	44
25.0	Other services: Contracts	120,823	229,657	262,795	297,747
26.0	Supplies and materials	57	185	193	212
31.0	Equipment	474	175	183	189
99.9	Total obligations	126,381	237,416	270,915	306,999

PROCUREMENT OF AIRCRAFT AND MISSILES, NAVY

Program and Financing (in thousands of dollars)

Identification code 17-1505-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
72.40	Obligated balance, start of year	45,362	42,420	42,420	42,420
74.40	Obligated balance, end of year	-42,420	-42,420	-42,420	-42,420
77.00	Adjustments in expired accounts	-2,679			
90.00	Outlays	263			

PROCUREMENT OF EQUIPMENT AND MISSILES, ARMY

Program and Financing (in thousands of dollars)

Identification code 21-2030-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
72.40	Obligated balance, start of year	104	3	3	3
74.40	Obligated balance, end of year	-3	-3	-3	-3
77.00	Adjustments in expired accounts	-60			
90.00	Outlays	40			

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. In 1990 and 1991 it presents, by budget activity, the value of the program requested for the life of these multiple-year appropriations, with comparable amounts in 1988 and 1989. Funds for each fiscal year are available for obligation for a two year period beginning on the first day of that fiscal year.

The 1990 and 1991 program provides for major development efforts on the National Aerospace Plane, Balanced Technology Initiative, Peacekeeper Rail Garrison, the Short-Range Attack Missile, the B-2 Advanced Technology Bomber, the MILSTAR Communications Satellite System, the Strategic Defense Initiative, as well as Advanced Anti-Tank Weapons, a new light helicopter (LHX), the Joint Service Advanced Vertical Lift Aircraft (V-22), a Forward Area Air Defense system, the Advanced Tactical Fighter, the Advanced Tactical Aircraft, the next generation airlifter (C-17), the nuclear attack submarine, the Long Range Air ASW Capable Aircraft (LRAACA), and NATO Cooperative Research and Development. Funds are also requested for product improvement to systems which have already been fielded or are in production, such as the F-14D and the F-16 fighters, SSN-21 and the M1A1.

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; [$5,130,166,000] *$5,603,000,000,* to remain available for obligation until September 30, [1990: *Provided,* That $7,300,000 shall be available only for type classification and operational testing of the 120 millimeter mortar system and development of a family of enhanced 120 millimeter ammunition: *Provided further,* That $2,500,000 shall be available only for the vehicular intercommunications system: *Provided further,* That $5,000,000 shall be available only for development of fluidtronics technology for use in ground combat or support vehicles: *Provided further,* That $2,000,000 shall be made available until expended, as a grant, only for continued development of a medical research institute directed at basic and clinical research in immunology, for associated facilities, and for related purposes] *1991.*

Further, for the foregoing purposes, $5,873,700,000, to become available for obligation on October 1, 1990, and to remain available for obligation until September 30, 1992. (10 U.S.C. 2353, 4503; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2040-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Technology base	733,782	734,502	775,159	800,733
00.02	Advanced technology development	354,548	454,996	456,946	499,858
00.03	Strategic programs	117,462	83,111	72,799	57,532
00.04	Tactical programs	2,223,534	2,684,024	2,947,263	3,094,185
00.05	Intelligence and communications	107,734	56,775	86,706	81,670
00.06	Defensewide mission support	1,220,016	1,105,269	1,250,591	1,320,510
00.91	Total direct program	4,757,076	5,118,677	5,589,464	5,854,488
01.01	Reimbursable program	1,214,976	1,470,500	1,210,500	1,260,000
10.00	Total obligations	5,972,052	6,589,177	6,799,964	7,114,488
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−1,169,387	−1,452,400	−1,201,700	−1,251,200
13.00	Trust funds	−1,290	−2,200	−2,200	−2,200
14.00	Non-Federal sources	−10,545	−15,900	−6,600	−6,600
17.00	Recovery of prior year obligations	−164,684			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−273,147	−396,555	−395,274	−408,810
21.40	Available to finance new budget plans	−14,000	−10,000		
22.40	Unobligated balance transferred, net	−78,261	10,000		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	396,555	395,274	408,810	428,022
24.40	Available to finance subsequent year budget plans	10,000			
25.00	Unobligated balance lapsing	5,405			
39.00	**Budget authority**	**4,672,698**	**5,117,396**	**5,603,000**	**5,873,700**
	Budget authority:				
40.00	Appropriation	4,687,513	5,130,166	5,603,000	5,873,700
40.00	Reduction pursuant to P.L. 100-463		−3,067		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−14,000			
41.00	Transferred to other accounts	−3,865	−17,000		
42.00	Transferred from other accounts	3,050	7,297		
43.00	**Appropriation (adjusted)**	**4,672,698**	**5,117,396**	**5,603,000**	**5,873,700**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	4,790,830	5,118,677	5,589,464	5,854,488
72.40	Obligated balance, start of year	3,067,417	3,057,400	3,186,977	3,491,141
74.40	Obligated balance, end of year	−3,057,400	−3,186,977	−3,491,141	−3,711,929
77.00	Adjustments in expired accounts	−12,019			
78.00	Adjustments in unexpired accounts	−164,684			
90.00	Outlays	4,624,143	4,989,100	5,285,300	5,633,700

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

	Direct:				
07.01	Technology base	720,679	733,456	787,290	802,029
07.02	Advanced technology development	355,155	442,008	463,684	502,260
07.03	Strategic programs	118,462	69,763	73,971	56,439
07.04	Tactical programs	2,249,677	2,702,651	2,913,016	3,107,712
07.05	Intelligence and communications	105,491	52,105	89,782	81,158
07.06	Defensewide mission support	1,127,234	1,117,413	1,275,257	1,324,102
07.91	Total direct	4,676,698	5,117,396	5,603,000	5,873,700
08.01	Reimbursable	1,187,169	1,470,500	1,210,500	1,260,000
08.93	Total budget plan	5,863,867	6,587,896	6,813,500	7,133,700

Object Classification (in thousands of dollars)

Identification code 21-2040-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	607,738	563,046	620,841	628,521
11.3	Other than full-time permanent	30,211	15,496	17,087	17,298

11.5	Other personnel compensation	20,614	30,993	34,174	34,597
11.9	Total personnel compensation	658,563	609,535	672,102	680,416
12.1	Civilian personnel benefits	104,002	82,649	91,132	92,260
13.0	Benefits for former personnel	269	117	208	182
21.0	Travel and transportation of persons	37,585	56,821	62,653	63,428
22.0	Transportation of things	4,971	10,331	11,391	11,532
23.1	Rental payments to GSA	1,215	5,165	5,695	5,766
23.2	Rental payments to others	12,327	20,662	22,783	23,065
23.3	Communications, utilities, and miscellaneous charges	15,930	15,496	17,087	17,298
24.0	Printing and reproduction	719	5,055	5,195	5,266
	Other services:				
25.0	Payments to foreign national indirect hire personnel			500	425
25.0	Purchases from industrial funds	140,615	149,801	165,177	167,221
25.0	Contracts	3,500,773	3,858,279	4,199,691	4,447,522
26.0	Supplies and materials	126,182	154,966	170,873	172,987
31.0	Equipment	127,364	139,470	153,786	155,688
32.0	Land and structures	1,265	3,165	3,791	3,932
41.0	Grants, subsidies, and contributions	19,296	7,165	7,400	7,500
99.0	Subtotal, direct obligations	4,757,076	5,118,677	5,589,464	5,854,488
99.0	Reimbursable obligations	1,214,976	1,470,500	1,210,500	1,260,000
99.9	Total obligations	5,972,052	6,589,177	6,799,964	7,114,488

Personnel Summary

Total number of full-time permanent positions	25,547	27,079	27,898	27,877
Total compensable workyears:				
Full-time equivalent employment	27,710	27,613	28,373	28,351
Full-time equivalent of overtime and holiday hours	952	1,145	1,162	1,160

22.40	Unobligated balance transferred, net		15,000		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	518,276	482,879	524,870	497,440
24.40	Available to finance subsequent year budget plans	40,000			
25.00	Unobligated balance lapsing	11,714			
39.00	**Budget authority**	**9,426,051**	**9,344,589**	**10,184,400**	**9,635,800**
	Budget authority:				
40.00	Appropriation	9,493,546	9,382,312	10,184,400	9,635,800
40.00	Reduction pursuant to P.L. 100-463		−23,723		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−67,495			
41.00	Transferred to other accounts		−36,000		
42.00	Transferred from other accounts		22,000		
43.00	**Appropriation (adjusted)**	**9,426,051**	**9,344,589**	**10,184,400**	**9,635,800**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	9,366,168	9,404,986	10,142,409	9,663,230
72.40	Obligated balance, start of year	5,155,072	5,670,793	5,540,479	5,981,188
74.40	Obligated balance, end of year	−5,670,793	−5,540,479	−5,981,188	−5,924,118
77.00	Adjustments in expired accounts	−5,161			
78.00	Adjustments in unexpired accounts	−17,331			
90.00	Outlays	8,827,956	9,535,300	9,701,700	9,720,300

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; [$9,382,312,000] *$10,184,400,000*, to remain available for obligation until September 30, [1990: *Provided*, That $1,000,000 shall be made available for personnel and other expenses for the Institute for Technology Development, as a grant, for the Natural Center for Physical Acoustics] *1991.*

Further, for the foregoing purposes, $9,635,800,000, to become available for obligation on October 1, 1990, and to remain available for obligation until September 30, 1992. (10 U.S.C. 174, 2352–54, 7201, 7203, 7522; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17–1319–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Technology base	747,848	761,387	801,474	843,754
00.02	Advanced technology development	193,914	230,467	193,967	183,004
00.03	Strategic programs	1,216,586	784,904	534,150	398,077
00.04	Tactical programs	5,542,894	6,091,063	6,974,992	6,588,595
00.05	Intelligence and communications	903,024	743,375	843,561	857,868
00.06	Defensewide mission support	754,014	789,093	794,265	791,932
00.91	Total direct program	9,358,280	9,400,289	10,142,409	9,663,230
01.01	Reimbursable program	284,458	317,697	313,000	313,000
10.00	Total obligations	9,642,738	9,717,986	10,455,409	9,976,230
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−202,110	−240,000	−240,000	−240,000
13.00	Trust funds	−501	−4,400	−4,400	−4,400
14.00	Non-Federal sources	−73,959	−68,600	−68,600	−68,600
17.00	Recovery of prior year obligations	−17,331			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−425,281	−518,276	−482,879	−524,870
21.40	Available to finance new budget plans	−67,495	−40,000		

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

	Direct:				
07.01	Technology base	746,666	786,470	802,264	845,938
07.02	Advanced technology development	234,962	192,936	194,021	182,424
07.03	Strategic programs	1,232,220	790,291	520,669	391,623
07.04	Tactical programs	5,588,890	6,106,797	7,020,686	6,565,862
07.05	Intelligence and communications	903,150	749,165	848,529	858,358
07.06	Defensewide mission support	772,658	718,930	798,231	791,595
07.91	Total direct	9,478,546	9,344,589	10,184,400	9,635,800
08.01	Reimbursable	279,741	313,000	313,000	313,000
08.93	Total budget plan	9,758,287	9,657,589	10,497,400	9,948,800

Object Classification (in thousands of dollars)

Identification code 17–1319–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	48,233	53,377	56,005	59,252
11.3	Other than full-time permanent	2,357	2,588	3,042	1,765
11.5	Other personnel compensation	1,589	1,593	1,635	1,614
11.8	Special personal services payments	18			
11.9	Total personnel compensation	52,197	57,558	60,682	62,631
12.1	Civilian personnel benefits	7,845	8,854	9,290	9,585
21.0	Travel and transportation of persons	19,241	19,626	19,993	20,328
22.0	Transportation of things	1,762	1,827	1,889	1,945
23.3	Communications, utilities, and miscellaneous charges	8,251	8,556	8,847	9,112
24.0	Printing and reproduction	988	1,002	1,036	1,067
	Other services:				
25.0	Payments to foreign national indirect hire personnel	62	94	95	96
25.0	Purchases from industrial funds	1,712,297	1,734,061	1,898,005	1,904,706
25.0	Contracts	6,645,371	6,624,743	7,166,511	6,648,520
25.0	Other	854,859	886,488	916,627	944,126
26.0	Supplies and materials	11,502	11,928	12,334	12,601
31.0	Equipment	20,122	20,867	21,576	22,223
32.0	Land and structures	4,256	4,413	4,563	4,700
41.0	Grants, subsidies, and contributions	19,549	20,272	20,961	21,590
99.0	Subtotal, direct obligations	9,358,280	9,400,289	10,142,409	9,663,230
99.0	Reimbursable obligations	284,458	317,697	313,000	313,000
99.9	Total obligations	9,642,738	9,717,986	10,455,409	9,976,230

General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY—Continued

Personnel Summary

Total number of full-time permanent positions	2,112	2,307	2,314	2,318
Total compensable workyears:				
Full-time equivalent employment	2,593	2,615	2,712	2,715
Full-time equivalent of overtime and holiday hours	47	41	40	40

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; [$14,502,347,000] *$14,772,200,000,* to remain available for obligation until September 30, [1990: *Provided,* That $2,000,000 shall be available only for development of high thermal stability and/or endothermic jet fuels, including studies on coal based fuels: *Provided further,* That of the funds appropriated in this paragraph, $890,000,000 shall be available for ICBM modernization programs as follows:

(1) $40,000,000 shall be available for continued development and flight testing of the MX missile;

(2) $250,000,000 shall be available for the Small ICBM program; and

(3) $600,000,000 shall be available for the MX Rail-Garrison program and of the $600,000,000 available for the MX Rail-Garrison program, the amount obligated before February 15, 1989, may not exceed $250,000,000: *Provided further,* That during the period beginning on January 21, 1989, and ending on February 15, 1989, the President shall submit to the Committees on Armed Services and the Committees on Appropriations of the Senate and the House of Representatives a report on—

(A) anticipated obligations for the remainder of fiscal year 1989 for the small ICBM program, the MX Rail-Garrison program, and other ICBM modernization programs; and

(B) the purposes those obligations are intended to accomplish] *1991.*

Further, for the foregoing purposes $13,784,300,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1992. (10 U.S.C. 174, 1581, 1584, 2271–79, 2352–54, 2386, 2663, 2672, 2672a, 8012, 9503–04, 9532; 42 U.S.C. 1891–92; 50 U.S.C. App. 2093(g); Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3600-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Technology base	758,440	738,433	796,846	813,980
00.02	Advanced technology development	783,048	781,020	783,278	889,407
00.03	Strategic programs	5,378,809	5,588,237	4,734,393	3,731,692
00.04	Tactical programs	3,951,712	4,268,699	4,606,372	4,650,605
00.05	Intelligence and communications	2,176,633	2,041,330	2,084,438	2,116,193
00.06	Defensewide mission support	1,678,042	1,631,234	1,761,898	1,679,203
00.91	Total direct program	14,726,684	15,048,953	14,767,225	13,981,080
01.01	Reimbursable program	2,080,306	2,401,694	2,358,000	2,378,100
10.00	Total obligations	16,806,990	17,450,647	17,125,225	16,259,180
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−2,027,242	−2,329,643	−2,287,260	−2,306,758
13.00	Trust funds	−6,067	−48,034	−47,160	−47,561
14.00	Non-Federal sources	−13,224	−24,017	−23,580	−23,781
17.00	Recovery of prior year obligations	−60,288			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−1,753,247	−2,078,235	−1,708,045	−1,713,020
21.40	Available to finance new budget plans	−282,100	−36,300		
22.40	Unobligated balance transferred, net	−212,171	36,300		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	2,078,235	1,708,045	1,713,020	1,616,240
24.40	Available to finance subsequent year budget plans	36,300			
25.00	Unobligated balance lapsing	49,471			
39.00	**Budget authority**	**14,616,656**	**14,678,763**	**14,772,200**	**13,784,300**
	Budget authority:				
40.00	Appropriation	15,002,095	14,502,347	14,772,200	13,784,300
40.00	Reduction pursuant to P.L. 100-463		−20,264		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−266,000			
41.00	Transferred to other accounts	−129,252	−107,215		
42.00	Transferred from other accounts	9,813	303,895		
43.00	**Appropriation (adjusted)**	**14,616,656**	**14,678,763**	**14,772,200**	**13,784,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	14,760,457	15,048,953	14,767,225	13,881,080
72.40	Obligated balance, start of year	8,400,434	8,745,537	9,178,990	9,453,615
74.40	Obligated balance, end of year	−8,745,537	−9,178,990	−9,453,615	−9,373,795
77.00	Adjustments in expired accounts	−52,887			
78.00	Adjustments in unexpired accounts	−60,288			
90.00	Outlays	14,302,179	14,615,500	14,492,600	13,960,900

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

	Direct:				
07.01	Technology base	773,059	770,256	799,801	815,556
07.02	Advanced technology development	789,350	764,711	785,338	900,969
07.03	Strategic programs	5,743,174	5,374,252	4,658,451	3,630,964
07.04	Tactical programs	3,942,780	4,121,674	4,660,224	4,649,529
07.05	Intelligence and communications	2,135,782	2,064,445	2,086,660	2,119,467
07.06	Defensewide mission support	1,673,417	1,583,425	1,781,726	1,667,815
07.91	Total direct	15,057,562	14,678,763	14,772,200	13,784,300
08.01	Reimbursable	2,078,917	2,401,694	2,358,000	2,378,100
08.93	Total budget plan	17,136,479	17,080,457	17,130,200	16,162,400

Object Classification (in thousands of dollars)

Identification code 57-3600-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	300,280	298,524	295,393	322,235
11.3	Other than full-time permanent	7,605	7,654	8,087	8,262
11.5	Other personnel compensation	11,408	10,638	11,224	11,430
11.9	Total personnel compensation	319,293	316,816	314,704	341,927
12.1	Civilian personnel benefits	49,380	54,268	58,531	59,809
21.0	Travel and transportation of persons	80,669	83,734	86,749	89,612
22.0	Transportation of things	3,153	3,273	3,391	3,503
23.2	Rental payments to others	2,677	2,779	2,879	2,974
23.3	Communications, utilities, and miscellaneous charges	34,477	35,787	37,075	38,299
24.0	Printing and reproduction	1,087	1,128	1,169	1,207
	Other services:				
25.0	Purchases from industrial funds	46,788	48,566	50,314	51,975
25.0	Contracts	14,029,382	14,336,753	14,040,592	13,114,284
26.0	Supplies and materials	81,249	84,336	87,373	90,256
31.0	Equipment	78,529	81,513	84,448	87,234
99.0	Subtotal, direct obligations	14,726,684	15,048,953	14,767,225	13,881,080
99.0	Reimbursable obligations	2,080,306	2,401,694	2,358,000	2,378,100
99.9	Total obligations	16,806,990	17,450,647	17,125,225	16,259,180

Personnel Summary

Total number of full-time permanent positions	10,528	10,712	10,531	10,578

Total compensable workyears:				
Full-time equivalent employment	11,128	10,649	10,897	10,852
Full-time equivalent of overtime and holiday hours	189	195	164	161

Research, Development, Test, and Evaluation, Defense Agencies

[(including transfer of funds)]

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; [$8,427,908,000] *$9,995,500,000,* to remain available for obligation until September 30, [1990: *Provided,* That $95,000,000 shall be made available only for the Advanced Submarine Technology Program as described in section 241 of the National Defense Authorization Act for Fiscal Year 1989 (H.R. 4264), as provided in the conference agreement included in House Report 100–753: *Provided further,* That the Secretary of Defense shall award the funds made available in this Act for the University Research Initiative Program on the basis of competition; and, that none of the funds may be obligated or expended until the Appropriations and Armed Services Committees of the House and Senate approve a plan submitted by the Secretary of Defense to provide for broader geographic distribution of funds under such program in comparison to the distribution of such funds during fiscal years 1986 and 1987; and sets aside a portion of the funds available for such program for fiscal year 1989 to implement such a plan: *Provided further,* That section 215(c) of the National Defense Authorization Act for Fiscal Years 1988 and 1989 (Public Law 100–180) is repealed: *Provided further,* That of funds made available for the Experimental Evaluation of Major Innovative Technologies program, $34,000,000 is available only for the purposes of research, development, launch, and on-orbit functional demonstrations with military forces of LIGHTSAT systems and their required low-cost transportable space launch vehicles: *Provided further,* That of the funds made available for the ALS Program, not less than $96,500,000 shall be transferred to the National Aeronautics and Space Administration only for ALS propulsion activities: *Provided further,* That the funds appropriated by this Act for any activities associated directly or indirectly with the Advanced Launch System or any ALS variant shall be subject to the terms and conditions of section 5 of chapter II of title I of Public Law 100–71 (Supplemental Appropriations Act, 1987): *Provided further,* That of the total amount available for obligation, $16,500,000 shall be made available through the Office of the Under Secretary of Defense for Acquisition only for bioenvironmental hazards research activities at universities, for associated facilities, and for other related purposes: *Provided further,* That of the amounts available for obligation, an additional $100,000,000 shall be transferred to the National Aeronautics and Space Administration: *Provided further,* That of the total amount available for obligation for the Strategic Technology Program, $20,000,000 shall be made available only for the Defense Advanced Research Projects Agency Initiative in Concurrent Engineering: *Provided further,* That of the amounts available for obligation, in addition to the funds previously appropriated to the National Defense Stockpile Transaction Fund, notwithstanding the provisions of 50 U.S.C. 98h, there is hereby appropriated $3,500,000 from the Strategic Technology Program only to the Fund, to remain available until expended for the South Carolina Research Authority pursuant to 50 U.S.C. 98a and 98g(a), for a grant to construct and equip a strategic materials research facility: *Provided further,* That not later than February 1, 1989, the Secretary of Defense shall submit to the Committees on Appropriations and on Armed Services of the Senate and the House of Representatives a report setting forth (1) each program, project, or activity for which funds were not requested in the budget submitted to Congress pursuant to section 1105 of title 31, United States Code, for fiscal year 1989 and are made available under this Act for only one educational institution, or organization affiliated with an educational institution, which is identified, either directly or indirectly, by the terms of this Act (or the Joint Statement of Managers accompanying the conference report on H.R. 4781 of the One Hundredth Congress) as the institution or organization to perform the program, project, or activity for which such funds are provided, and (2) the name of the institution and the amount of funds made available for such program, project, or activity: *Provided further,* That the funds appropriated by this Act to carry out a program, project, or activity by any such educational institution or organization may not be obligated or expended for such purpose before February 1, 1989, and such funds may be obligated or expended on or after such date for such purpose only after a period of 90 days has expired after the date on which the committees named in the preceding proviso have received the report referred to in such proviso] *1991.*

Further, for the foregoing purposes, $11,352,500,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1992. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97–0400–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Technology base	969,813	1,213,859	947,668	937,154
00.02	Advanced technology development	3,896,303	4,657,452	6,267,576	7,436,048
00.03	Strategic programs	126,662	234,389	364,278	412,011
00.04	Tactical programs	219,500	290,278	340,206	398,448
00.05	Intelligence and communications	1,726,638	1,609,038	1,633,113	1,758,565
00.06	Defensewide mission support	307,833	527,535	302,725	311,379
00.91	Total direct program	7,246,749	8,532,551	9,855,566	11,253,605
01.01	Reimbursable program	143,036	206,900	257,800	219,400
10.00	Total obligations	7,389,785	8,739,451	10,113,366	11,473,005
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−123,689	−206,525	−257,410	−218,995
13.00	Trust funds	−2,802			
14.00	Non-Federal sources	−16,408	−375	−390	−405
17.00	Recovery of prior year obligations	−46,643			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−641,478	−963,464	−629,063	−768,997
21.40	Available to finance new budget plans	−8,900	−17,540		
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	963,464	629,063	768,997	867,892
24.40	Available to finance subsequent year budget plans	17,540			
25.00	Unobligated balance lapsing	22,056			
39.00	**Budget authority**	**7,552,925**	**8,180,610**	**9,995,500**	**11,352,500**
	Budget authority:				
40.00	Appropriation	7,631,825	8,424,408	9,995,500	11,352,500
40.00	Reduction pursuant to P.L. 100-463		−16,066		
40.00	Appropriation rescinded (unobligated balance) (P.L. 100–202)	−8,900			
41.00	Transferred to other accounts	−70,000	−227,732		
43.00	**Appropriation (adjusted)**	**7,552,925**	**8,180,610**	**9,995,500**	**11,352,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	7,246,886	8,532,551	9,855,566	11,253,605
72.40	Obligated balance, start of year	3,394,900	3,642,744	4,469,995	5,359,461
74.40	Obligated balance, end of year	−3,642,744	−4,469,995	−5,359,461	−6,202,466
77.00	Adjustments in expired accounts	−41,627			
78.00	Adjustments in unexpired accounts	−46,643			
90.00	Outlays	6,910,773	7,705,300	8,966,100	10,410,600

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

	Direct:				
07.01	Technology base	1,070,008	1,187,532	903,150	950,375
07.02	Advanced technology development	3,976,289	4,497,241	6,397,286	7,488,778

General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE AGENCIES—Continued

Budget Plan (in thousands of dollars)—Continued

07.03	Strategic programs	132,676	246,266	374,950	416,968
07.04	Tactical programs	216,930	237,385	348,570	402,506
07.05	Intelligence and communications	1,740,804	1,633,446	1,672,117	1,777,719
07.06	Defensewide mission support	425,118	378,740	299,427	316,154
07.91	Total direct	7,561,825	8,180,610	9,995,500	11,352,500
08.01	Reimbursable	142,990	206,900	257,800	219,400
08.93	Total budget plan	7,704,815	8,387,510	10,253,300	11,571,900

Object Classification (in thousands of dollars)

Identification code 97-0400-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	40,354	106,170	107,279	108,407
11.3	Other than full-time permanent	1,753	1,026	1,081	1,116
11.5	Other personnel compensation	650	452	465	477
11.8	Special personal services payments	847	805	838	840
11.9	Total personnel compensation	43,604	108,453	109,663	110,840
12.1	Civilian personnel benefits	5,713	13,369	13,863	14,278
21.0	Travel and transportation of persons	18,905	24,675	25,667	26,570
22.0	Transportation of things	422	1,124	1,197	1,262
23.1	Rental payments to GSA	698	735	1,021	1,062
23.2	Rental payments to others	13,576	18,253	18,822	19,142
23.3	Communications, utilities, and miscellaneous charges	15,933	19,822	20,059	20,953
24.0	Printing and reproduction	484	2,230	2,240	2,249
	Other services:				
25.0	Purchases from industrial funds	68,258	69,585	70,585	72,218
25.0	Contracts	6,659,828	7,839,160	9,137,329	10,508,152
25.0	Other	201,746	200,273	225,023	236,803
26.0	Supplies and materials	20,015	21,381	21,972	22,862
31.0	Equipment	195,770	211,491	206,025	215,014
41.0	Grants, subsidies, and contributions	1,797	2,000	2,100	2,200
99.0	Subtotal, direct obligations	7,246,749	8,532,551	9,855,566	11,253,605
99.0	Reimbursable obligations	143,036	206,900	257,800	219,400
99.9	Total obligations	7,389,785	8,739,451	10,113,366	11,473,005

Personnel Summary

Total number of full-time permanent positions	1,261	1,407	1,465	1,467
Total compensable workyears:				
Full-time equivalent employment	1,378	1,509	1,512	1,518
Full-time equivalent of overtime and holiday hours	14	16	16	16

DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, of independent activities of the [Deputy Under Secretary of Defense, Developmental Test and Evaluation] *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; [$149,900,000] *$316,400,000,* to remain available for obligation until September 30, [1990] *1991.*

Further, for the foregoing purposes, $444,700,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1992. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0450-0-1-051		1988 actual	1989 est	1990 est	1991 est.
	Program by activities:				
00.06	Total direct obligations—Defensewide mission support	162,559	154,500	273,338	425,455
01.01	Reimbursable program	71,441	80,000	200,000	200,000
10.00	Total obligations	234,000	234,500	473,338	625,455
	Financing:				
11.00	Offsetting collections from: Federal funds	−71,441	−80,000	−200,000	−200,000
17.00	Recovery of prior year obligations	−2,217			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	−18,549	−39,578	−34,398	−77,460
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	39,578	34,398	77,460	96,705
25.00	Unobligated balance lapsing	745			
39.00	**Budget authority**	**182,116**	**149,320**	**316,400**	**444,700**
	Budget authority:				
40.00	Appropriation	182,116	149,900	316,400	444,700
41.00	Transferred to other accounts		−580		
43.00	**Appropriation (adjusted)**	**182,116**	**149,320**	**316,400**	**444,700**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	162,559	154,500	273,338	425,455
72.40	Obligated balance, start of year	117,027	157,569	181,969	276,107
74.40	Obligated balance, end of year	−157,569	−181,969	−276,107	−435,162
77.00	Adjustments in expired accounts	−221			
78.00	Adjustments in unexpired accounts	−2,217			
90.00	Outlays	119,579	130,100	179,200	266,400

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

07.06	Defensewide mission support	182,116	149,320	316,400	444,700
08.01	Reimbursable	71,441	80,000	200,000	200,000
08.93	Total budget plan	253,557	229,320	516,400	644,700

Object Classification (in thousands of dollars)

Identification code 97-0450-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
21.0	Travel and transportation of persons	130	146	139	144
	Other services:				
25.0	Contracts	2,756	5,536	4,636	4,750
25.0	Other	159,673	148,818	268,563	420,561
99.0	Subtotal, direct obligations	162,559	154,500	273,338	425,455
99.0	Reimbursable obligations	71,441	80,000	200,000	200,000
99.9	Total obligations	234,000	234,500	473,338	625,455

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; [$71,234,000] *$153,000,000,* to remain available for obligation until September 30, [1990] *1991.*

Further for the foregoing purposes, $160,800,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1992. (Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0460-0-1-051		1988 actual	1989 est.	1990 est.	1991 est
	Program by activities:				
00.06	Defensewide Mission Support	71,068	52,307	146,244	158,880
01.01	Reimbursable Program		67,000	30,000	35,000
10.00	Defensewide mission support—Total obligations	71,068	119,307	176,244	193,880
	Financing:				
11.00	Offsetting collections from: Federal funds		−67,000	−30,000	−35,000
17.00	Recovery of prior year obligations	−2			

21.40	Unobligated balance available, start of year: For completion of prior year budget plans	−2,901	−2,043	−20,694	−27,450
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	2,043	20,694	27,450	29,370
25.00	Unobligated balance lapsing	12			
39.00	**Budget authority**	**70,221**	**70,958**	**153,000**	**160,800**
	Budget authority:				
40.00	Appropriation	70,221	71,234	153,000	160,800
41.00	Transferred to other accounts		−276		
43.00	**Appropriation (adjusted)**	**70,221**	**70,958**	**153,000**	**160,800**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	71,068	52,307	146,244	158,880
72.40	Obligated balance, start of year	4,003	67,915	72,622	143,766
74.40	Obligated balance, end of year	−67,915	−72,622	−143,766	−176,846
78.00	Adjustments in unexpired accounts	−2			
90.00	Outlays	7,154	47,600	75,100	125,800

Budget Plan (in thousands of dollars)

(amount for research, development, test, and evaluation actions programmed)

07.06	Defensewide mission support	70,221	70,958	153,000	160,800
08.01	Reimbursable		67,000	30,000	35,000
08.93	Total budget plan	70,221	137,958	183,000	195,800

Object Classification (in thousands of dollars)

Identification code 97-0460-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
21.0	Travel and transportation of persons	160	380	435	475
	Other services:				
25.0	Contracts	9,018	13,375	13,480	13,800
25.0	Other	61,890	38,552	132,329	144,605
99.0	Subtotal, direct obligations	71,068	52,307	146,244	158,880
99.0	*Reimbursable obligations*		*67,000*	*30,000*	*35,000*
99.9	Total obligations	71,068	119,307	176,244	193,880

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 1990 and 1991 it presents, by budget activity, the value of the program requested for the life of the multiple-year appropriations, with comparable amounts in 1988 and 1989.

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

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Active Forces	3,857,155	3,946,134	3,575,000	4,071,900
Reserve Forces	583,833	605,124	463,600	399,400
Interservice activities	1,064,446	1,191,533	1,261,600	1,485,600
Total	5,505,434	5,742,791	5,300,200	5,956,900

The 1990 and 1991 military construction programs will support new construction needed to accommodate force structure changes such as the Navy's strategic homeporting initiative and continues the Army's conversion to light infantry divisions. The Military Construction programs are also intended to provide facilities required as a result of new weapon systems entering the inventory including naval vessels, B-2's, Peacekeeper Rail Garrison, the Trident II weapon system and the Titan IV. 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.

Federal Funds

General and special funds:

MILITARY CONSTRUCTION, ARMY

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, and for construction and operation of facilities in support of the functions of the Commander in Chief, [$927,292,000] *$904,800,000,* to remain available until September 30, [1993] *1994: Provided,* That of this amount, not to exceed [$95,000,000] *$86,880,000* 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.

Further, for the foregoing purposes, $1,182,600,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995: Provided, That of this amount, not to exceed $102,700,000 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. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2851-54, 2857; Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2050-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Major construction	1,077,523	1,121,823	844,884	1,043,841
00.02	Minor construction	16,003	16,140	10,620	14,000
00.03	Planning	101,507	100,507	83,116	105,322
00.04	Supporting activities		900	100	4,860
00.91	Total direct program	1,195,033	1,239,370	938,720	1,168,023
01.01	Reimbursable program	1,540,035	1,500,000	1,500,000	1,500,000
10.00	Total obligations	2,735,068	2,739,370	2,438,720	2,668,023
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−1,305,723	−1,120,000	−1,120,000	−1,120,000
13.00	Trust funds	−126,689	−380,000	−380,000	−380,000
14.00	Non-Federal sources	−27,909			
17.00	Recovery of prior year obligations	−80,280			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−503,911	−533,026	−437,348	−403,428
21.40	Available to finance new budget plans	−42,452			
22.40	Unobligated balance transferred, net	14,637			
	Unobligated balance available, end of year:				
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	533,026	437,348	403,428	418,005
25.00	Unobligated balance lapsing	8,422			
39.00	**Budget authority**	**1,204,190**	**1,143,692**	**904,800**	**1,182,600**

General and special funds—Continued

MILITARY CONSTRUCTION, ARMY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 21-2050-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Budget authority:				
	Current:				
40.00	Appropriation	977,590	927,292	904,800	1,182,600
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	-34,800			
41.00	Transferred to other accounts	-37,500			
42.00	Transferred from other accounts	77,900	2,400		
43.00	**Appropriation (adjusted)**	**983,190**	**929,692**	**904,800**	**1,182,600**
	Permanent:				
60.00	**Appropriation**	**221,900**	**214,000**		
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,274,747	1,239,370	938,720	1,168,023
72.40	Obligated balance, start of year	1,460,791	1,117,842	843,112	684,332
74.40	Obligated balance, end of year	-1,117,842	-843,112	-684,332	-795,555
77.00	Adjustments in expired accounts	-1,690			
78.00	Adjustments in unexpired accounts	-80,280			
90.00	Outlays	1,535,727	1,514,100	1,097,500	1,056,800

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

	Direct:				
07.01	Major construction	1,177,176	1,031,492	806,920	1,062,400
07.02	Minor construction	15,600	16,200	11,000	12,000
07.03	Planning	102,620	95,000	86,880	102,700
07.04	Supporting activities		1,000		5,500
07.91	Total direct	1,295,396	1,143,692	904,800	1,182,600
08.01	Reimbursable	1,500,490	1,500,000	1,500,000	1,500,000
08.93	Total budget plan	2,795,886	2,643,692	2,404,800	2,682,600

Object Classification (in thousands of dollars)

Identification code 21-2050-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	DEPARTMENT OF THE ARMY				
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	74,910	90,260	91,817	96,268
11.3	Other than full-time permanent	14,968	16,706	16,994	17,816
11.5	Other personnel compensation	5,000	4,480	4,557	4,766
11.9	Total personnel compensation	94,878	111,446	113,368	118,850
12.1	Civilian personnel benefits	11,894	21,102	21,416	22,490
13.0	Benefits for former personnel	87	75	82	83
21.0	Travel and transportation of persons	4,240	4,987	4,139	3,601
22.0	Transportation of things	222	423	351	305
23.3	Communications, utilities, and miscellaneous charges	15,214	4,204	3,489	3,036
24.0	Printing and reproduction	325	1,064	883	768
	Other services:				
25.0	Payments to foreign national indirect hire personnel	15,641	10,669	12,711	13,142
25.0	Contracts	320,645	259,649	215,508	187,492
26.0	Supplies and materials	1,499	2,040	1,693	1,473
31.0	Equipment	4,609	3,893	3,231	2,811
32.0	Land and structures	725,779	818,918	561,749	809,112
99.0	Subtotal, direct obligations, Army	1,195,033	1,238,470	938,620	1,163,163
99.0	Reimbursable obligations, Army	1,540,035	1,500,000	1,500,000	1,500,000
	ALLOCATION TO DEPARTMENT OF TRANSPORTATION				
	Personnel compensation:				
11.1	Full-time permanent		17	2	94
11.5	Other personnel compensation		2		13
11.9	Total personnel compensation		19	2	107
12.1	Civilian personnel benefits		3		13
21.0	Travel and transportation of persons		3	1	13
22.0	Transportation of things		1		6
25.0	Other services: Other		14	2	74
26.0	Supplies and materials		2		9
31.0	Equipment		1		8
32.0	Land and structures		857	95	4,630
99.0	Subtotal, obligations, allocation accounts		900	100	4,860
99.9	Total obligations	2,735,068	2,739,370	2,438,720	2,668,023

Personnel Summary

DEPARTMENT OF THE ARMY				
Total number of full-time permanent positions	8,630	9,321	8,713	8,790
Total compensable workyears:				
Full-time equivalent employment	10,198	9,406	9,358	9,452
Full-time equivalent of overtime and holiday hours	47	54	54	55
ALLOCATION TO DEPARTMENT OF TRANSPORTATION				
Total number of full-time permanent positions	2	2	2	2
Total compensable workyears: Full-time equivalent employment	2	2	2	2

MILITARY CONSTRUCTION, NAVY

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, [$1,576,516,000, of which amount, $38,080,000 for the TACAMO mission shall not be available for obligation or expenditure before October 15, 1988, and, of the amount appropriated, funds allocated for homeporting at Everett, Washington may be obligated and expended for any homeporting military construction activity at that installation, except actual dredging and disposal of contaminated sediment, and that such funds may be expended for actual dredging and disposal of contaminated sediments once requirements of the Federal Water Pollution Control Act have been satisfied] *$1,142,100,000*, to remain available until September 30, [1993] *1994*: *Provided*, That of this amount, not to exceed [$129,000,000] *$84,970,000* 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.

Further, for the foregoing purposes, $1,310,500,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995: Provided, That of this amount, not to exceed $82,499,000 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1205-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Major construction	1,297,896	1,435,166	1,064,212	1,198,571
00.02	Minor construction	16,014	14,909	14,140	17,749
00.03	Planning	130,084	99,463	94,302	94,544
00.04	Supporting activities	3,163	11,221	7,227	5,147
00.91	Total direct program	1,447,157	1,560,759	1,179,881	1,316,011
01.01	Reimbursable program	411,638	300,000	300,000	300,000
10.00	Total obligations	1,858,795	1,860,759	1,479,881	1,616,011

	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−213,450	−204,800	−204,800	−204,800
14.00	Non-Federal sources	−193,546	−95,200	−95,200	−95,200
17.00	Recovery of prior year obligations	−4,643			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−392,098	−358,636	−374,393	−336,612
21.40	Available to finance new budget plans	−31,355			
22.40	Unobligated balance transferred, net:	5,155			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	358,636	374,393	336,612	330,901
25.00	Unobligated balance lapsing	658			
39.00	**Budget authority**	**1,388,152**	**1,576,516**	**1,142,100**	**1,310,300**
	Budget authority:				
40.00	Appropriation	1,417,311	1,576,516	1,142,100	1,310,300
40.00	Appropriation rescinded (unobligated balance) (P.L. 100–202)	−25,200			
41.00	Transferred to other accounts	−35,019			
42.00	Transferred from other accounts	32,060			
43.00	**Appropriation (adjusted)**	**1,388,152**	**1,576,516**	**1,142,100**	**1,310,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,451,799	1,560,759	1,179,881	1,316,011
72.40	Obligated balance, start of year	1,797,789	1,536,940	1,570,299	1,328,080
74.40	Obligated balance, end of year	−1,536,940	−1,570,299	−1,328,080	−1,359,191
77.00	Adjustments in expired accounts	1,519			
78.00	Adjustments in unexpired accounts	−4,643			
90.00	Outlays	1,709,524	1,527,400	1,422,100	1,284,900

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

	Direct:				
07.01	Major construction	1,267,654	1,419,397	1,037,320	1,208,284
07.02	Minor construction	16,500	16,300	14,000	15,500
07.03	Planning	130,000	129,000	84,970	82,499
07.04	Supporting activities		11,819	5,810	4,017
07.91	Total direct	1,414,154	1,576,516	1,142,100	1,310,300
08.01	Reimbursable	394,404	300,000	300,000	300,000
08.93	Total budget plan	1,808,558	1,876,516	1,442,100	1,610,300

Object Classification (in thousands of dollars)

Identification code 17-1205-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	DEPARTMENT OF THE NAVY				
	Direct obligations:				
	Personnel compensation:				
11.1	Full-time permanent	81,753	88,667	95,042	96,399
11.3	Other than full-time permanent	5,352	7,442	3,565	3,726
11.5	Other personnel compensation	2,428	2,947	3,500	3,550
11.9	Total personnel compensation	89,533	99,056	102,107	103,675
12.1	Civilian personnel benefits	17,506	17,202	17,035	17,322
13.0	Benefits for former personnel	385			
21.0	Travel and transportation of persons	4,879	5,244	5,258	5,272
22.0	Transportation of things	1,533	2,802	2,377	2,277
23.2	Rental payments to others	5,251	6,464	5,489	5,256
24.0	Printing and reproduction	2,912	1,461	1,277	1,238
	Other services:				
25.0	Payments to foreign national indirect hire personnel	2,165	1,146	1,291	1,271
25.0	Contracts	34,057	34,131	26,138	24,524
26.0	Supplies and materials	2,282	2,401	2,042	1,955
31.0	Equipment	2,182	1,846	1,589	1,536
32.0	Land and structures	1,281,309	1,377,785	1,008,051	1,146,538
99.0	Subtotal, direct obligations, Navy	1,443,994	1,549,538	1,172,654	1,310,864
99.0	Reimbursable obligations, Navy	411,638	300,000	300,000	300,000
	ALLOCATION TO DEPARTMENT OF TRANSPORTATION				
	Personnel compensation:				
11.1	Full-time permanent	22	24	24	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	38	40	40	42
12.1	Civilian personnel benefits	4	4	4	4
21.0	Travel and transportation of persons	23	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	2,957	11,012	7,018	4,936
99.0	Subtotal, obligations, allocation accounts	3,163	11,221	7,227	5,147
99.9	Total obligations	1,858,795	1,860,759	1,479,881	1,616,011

Personnel Summary

	DEPARTMENT OF THE NAVY			
Total number of full-time permanent positions	3,153	3,165	3,247	3,244
Total comoensable workyears:				
Full-time equivalent employment	3,551	3,542	3,544	3,544
Full-time equivalent of overtime and holiday hours	38	52	53	53
	ALLOCATION TO DEPARTMENT OF TRANSPORTATION			
Total number of full-time permanent positions	1	1	1	1
Total compensable workyears: Full-time equivalent employment	1	1	1	1

Military Construction, Air Force

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, [$1,225,926,000] *$1,528,100,000*, to remain available until September 30, [1993] *1994*: *Provided*, That of this amount, not to exceed [$112,000,000] *$108,504,000* 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.

Further, for the foregoing purposes, $1,579,000,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995: Provided, That of this amount, not to exceed $116,675,000 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Major construction	1,156,413	1,126,273	1,313,131	1,378,997
00.02	Minor construction	13,872	16,000	11,316	13,500
00.03	Planning	122,606	109,989	107,013	124,009
00.04	Supporting activities	1,485	2,000	4,940	10,750
00.91	Total direct program	1,294,376	1,254,262	1,436,400	1,527,256
01.01	Reimbursable program	3,081	5,000	4,000	3,000
10.00	Total obligations	1,297,457	1,259,262	1,440,400	1,530,256
	Financing:				
11.00	Offsetting collections from: Federal funds	−3,081	−5,000	−4,000	−3,000
17.00	Recovery of prior year obligations	−9,346			

General and special funds—Continued

MILITARY CONSTRUCTION, AIR FORCE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 57-3300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	-783,900	-677,846	-649,510	-741,210
21.40	Available to finance new budget plans	-72,200			
22.40	Unobligated balance transferred, net	65,875			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	677,846	649,510	741,210	792,954
25.00	Unobligated balance lapsing	15,862			
39.00	**Budget authority**	**1,188,514**	**1,225,926**	**1,528,100**	**1,579,000**
	Budget authority:				
40.00	Appropriation	1,241,254	1,225,926	1,528,100	1,579,000
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	-24,800			
41.00	Transferred to other accounts	-40,000			
42.00	Transferred from other accounts	12,060			
43.00	**Appropriation (adjusted)**	**1,188,514**	**1,225,926**	**1,528,100**	**1,579,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,294,376	1,254,262	1,436,400	1,527,256
72.40	Obligated balance, start of year	1,552,454	1,436,968	1,380,230	1,485,630
74.40	Obligated balance, end of year	-1,436,968	-1,380,230	-1,485,630	-1,589,886
77.00	Adjustments in expired accounts	4,628			
78.00	Adjustments in unexpired accounts	-9,346			
90.00	Outlays	1,405,145	1,311,000	1,331,000	1,423,000

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

	Direct:				
07.01	Major construction	1,138,907	1,097,426	1,409,596	1,439,575
07.02	Minor construction	16,000	16,500	7,000	12,000
07.03	Planning	115,000	112,000	108,504	116,675
07.04	Supporting activities	4,100		3,000	10,750
07.91	Total direct	1,274,007	1,225,926	1,528,100	1,579,000
08.01	Reimbursable	3,081	5,000	4,000	3,000
08.93	Total budget plan	1,277,088	1,230,926	1,532,100	1,582,000

Object Classification (in thousands of dollars)

Identification code 57-3300-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	DEPARTMENT OF THE AIR FORCE				
	Direct obligations:				
32.0	Land and structures	212,418	132,550	47,197	48,033
99.0	Reimbursable obligations: Air Force	3,081	5,000	4,000	3,000
	ALLOCATION ACCOUNTS				
25.0	Other services: Other	122,606	114,989	116,000	131,800
32.0	Land and structures	959,352	1,006,723	1,273,203	1,347,423
99.0	Subtotal, obligations, allocation accounts	1,081,958	1,121,712	1,389,203	1,489,223
99.9	Total obligations	1,297,457	1,259,262	1,440,400	1,530,256
	Obligations are distributed as follows:				
	Defense—Military:				
	Army	912,187	897,200	1,095,600	1,157,323
	Navy	168,286	222,512	288,103	310,150
	Air Force	215,499	137,550	51,197	51,033
	Department of Transportation	1,485	2,000	5,500	11,750

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, [$679,533,000] *$703,700,000,* to remain available until September 30, [1993] *1994: 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 [$55,000,000] *$82,600,000* 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, Defense Agencies" under Public Law 100-202, $19,548,000 is hereby rescinded].

Further, for the foregoing purposes, $926,600,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995: Provided, That of this amount, not to exceed $98,000,000 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, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0500-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
00.01	Major construction	413,654	549,510	592,140	717,327
00.02	Minor construction	2,110	7,991	11,652	14,011
00.03	Planning	39,639	52,975	70,673	103,169
00.04	Supporting activities		11,545		
00.91	Total direct program	455,403	622,021	674,465	834,507
01.01	Reimbursable program	800			
10.00	Total obligations	456,203	622,021	674,465	834,507
	Financing:				
11.00	Offsetting collections from: Federal funds	-780			
17.00	Recovery of prior year obligations	-12,000			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	-209,474	-299,291	-356,803	-386,038
21.40	Available to finance new budget plans	-11,100	-19,548		
22.40	Unobligated balance transferred, net	-7,684			
	Unobligated balance available, end of year:				
24.40	For completion of prior year budget plans	299,291	356,803	386,038	478,131
24.40	Unobligated balance available, end of year	19,548			
25.00	Unobligated balance lapsing	9,289			
39.00	**Budget authority**	**543,286**	**659,985**	**703,700**	**926,600**

	Budget authority:				
40.00	Appropriation	558,446	679,533	703,700	926,600
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202, P.L. 100-447)	−7,200	−19,548		
41.00	Transferred to other accounts	−7,960			
43.00	**Appropriation (adjusted)**	**543,286**	**659,985**	**703,700**	**926,600**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	455,423	622,021	674,465	834,507
72.40	Obligated balance, start of year	586,035	566,478	659,797	724,162
74.40	Obligated balance, end of year	−566,476	−659,797	−724,162	−854,869
77.00	Adjustments in expired accounts	−1,667			
78.00	Adjustments in unexpired accounts	−12,008			
90.00	Outlays	461,307	528,700	610,100	703,800

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

	Direct:				
07.01	Major construction	496,026	606,533	608,000	814,400
07.02	Minor construction	6,596	6,000	13,100	14,200
07.03	Planning	54,404	55,000	82,600	98,000
07.04	Supporting activities		12,000		
07.91	Total direct	557,026	679,533	703,700	926,600
08.01	Reimbursable	786			
08.93	Total budget plan	557,812	679,533	703,700	926,600

Object Classification (in thousands of dollars)

Identification code 97-0500-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
25.0	Other services: Contracts	3,146	2,721	6,655	12,717
32.0	Land and structures	452,257	619,300	667,810	821,790
99.0	Subtotal, direct obligations	455,403	622,021	674,465	834,507
99.0	Reimbursable obligations	800			
99.9	Total obligations	456,203	622,021	674,465	834,507

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, [$492,000,000] *$537,900,000*, to remain available until expended.

Further, for the foregoing purposes, $539,000,000, to become available for obligation on October 1, 1990, and to remain available for obligation until expended. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0804-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 32.0)	400,872	474,629	530,078	548,935
	Financing:				
14.00	Offsetting collections from: Non-Federal sources	−12,662	−20,000	−20,000	−20,000
17.00	Recovery of prior year obligations	−528			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−57,016	−96,534	−133,905	−161,727
21.40	Available to finance new budget plans	−8,000			
22.40	Unobligated balance transferred, net	−45,510			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	96,534	133,905	161,727	171,792
39.00	**Budget authority**	**373,690**	**492,000**	**537,900**	**539,000**
	Budget authority:				
40.00	Appropriation	381,000	492,000	537,900	539,000
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−8,000			
41.00	Transferred to other accounts	−18,000			
42.00	Transferred from other accounts	18,690			
43.00	**Appropriation (adjusted)**	**373,690**	**492,000**	**537,900**	**539,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	388,210	454,629	510,078	528,935
72.40	Obligated balance, start of year	535,561	595,806	700,435	860,513
74.40	Obligated balance, end of year	−595,806	−700,435	−860,513	−1,039,448
78.00	Adjustments in unexpired accounts	−528			
90.00	Outlays	327,437	350,000	350,000	350,000

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Total budget plan	439,862	512,000	557,900	559,000

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, [$229,158,000] *$125,000,000*, to remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, $138,500,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2085-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Major construction	151,874	193,269	122,077	133,066
00.02	Minor construction	5,515	6,888	7,517	4,680
00.03	Planning	13,056	21,768	7,667	3,892
10.00	Total obligations	170,445	221,925	137,261	141,638
	Financing:				
17.00	Recovery of prior year obligations	−14			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−23,637	−37,510	−44,743	−32,482
21.40	Available to finance new budget plans	−2,500			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	37,510	44,743	32,482	29,344
25.00	Unobligated balance lapsing	100			
39.00	**Budget authority**	**181,905**	**229,158**	**125,000**	**138,500**
	Budget authority:				
40.00	Appropriation	184,405	229,158	125,000	138,500
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−2,500			
43.00	**Appropriation (adjusted)**	**181,905**	**229,158**	**125,000**	**138,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	170,445	221,925	137,261	141,638
72.40	Obligated balance, start of year	123,871	187,953	244,078	192,239
74.40	Obligated balance, end of year	−187,953	−244,078	−192,239	−175,877
77.00	Adjustments in expired accounts	247			
78.00	Adjustments in unexpired accounts	−14			
90.00	Outlays	106,596	165,800	189,100	158,000

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Major construction	165,144	207,158	112,700	126,975
07.02	Minor construction	5,400	8,000	7,500	7,500

General and special funds—Continued

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD—Continued

Budget Plan (in thousands of dollars)—Continued

07.03	Planning	13,861	14,000	4,800	4,025
08.93	Total budget plan	184,405	229,158	125,000	138,500

Object Classification (in thousands of dollars)

Identification code 21-2085-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
25.0	Other services: Other	12,702	15,192	9,743	10,613
26.0	Supplies and materials	90	95	60	67
31.0	Equipment	35	54	36	37
32.0	Land and structures	157,618	206,584	127,422	130,921
99.9	Total obligations	170,445	221,925	137,261	141,638

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 Acts, [$158,508,000] *$164,600,000*, to remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, $107,200,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3830-0-1-051		1988 actual	1989 est.	1990 est.	1991 est
	Program by activities:				
00.01	Major construction	119,031	144,987	150,575	108,299
00.02	Minor construction	796	961	2,333	2,656
00.03	Planning	12,675	13,622	13,384	8,565
10.00	*Total obligations*	132,502	159,570	166,292	119,520
	Financing:				
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−35,697	−54,371	−53,309	−51,617
21.40	Available to finance new budget plans	−3,500			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	54,371	53,309	51,617	39,297
25.00	Unobligated balance lapsing	114			
39.00	**Budget authority**	**147,791**	**158,508**	**164,600**	**107,200**
	Budget authority:				
40.00	Appropriation	151,291	158,508	164,600	107,200
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−3,500			
43.00	**Appropriation (adjusted)**	**147,791**	**158,508**	**164,600**	**107,200**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	132,502	159,570	166,292	119,520
72.40	Obligated balance, start of year	155,854	142,445	156,515	174,807
74.40	Obligated balance, end of year	−142,445	−156,515	−174,807	−142,427
77.00	Adjustments in expired accounts	−12			
90.00	Outlays	145,899	145,500	148,000	151,900

Budget Plan (in thousands of dollars)

(amounts for construction actions programmed)

07.01	Major construction	135,306	141,508	155,650	97,500
07.02	Minor construction	2,202	3,000	2,500	2,500
07.03	Planning	13,783	14,000	6,450	7,200
08.93	Total budget plan	151,291	158,508	164,600	107,200

Object Classification (in thousands of dollars)

Identification code 57-3830-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	DEPARTMENT OF THE AIR FORCE				
25.0	Other services: Contracts	11,594	13,122	14,016	9,415
32.0	Land and structures	99,034	125,048	133,876	93,705
99.0	Subtotal, direct obligations, Air Force	110,628	138,170	147,892	103,120
	ALLOCATION ACCOUNTS				
25.0	Other services: Contracts	1,081	1,400	1,400	1,400
32.0	Land and structures	20,793	20,000	17,000	15,000
99.0	Subtotal, obligations, allocation accounts	21,874	21,400	18,400	16,400
99.9	Total obligations	132,502	159,570	166,292	119,520
	Obligations are distributed as follows:				
	Army	367	500	1,500	400
	Navy	21,507	20,900	16,900	16,000
	Air Force	110,628	138,170	147,892	103,120

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, [$85,958,000] *$76,900,000*, to remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, $61,900,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2086-0-1-051		1988 actual	1989 est.	1990 est	1991 est.
	Program by activities:				
00.01	Major construction	87,654	76,514	71,977	58,726
00.02	Minor construction	1,104	2,879	1,920	1,725
00.03	Planning	11,131	11,437	6,278	5,420
10.00	Total obligations	99,889	90,830	80,175	65,871
	Financing:				
17.00	Recovery of prior year obligations	−1,629			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−30,084	−26,822	−21,950	−18,675
21.40	Available to finance new budget plans	−1,800			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	26,822	21,950	18,675	14,704
25.00	Unobligated balance lapsing	102			
39.00	**Budget authority**	**93,300**	**85,958**	**76,900**	**61,900**
	Budget authority:				
40.00	Appropriation	95,100	85,958	76,900	61,900
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−1,800			
43.00	**Appropriation (adjusted)**	**93,300**	**85,958**	**76,900**	**61,900**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	99,889	90,830	80,175	65,871
72.40	Obligated balance, start of year	65,662	93,942	104,472	99,847
74.40	Obligated balance, end of year	−93,942	−104,472	−99,847	−87,618
77.00	Adjustments in expired accounts	75			
78.00	Adjustments in unexpired accounts	−1,629			
90.00	Outlays	70,055	80,300	84,800	78,100

Budget Plan (in thousands of dollars)

(amount for construction actions programmed)

07.01	Major construction	84,200	73,228	69,761	55,004
07.02	Minor construction	1,600	1,700	1,751	1,751
07.03	Planning	9,300	11,030	5,388	5,145
08.93	Total budget plan	95,100	85,958	76,900	61,900

Object Classification (in thousands of dollars)

Identification code 21-2086-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	3,084	3,170	3,209	3,320
11.3	Other than full-time permanent		9	10	12
11.5	Other personnel compensation		16	17	18
11.9	Total personnel compensation	3,084	3,195	3,236	3,350
12.1	Civilian personnel benefits	546	570	578	598
21.0	Travel and transportation of persons	106	320	400	530
22.0	Transportation of things	1	3	5	8
23.1	Rental payments to GSA	31	85	100	105
24.0	Printing and reproduction	16	120	250	320
25.0	Other services: Other	24,775	17,181	18,524	19,643
26.0	Supplies and materials	76	140	175	182
31.0	Equipment		5	10	15
32.0	Land and structures	71,254	69,211	56,897	41,120
99.9	Total obligations	99,889	90,830	80,175	65,871

Personnel Summary

Total number of full-time permanent positions	0	121	121	121
Total compensable workyears:				
Full-time equivalent employment	0	119	119	119
Full-time equivalent of overtime and holiday hours				

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, [$60,900,000] *$50,900,000*, to remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, $53,300,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1235-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Major construction	66,925	57,245	45,738	47,970
00.02	Minor construction	1,157	2,140	1,656	1,574
00.03	Planning	5,805	5,144	4,475	3,857
10.00	Total obligations	73,887	64,529	51,869	53,401
	Financing:				
17.00	Recovery of prior year obligations	−51			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−14,697	−14,556	−10,927	−9,958
21.40	Available to finance new budget plans	−1,200			
24.40	Unobligated balance available, end of year:				
	For completion of prior year budget plans	14,556	10,927	9,958	9,857
25.00	Unobligated balance lapsing	43			
39.00	**Budget authority**	**72,537**	**60,900**	**50,900**	**53,300**
	Budget authority:				
40.00	Appropriation	73,737	60,900	50,900	53,300
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−1,200			
43.00	**Appropriation (adjusted)**	**72,537**	**60,900**	**50,900**	**53,300**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	73,887	64,529	51,869	53,401
72.40	Obligated balance, start of year	46,177	73,105	79,634	70,003
74.40	Obligated balance, end of year	−73,105	−79,634	−70,003	−69,104
77.00	Adjustments in expired accounts	−35			
78.00	Adjustments in unexpired accounts	−51			
90.00	Outlays	46,872	58,000	61,500	54,300

Budget Plan (in thousands of dollars)

(amounts for construction actions programmed)

07.01	Major construction	67,467	53,475	45,097	47,880
07.02	Minor construction	1,500	1,985	1,579	1,579
07.03	Planning	4,770	5,440	4,224	3,841
08.93	Total budget plan	73,737	60,900	50,900	53,300

Object Classification (in thousands of dollars)

Identification code 17-1235-0-1-051		1988 actual	1989 est.	1990 est	1991 est
	Other services:				
25.0	Contracts	3,251	2,353	2,061	2,141
25.0	Other	813	680	626	642
32.0	Land and structures	69,823	61,496	49,182	50,618
99.9	Total obligations	73,887	64,529	51,869	53,401

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, [$70,600,000] *$46,200,000*, to remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, $38,500,000, to become available for obligation on October 1, 1990 and to remain available for obligation until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3730-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
00.01	Major construction	74,390	58,504	40,649	33,475
00.02	Minor construction	3,400	3,373	2,994	3,183
00.03	Planning	6,625	4,492	9,079	4,968
10.00	Total obligations	84,415	66,369	52,722	41,626
	Financing:				
17.00	Recovery of prior year obligations	−48			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−24,789	−19,471	−23,702	−17,180
21.40	Available to finance new budget plans	−2,000			
24.40	Unobligated balance available, end of year:				
	For completion of prior year budget plans	19,471	23,702	17,180	14,054
25.00	Unobligated balance lapsing	252			
39.00	**Budget authority**	**77,300**	**70,600**	**46,200**	**38,500**
	Budget authority:				
40.00	Appropriation	79,300	70,600	46,200	38,500
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−2,000			
43.00	**Appropriation (adjusted)**	**77,300**	**70,600**	**46,200**	**38,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	84,415	66,369	52,722	41,626
72.40	Obligated balance, start of year	56,249	75,426	71,795	57,317
74.40	Obligated balance, end of year	−75,426	−71,795	−57,317	−46,643
77.00	Adjustments in expired accounts	−53			
78.00	Adjustments in unexpired accounts	−48			
90.00	Outlays	65,136	70,000	67,200	52,300

Budget Plan (in thousands of dollars)

07.01	Major construction	70,482	61,525	32,565	31,906
07.02	Minor construction	2,688	2,852	3,109	3,130
07.03	Planning	6,130	6,223	10,526	3,464
08.93	Total budget plan	79,300	70,600	46,200	38,500

General and special funds—Continued

MILITARY CONSTRUCTION, AIR FORCE RESERVE—Continued

Object Classification (in thousands of dollars)

Identification code 57-3730-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	DEPARTMENT OF THE AIR FORCE				
25.0	Other services: Contracts	627	315	545	298
32.0	Land and structures	8,841	6,446	12,584	1,668
99.0	Subtotal, direct obligations, Air Force	9,468	6,761	13,129	1,966
	ALLOCATION ACCOUNTS				
25.0	Other services: Contracts	5,997	4,187	8,538	4,672
32.0	Land and structures	68,950	55,421	31,055	34,988
99.0	Subtotal, obligations, allocation accounts	74,947	59,608	39,593	39,660
99.9	Total obligations	84,415	66,369	52,722	41,626
	Obligations are distributed as follows: Defense—Military:				
	Army	69,756	53,942	34,180	35,824
	Navy	5,191	5,666	5,413	3,836
	Air Force	9,468	6,761	13,129	1,966

FOREIGN CURRENCY FLUCTUATIONS, CONSTRUCTION, DEFENSE

Program and Financing (in thousands of dollars)

Identification code 97-0803-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Financing:				
21.40	Unobligated balance available, start of year	−144,473	−195,814	−195,814	−195,814
22.40	Unobligated balance transferred to other accounts	27,295			
24.40	Unobligated balance available, end of year	195,814	195,814	195,814	195,814
39.00	**Budget authority**	**78,636**			
	Budget authority:				
40.00	Appropriation	85,000			
41.00	Transferred to other accounts	−252,388			
42.00	Transferred from other accounts	206,696			
43.00	**Appropriation (adjusted)**	**39,308**			
50.00	**Reappropriation**	**39,328**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
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 1990 and 1991 it presents, by budget activity, the value of the program requested for the life of the multiple-year appropriation, with comparable amounts in 1988 and 1989.

Federal Funds

General and special funds:

FAMILY HOUSING, ARMY

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, [$197,278,000] *$55,942,000*; for Operation and maintenance, and for debt payment, [$1,330,324,000] *$1,412,758,000*; in all [$1,527,602,000] *$1,468,700,000*: *Provided*, That the amount provided for construction shall remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, as follows: for Construction, $59,330,000; for Operation and maintenance, and for debt payment, $1,594,970,000; in all, $1,654,300,000, to become available for obligation on October 1, 1990: Provided, That the amount provided for construction shall remain available until September 30, 1995. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-0702-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
	Construction:				
01.01	Construction of new housing	163,259	127,965	45,862	32,750
01.02	Construction improvements	18,600	156,247	57,794	52,608
01.03	Planning	17,152	16,344	4,194	4,841
01.91	Total construction	199,011	300,556	107,850	90,199
	Operation, maintenance, and interest payment:				
	Operation:				
02.01	Operating expenses	493,248	554,112	501,380	507,948
02.02	Leasing	202,924	227,700	319,141	461,522
02.03	Maintenance of real property	583,088	548,061	592,179	625,451
02.04	Interest payments	120	49	37	31
02.05	Mortgage insurance premiums	40	31	21	18
02.91	Total operation, maintenance, and interest payment	1,279,420	1,329,953	1,412,758	1,594,970
03.01	Reimbursable program	11,551	15,200	15,600	16,000
10.00	Total obligations	1,489,982	1,645,709	1,536,208	1,701,169
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−2,385	−5,000	−5,200	−5,400
13.00	Trust funds		−20	−20	−20
14.00	Non-Federal sources	−9,166	−10,180	−10,380	−10,580
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−98,715	−223,312	−120,034	−68,126
21.40	Available to finance new budget plans	−28,127			
22.40	Unobligated balance transferred, net	−7,350			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	223,312	120,034	68,126	37,257
25.00	Unobligated balance lapsing	14,257			
39.00	**Budget authority**	**1,581,809**	**1,527,231**	**1,468,700**	**1,654,300**
	Budget authority:				
40.00	Appropriation	1,562,490	1,527,602	1,469,000	1,654,550
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−20,300			
40.47	Portion applied to debt reduction	−1,245	−371	−300	−250
41.00	Transferred to other accounts	−70,136			
42.00	Transferred from other accounts	111,000			
43.00	**Appropriation (adjusted)**	**1,581,809**	**1,527,231**	**1,468,700**	**1,654,300**

	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,478,431	1,630,509	1,520,608	1,685,169
72.40	Obligated balance, start of year	841,016	784,964	829,473	741,981
74.40	Obligated balance, end of year	−784,964	−829,473	−741,981	−756,050
77.00	Adjustments in expired accounts	−10,561			
90.00	Outlays	1,523,923	1,586,000	1,608,100	1,671,100

Budget Plan (in thousands of dollars)

	Direct:				
	Construction:				
06.01	Construction of new housing	204,444	114,350	17,522	15,300
06.02	Construction improvements	105,000	72,300	36,794	40,840
06.03	Planning	21,900	10,628	1,626	3,190
06.91	Total construction	331,344	197,278	55,942	59,330
	Operation, maintenance, and interest payment:				
	Operation:				
07.01	Operating expenses	493,248	554,112	501,380	507,948
07.02	Leasing	202,924	227,700	319,141	461,522
07.03	Maintenance of real property	583,088	548,061	592,179	625,451
07.04	Interest payments	120	49	37	31
07.05	Mortgage insurance premiums	40	31	21	18
07.91	Total operation, maintenance, and interest payment	1,279,420	1,329,953	1,412,758	1,594,970
08.01	Reimbursable	11,551	15,200	15,600	16,000
08.93	Total budget plan	1,622,315	1,542,431	1,484,300	1,670,300

Object Classification (in thousands of dollars)

Identification code 21-0702-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
11.1	Personnel compensation: Full-time permanent	14,735	17,876	15,963	16,560
11.3	Other than full-time permanent	11,162	13,430	12,042	12,417
11.9	Total personnel compensation	25,897	31,306	28,005	28,977
12.1	Civilian personnel benefits	5,581	5,574	5,046	5,263
13.0	Benefits for former personnel	74	82	75	75
21.0	Travel and transportation of persons	1,423	1,067	1,099	1,132
22.0	Transportation of things	8,444	8,195	8,440	8,693
23.2	Rental payments to others	217,285	227,700	318,243	468,562
23.3	Communications, utilities, and miscellaneous charges	274,582	276,265	297,940	308,799
24.0	Printing and reproduction	80	100	110	110
	Other services:				
25.0	Payments to foreign national indirect hire personnel	30,823	32,132	34,425	35,646
25.0	Contracts	489,398	476,216	444,416	492,008
25.0	Other	277,347	303,941	272,534	272,037
26.0	Supplies and materials	13,135	11,140	11,474	11,818
31.0	Equipment	31,849	20,569	21,187	21,823
32.0	Land and structures	102,353	236,162	77,556	30,174
43.0	Interest and dividends	160	60	58	52
99.0	Subtotal, direct obligations	1,478,431	1,630,509	1,520,608	1,685,169
99.0	Reimbursable obligations	11,551	15,200	15,600	16,000
99.9	Total obligations	1,489,982	1,645,709	1,536,208	1,701,169

Personnel Summary

Total number of full-time permanent positions	799	979	1,108	1,107
Total compensable workyears:				
Full-time equivalent employment	1,253	1,249	1,353	1,352
Full-time equivalent of overtime and holiday hours	15	23	23	23

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, ARMY

[In thousands of dollars]

	1988 actual	1989 est.	1990 est.	1991 est.
Remaining debt, start of year	5,425	4,180	3,809	3,687
Less:				
Debt retirement:				
(a) During year	1,245	371	122	124
(b) Adjustment of prior years				
Remaining debt, end of year	4,180	3,809	3,687	3,563

Family Housing, Navy and Marine Corps

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, [$244,181,000] *$127,738,000*; for Operation and maintenance, and for debt payment, [$554,988,000] *$630,545,000*; in all [$799,169,000], *$758,283,000*: *Provided*, That the amount provided for construction shall remain available until September 30, [1993: *Provided further*, That of this amount, not to exceed $50,000 shall be available to liquidate obligations incurred for debt payment during fiscal year 1987] *1994*.

Further, for the foregoing purposes, as follows: for Construction, $196,474,000; for Operation and maintenance, and for debt payment, $680,633,000; in all, $877,107,000, to become available for obligation on October 1, 1990: Provided, That the amount provided for construction shall remain available until September 30, 1995. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-0703-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
	Construction:				
01.01	Construction of new housing	146,783	158,617	132,649	127,514
01.02	Construction improvements	38,518	59,701	44,730	47,859
01.03	Planning	6,300	4,218	1,641	1,779
01.91	Total construction	191,601	222,536	179,020	177,152
	Operation, maintenance, and interest payment:				
	Operation:				
02.01	Operating expenses	253,551	270,274	284,125	299,973
02.02	Leasing	24,331	42,416	41,488	66,421
02.03	Maintenance of real property	252,475	241,950	304,724	314,041
02.04	Interest payments	41	2		
02.05	Mortgage insurance premiums	178	218	208	198
02.91	Total operation, maintenance, and interest payment	530,576	554,860	630,545	680,633
03.01	Reimbursable program	9,266	11,563	11,917	12,093
10.00	Total obligations	731,443	788,959	821,482	869,878
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−8,522	−11,563	−11,917	−12,093
13.00	Trust funds	−1			
14.00	Non-Federal sources	−743			
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−106,763	−151,961	−173,606	−122,324
21.40	Available to finance new budget plans	−9,230			
22.40	Unobligated balance transferred, net	−6,937			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	151,961	173,606	122,324	141,646
25.00	Unobligated balance lapsing	8,733			
39.00	**Budget authority**	**759,941**	**799,041**	**758,283**	**877,107**
	Budget authority:				
40.00	Appropriation	767,866	799,169	758,283	877,107
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−9,200			
40.47	Portion applied to debt reduction	−1,792	−128		
41.00	Transferred to other accounts	−709			
42.00	Transferred from other accounts	3,776			
43.00	**Appropriation (adjusted)**	**759,941**	**799,041**	**758,283**	**877,107**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	722,177	777,396	809,565	857,785
72.40	Obligated balance, start of year	447,992	526,971	586,767	593,232
74.40	Obligated balance, end of year	−526,971	−586,767	−593,232	−630,117
77.00	Adjustments in expired accounts	1,108			
90.00	Outlays	644,304	717,600	803,100	820,900

General and special funds—Continued

FAMILY HOUSING, NAVY AND MARINE CORPS—Continued

Budget Plan (in thousands of dollars)

	Direct:				
	Construction:				
06.01	Construction of new housing	192,666	186,866	84,652	149,023
06.02	Construction improvements	39,472	55,000	42,086	45,951
06.03	Planning	6,248	2,315	1,000	1,500
06.91	Total construction	238,386	244,181	127,738	196,474
	Operation, maintenance, and interest payment:				
	Operation:				
07.01	Operating expenses	253,551	270,274	284,125	299,973
07.02	Leasing	24,331	42,416	41,488	66,421
07.03	Maintenance of real property	252,475	241,950	304,724	314,041
07.04	Interest payments	41	2	.....	.....
07.05	Mortgage insurance premiums	178	218	208	198
07.91	Total operation, maintenance, and interest payment	530,576	554,860	630,545	680,633
08.01	Reimbursable	9,266	11,563	11,917	12,093
08.93	Total budget plan	778,228	810,604	770,200	889,200

Object Classification (in thousands of dollars)

Identification code 17-0703-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
21.0	Travel and transportation of persons	1,995	2,198	2,332	2,690
23.3	Communications, utilities, and miscellaneous charges	165,500	172,680	177,014	182,082
	Other services:				
25.0	Purchases from industrial funds	100,888	105,966	86,841	92,629
25.0	Contracts	140,915	146,360	217,405	225,352
25.0	Other	118,097	125,595	139,625	167,161
31.0	Equipment	13,500	14,424	16,552	21,606
32.0	Land and structures	181,063	209,953	169,579	166,120
43.0	Interest and dividends	219	220	217	215
99.0	Subtotal, direct obligations	722,177	777,396	809,565	857,785
99.0	Reimbursable obligations	9,266	11,563	11,917	12,093
99.9	Total obligations	731,443	788,959	821,482	869,878

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, NAVY AND MARINE CORPS

[In thousands of dollars]

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Remaining debt, start of year	1,972	136	.....	.....
Less:				
Debt retirement:				
(a) During year	1,792	128	.....	.....
(b) Adjustment of prior years	44	8	.....	.....
Remaining debt, end of year	136	.....	.....	.....

FAMILY HOUSING, AIR FORCE

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, [$175,685,000] *$242,722,000*; for Operation and maintenance, and for debt payment, [$735,266,000] *$780,575,000*; in all [$910,951,000], *$1,023,297,000*: *Provided*, That the amount provided for construction shall remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, as follows: for Construction, $268,799,000; for Operation and maintenance, and for debt payment, $841,001,000; in all, $1,109,800,000, to become available for obligation on October 1, 1990: Provided, That the amount provided for construction shall remain available until September 30, 1995. (10 U.S.C. 2824, 2827-29, 2831, 2852-54, 2857; Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-0704-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
	Construction:				
01.01	Construction of new housing	33,370	65,004	68,613	71,621
01.02	Construction improvements	123,691	127,021	175,680	179,800
01.03	Planning	7,268	7,858	8,140	9,440
01.91	Total construction	164,329	199,883	252,433	260,861
	Operation, maintenance, and interest payment:				
	Operation:				
02.01	Operating expenses	371,331	352,519	363,769	373,124
02.02	Leasing	68,593	90,881	107,397	138,632
02.03	Maintenance of real property	292,677	291,699	309,319	329,164
02.04	Interest payments	30	1	.....	.....
02.05	Mortgage insurance premiums	90	100	90	81
02.91	Total operation, maintenance, and interest payment	732,721	735,200	780,575	841,001
03.01	Reimbursable program	9,019	8,987	9,303	9,500
10.00	Total obligations	906,069	944,070	1,042,311	1,111,362
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−8,055	−8,987	−9,303	−9,500
13.00	Trust funds	−15	.....	.....	.....
14.00	Non-Federal sources	−949	.....	.....	.....
17.00	Recovery of prior year obligations	−1,480	.....	.....	.....
	Unobligated balance available, start of year:				
21.40	For completion of prior year budget plans	−152,871	−130,136	−105,938	−96,227
21.40	Available to finance new budget plans	−14,700	.....	.....	.....
22.40	Unobligated balance transferred, net	−43,804	.....	.....	.....
24.40	Unobligated balance available, end of year:				
	For completion of prior year budget plans	130,136	105,938	96,227	104,165
25.00	Unobligated balance lapsing	13,828	.....	.....	.....
39.00	**Budget authority**	**828,160**	**910,885**	**1,023,297**	**1,109,800**
	Budget authority:				
40.00	Appropriation	844,293	910,951	1,023,297	1,109,800
40.00	Appropriation rescinded (unobligated balance) (P.L. 100-202)	−14,700	.....	.....	.....
40.47	Portion applied to debt reduction	−1,433	−66	.....	.....
43.00	**Appropriation (adjusted)**	**828,160**	**910,885**	**1,023,297**	**1,109,800**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	897,050	935,083	1,033,008	1,101,862
72.40	Obligated balance, start of year	513,782	521,803	565,286	678,894
74.40	Obligated balance, end of year	−521,803	−565,286	−678,894	−774,156
77.00	Adjustments in expired accounts	1,293	.....	.....	.....
78.00	Adjustments in unexpired accounts	−1,480	.....	.....	.....
90.00	Outlays	888,842	891,600	919,400	1,006,600

Budget Plan (in thousands of dollars)

	Direct:				
	Construction:				
06.01	Construction of new housing	37,120	19,920	61,373	68,085
06.02	Construction improvements	119,190	148,765	173,349	192,714
06.03	Planning	7,000	7,000	8,000	8,000
06.91	Total construction	163,310	175,685	242,722	268,799
	Operation, maintenance, and interest payment:				
	Operation:				
07.01	Operating expenses	371,331	352,519	363,769	373,124
07.02	Leasing	68,593	90,881	107,397	138,632
07.03	Maintenance of real property	292,677	291,699	309,319	329,164
07.04	Interest payments	30	1	.....	.....
07.05	Mortgage insurance premiums	90	100	90	81
07.91	Total operation, maintenance, and interest payment	732,721	735,200	780,575	841,001
08.01	Reimbursable program	9,019	8,987	9,303	9,500
08.93	Total obligations	905,050	919,872	1,032,600	1,119,300

Object Classification (in thousands of dollars)

Identification code 57–0704–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
21.0	Travel and transportation of persons	163	167	250	264
22.0	Transportation of things	2,333	2,511	2,838	2,992
23.2	Rental payments to others	232,872	197,973	179,836	207,693
	Other services:				
25.0	Contracts	190,241	206,521	228,710	241,109
25.0	Other	104,080	110,786	124,371	131,114
26.0	Supplies and materials	10,421	11,217	12,521	13,200
31.0	Equipment	32,508	34,990	39,231	41,358
32.0	Land and structures	308,101	353,339	425,218	443,013
43.0	Interest and dividends	16,331	17,579	20,033	21,119
99.0	Subtotal, direct obligations	897,050	935,083	1,033,008	1,101,862
99.0	Reimbursable obligations	9,019	8,987	9,303	9,500
99.9	Total obligations	906,069	944,070	1,042,311	1,111,362

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, AIR FORCE

[In thousands of dollars]

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Remaining debt, start of year	1,499	66		
Less:				
Debt retirement:				
(a) During year	1,433	66		
(b) Adjustment of prior years				
Remaining debt, end of year	66			

FAMILY HOUSING, DEFENSE AGENCIES

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, [$513,000] *$663,000*; for Operation and maintenance, [$20,187,000] *$21,337,000*; in all [$20,700,000], *$22,000,000*: *Provided*, That the amount provided for construction shall remain available until September 30, [1993] *1994*.

Further, for the foregoing purposes, as follows: for Construction, $533,000; for Operation and maintenance $22,267,000 in all, $22,800,000, to become available for obligation on October 1, 1990: Provided, That the amount provided for construction shall remain available until September 30, 1995. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97–0706–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Direct program:				
	Construction:				
01.01	Construction of new housing	2,145	656	437	449
01.02	Construction improvements	158	79	270	117
01.91	Total construction	2,303	735	707	566
	Operation, maintenance, and interest payment:				
	Operation:				
02.01	Operating expenses	3,434	2,457	2,365	2,809
02.02	Leasing	14,360	17,178	18,162	18,702
02.03	Maintenance of real property	1,256	552	810	756
02.91	Total operation, maintenance, and interest payment	19,050	20,187	21,337	22,267
03.01	Reimbursable program	289	800	800	800
10.00	Total obligations	21,642	21,722	22,844	23,633
	Financing:				
11.00	Offsetting collections from: Federal funds	−289	−800	−800	−800
17.00	Recovery of prior year obligations	−166			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	−487	−398	−176	−132
22.40	Unobligated balance transferred, net	−1,677			
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	398	176	132	99
25.00	Unobligated balance lapsing	1,008			
39.00	**Budget authority**	**20,428**	**20,700**	**22,000**	**22,800**
	Budget authority:				
40.00	Appropriation	20,700	20,700	22,000	22,800
41.00	Transferred to other accounts	−272			
43.00	**Appropriation (adjusted)**	**20,428**	**20,700**	**22,000**	**22,800**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	21,353	20,922	22,044	22,833
72.40	Obligated balance, start of year	7,851	7,809	9,331	10,475
74.40	Obligated balance, end of year	−7,809	−9,331	−10,475	−11,608
77.00	Adjustments in expired accounts	−615			
78.00	Adjustments in unexpired accounts	−166			
90.00	Outlays	20,613	19,400	20,900	21,700

Budget Plan (in thousands of dollars)

	Direct:				
	Construction:				
06.01	Construction of new housing	1,862	400	400	400
06.02	Construction improvements	186	113	263	133
06.91	Total construction	2,048	513	663	533
	Operation, maintenance, and interest payment:				
	Operation:				
07.01	Operating expenses	3,434	2,457	2,365	2,809
07.02	Leasing	14,360	17,179	18,162	18,702
07.03	Maintenance of real property	1,256	551	810	756
07.91	Total operation, maintenance, and interest payment	19,050	20,187	21,337	22,267
08.01	Reimbursable program	289	800	800	800
08.93	Total budget plan	21,387	21,500	22,800	23,600

Object Classification (in thousands of dollars)

Identification code 97–0706–0–1–051		1988 actual	1989 est.	1990 est.	1991 est.
	Direct obligations:				
22.0	Transportation of things	311	200	200	200
23.2	Rental payments to others	10,973	7,328	7,984	8,111
23.3	Communications, utilities, and miscellaneous charges	1,097	6,959	6,525	7,214
25.0	Other services: Contracts	5,463	5,050	5,978	6,092
26.0	Supplies and materials	1,106	550	550	550
31.0	Equipment	100	100	100	100
32.0	Land and structures	2,303	735	707	566
99.0	Subtotal, direct obligations	21,353	20,922	22,044	22,833
99.0	Reimbursable obligations	289	800	800	800
99.9	Total obligations	21,642	21,722	22,844	23,633

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), [$2,000,000] *$5,100,000*, to remain available until expended.

Further, for the foregoing purposes, $5,100,000, to become available for obligation on October 1, 1990 and to remain available for obligation until expended. (Military Construction Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97–4090–0–3–051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Operating expenses:				
01.01	Payment to homeowners (private sale and foreclosure assistance)	249	597	434	537

Public enterprise funds—Continued

HOMEOWNERS ASSISTANCE FUND, DEFENSE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 97-4090-0-3-051		1988 actual	1989 est.	1990 est.	1991 est.
01.02	Other operating costs	2,039	2,734	1,693	1,666
01.91	Total operating expenses	2,288	3,331	2,127	2,203
	Capital investment:				
02.01	Acquisition of real property	2,017	626	3,320	3,560
02.02	Mortgages assumed	5,974	6,472	2,553	2,337
02.91	Total capital investment	7,991	7,098	5,873	5,897
10.00	Total obligations	10,279	10,429	8,000	8,100
	Financing:				
14.00	Offsetting collections from: Non-Federal sources	−5,058	−10,062	−5,617	−6,801
17.00	Recovery of prior year obligations	−727			
21.98	Unobligated balance available, start of year: Fund balance	−1,947	−2,003	−854	−2,391
24.98	Unobligated balance available end of year: Fund balance	2,003	854	2,391	4,309
32.47	Balance of authority to borrow withdrawn	4,225	9,254	3,733	4,220
39.00	**Budget authority**	**8,774**	**8,472**	**7,653**	**7,437**
	Budget authority:				
40.00	**Appropriation**	**2,800**	**2,000**	**5,100**	**5,100**
67.10	**Authority to borrow** (permanent, indefinite)	**5,974**	**6,472**	**2,553**	**2,337**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	5,221	367	2,383	1,299
72.98	Obligated balance, start of year: Fund balance	1,392	1,601	1,368	1,951
74.98	Obligated balance, end of year: Fund balance	−1,601	−1,368	−1,951	−2,950
78.00	Adjustments in unexpired accounts	−727			
90.00	Outlays	4,286	600	1,800	300

Revenue and Expense (in thousands of dollars)

	1988 actual	1989 est.	1990 est.	1991 est.
Operating loss: Operating program: Expense	−1,560	−3,331	−2,127	−2,203
Capital program:				
Revenue	5,058	10,062	5,617	6,801
Expense	−6,707	−11,631	−6,674	−7,611
Net capital gain or loss (−)	−1,649	−1,569	−1,057	−810
Net gain or loss (−) for the year	−3,209	−4,900	−3,184	−3,013

Financial Condition (in thousands of dollars)

	1988 actual	1989 est.	1990 est.	1991 est.
Assets:				
Selected assets:				
Fund balance with Treasury	3,853	2,731	3,834	5,766
Real property on hand	13,306	8,773	7,972	6,275
Total assets	17,159	11,504	11,806	12,041
Liabilities:				
Selected liabilities:				
Accounts payable	1,850	1,877	1,443	1,457
Mortgages outstanding	8,738	5,956	4,776	2,910
Total liabilities	10,588	7,833	6,219	4,367
Government equity:				
Selected equities:				
Unexpended budget authority:				
Unobligated balance	2,003	854	2,391	4,309
Invested capital	4,568	2,817	3,196	3,365
Total Government equity	6,571	3,671	5,587	7,674

Object Classification (in thousands of dollars)

Identification code 97-4090-0-3-051		1988 actual	1989 est.	1990 est.	1991 est.
11.8	Personnel compensation: Special personal services payments	306	250	250	250
21.0	Travel and transportation of persons	9	25	25	25
25.0	Other services: Other	1,244	2,459	1,401	1,398
32.0	Land and structures	8,470	7,098	5,890	5,890
42.0	Insurance claims and indemnities	250	597	434	537
99.9	Total obligations	10,279	10,429	8,000	8,100

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		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Research—Total obligations	2,989			
	Financing:				
17.00	Recovery of prior year obligations	−13			
21.40	Unobligated balance available, start of year: For completion of prior year budget plans	−3,416			
25.00	Unobligated balance lapsing	440			
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,989			
72.40	Obligated balance, start of year	9,604	10,366	10,166	10,166
74.40	Obligated balance, end of year	−10,366	−10,166	−10,166	−10,166
77.00	Adjustments in expired accounts	−49			
78.00	Adjustments in unexpired accounts	−13			
90.00	Outlays	2,165	200		

This appropriation provided dollars to be used exclusively for purchase from the Treasury of excess foreign currencies.

Object Classification (in thousands of dollars)

Identification code 97-0800-0-1-051		1988 actual	1989 est.	1990 est.	1991 est.
21.0	Travel and transportation of persons	89			
25.0	Other services: Contracts	2,600			
41.0	Grants, subsidies, and contributions	300			
99.9	Total obligations	2,989			

REVOLVING AND MANAGEMENT FUNDS

Federal Funds

Public enterprise funds:

[NATIONAL DEFENSE STOCKPILE TRANSACTION FUND]

[For the fiscal year ending September 30, 1989, in addition to the funds previously appropriated to the National Defense Stockpile Transaction Fund, notwithstanding the provisions of 50 U.S.C. 98h, there is hereby appropriated $30,000,000 to the Fund, to remain available until expended, the amounts to be allocated for the following projects:

University of Texas at El Paso pursuant to 50 U.S.C. 98 a and g for a grant to study and facilitate the development, transfer, and installation of strategic materials technologies among American industries, $3,000,000;

University of Hawaii at Manoa pursuant to 50 U.S.C. 98a and 98g(a), for a grant to construct and equip a strategic materials research facility, $14,000,000;

Loyola College in Maryland pursuant to 50 U.S.C. 98a and 98g(a), for a grant to pay the Federal share of the cost of construction and equipment, including approaches and appurtenances and costs already incurred, of a Center for Advanced Information and Resource Management Studies, $3,000,000;

University of Idaho pursuant to 50 U.S.C. 98a and 98g(a), for a grant to construct and equip a Strategic Research and Environmental Laboratory, $3,000,000; and

University of Utah pursuant to 50 U.S.C. 98a and 98g(a)(2)(C) for a grant to pay the Federal share of the cost of construction and equipment for a Center for Biomedical Polymers, $7,000,000.] *(Independent Agencies Appropriations Act, 1989; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-4555-0-3-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
	Program expenses:				
01.01	Acquisition and relocation	119,031	208,400	140,000	140,000
01.02	Operating expenses	30,900			
01.03	Research grants	1,608	49,400		
01.91	Subtotal program expenses	150,639	257,800	140,000	140,000
10.00	Total obligations	150,639	257,800	140,000	140,000
	Financing:				
14.00	Offsetting collections from: Non-Federal sources	−46,455	−180,000	−140,000	−140,000
17.00	Recovery of prior year obligations	−57			
	Unobligated balance, start of year: Fund balance				
21.98	Unobligated balance available, start of year	−170,961	−505,273	−460,973	−460,973
21.98	Unobligated balance available, start of year	−419,439			
24.98	Unobligated balance available, end of year: Fund balance	505,273	460,973	460,973	460,973
39.00	**Budget authority**	**19,000**	**33,500**		
	Budget authority:				
40.00	Appropriation	10,000	33,500		
42.00	Transferred from other accounts	9,000			
43.00	**Appropriation (adjusted)**	**19,000**	**33,500**		
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	104,184	77,800		
72.98	Obligated balance, start of year	105,873	192,601	270,401	270,401
74.98	Obligated balance, end of year: Fund balance	−192,601	−270,401	−270,401	−270,401
78.00	Adjustments in unexpired accounts	−57			
90.00	Outlays	17,399			

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.

Funding in FY 1990 and FY 1991 finances the acquisition of raw materials. the continuation of the Ferroalloy Upgrade program and the expansion of raw material upgrading in order to address surge requirements.

Revenue and Expense (in thousands of dollars)

	1988 actual	1989 est.	1990 est.	1991 est.
Revenue	65,512	213,500	140,000	140,000
Expense	150,639	257,800	140,000	140,000
Net operating gain or loss (−)	−85,127	−44,300		

Financial Condition (in thousands of dollars)

	1988 actual	1989 est.	1990 est.	1991 est.
Assets:				
Selected assets:				
Treasury balance	697,874	731,374	731,374	731,374
Accounts receivable		25,000	25,000	25,000
Inventories	3,697,864	3,697,864	3,667,864	3,637,864
Total assets	4,395,738	4,454,238	4,424,238	4,394,238
Liabilities:				
Selected liabilities: Accounts payable and accrued liabilities	192,601	295,401	295,401	295,401
Total liabilities	192,601	295,401	295,401	295,401
Government equity:				
Selected equities: Unobligated balances	505,273	460,973	460,973	460,973
Invested capital	3,697,864	3,697,864	3,667,864	3,637,864
Total Government equity	4,203,137	4,158,837	4,128,837	4,098,837

Object Classification (in thousands of dollars)

Identification code 97-4555-0-3-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	2,353			
25.0	Other services: Other	30,502			
26.0	Supplies and materials	116,176	208,400	140,000	140,000
41.0	Grants, subsidies, and contributions	1,608	49,400		
99.9	Total obligations	150,639	257,800	140,000	140,000

William Langer Jewel Bearing Plant Revolving Fund

Program and Financing (in thousands of dollars)

Identification code 97-4093-0-3-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Operating Expenses: Sales program	3,384	3,499	3,604	3,701
01.02	Capital Inventory: Sales program—Purchase of equipment	248			
10.00	Total obligations	3,632	3,499	3,604	3,701
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−670	−937	−965	−991
14.00	Non-Federal sources	−1,830	−2,562	−2,639	−2,710
21.98	Unobligated balance available, start of year	−4,128	−2,995	−2,995	−2,995
24.98	Unobligated balance available, end of year	2,995	2,995	2,995	2,995
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	1,132			
72.10	Receivables in excess of obligations, start of year	−2,180	−1,530	−1,530	−1,530
74.10	Receivables in excess of obligations, end of year	1,530	1,530	1,530	1,530
90.00	Outlays	484			

The Government-owned William Langer Jewel Bearing Plant at Rolla, ND, is the only facility of its kind in

Public enterprise funds—Continued

WILLIAM LANGER JEWEL BEARING PLANT REVOLVING FUND—Continued

the United States which has the capability to produce all types of jewel bearings in quantity.

Object Classification (in thousands of dollars)

Identification code 97-4093-0-3-051	1988 actual	1989 est.	1990 est.	1991 est.
25.0 Other services: Other	248			
31.0 Equipment	3,384	3,499	3,604	3,701
99.9 Total obligations	3,632	3,499	3,604	3,701

DEFENSE PRODUCTION GUARANTEES

Program and Financing (in thousands of dollars)

Identification code 97-9931-0-3-051	1988 actual	1989 est.	1990 est.	1991 est.
Financing:				
21.98 Unobligated balance available, start of year: Fund balance	−471	−471	−471	−471
24.98 Unobligated balance available, end of year: Fund balance	471	471	471	471
39.00 **Budget authority**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net				
90.00 Outlays				

LAUNDRY SERVICE, NAVAL ACADEMY

Program and Financing (in thousands of dollars)

Identification code 17-4002-0-3-051	1988 actual	1989 est.	1990 est.	1991 est.
Program by activities:				
10.00 Total obligations	2,234	2,302	2,405	2,405
Financing:				
Offsetting collections from:				
11.00 Federal funds	−234	−324	−268	−268
14.00 Non-Federal sources	−2,050	−1,978	−2,137	−2,137
21.98 Unobligated balance available, start of year: Fund balance	−98	−147	−147	−147
24.98 Unobligated balance available, end of year: Fund balance	147	147	147	147
39.00 **Budget authority**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net	−50			
72.98 Obligated balance, start of year: Fund balance	107	207	207	207
74.98 Obligated balance, end of year: Fund balance	−207	−207	−207	−207
90.00 Outlays	−150			

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	1988 actual	1989 est.	1990 est.	1991 est.
Personnel compensation:				
11.1 Full-time permanent	1,028	1,540	1,510	1,570
11.3 Other than full-time permanent	434		72	75
11.5 Other personnel compensation	108	74	77	78
11.9 Total personnel compensation	1,570	1,614	1,659	1,723
12.1 Civilian personnel benefits	199	187	182	184
21.0 Travel and transportation of persons	4	4	1	1
23.2 Rental payments to others	150	148	169	169
24.0 Printing and reproduction	30	30	12	12
25.0 Other services: Other	55	55	37	37
26.0 Supplies and materials	156	194	215	149
31.0 Equipment	70	70	130	130
99.9 Total obligations	2,234	2,302	2,405	2,405

Personnel Summary

Total number of full-time permanent positions	67	66	66	66
Total compensable workyears:				
Full-time equivalent employment	79	104	104	104
Full-time equivalent of overtime and holiday hours	4	3	3	3

DEPARTMENT OF DEFENSE STOCK FUNDS

Department of Defense stock funds finance the purchase of materials for resale to the military services and other authorized customers (10 U.S.C. 2208). These inventories are stocked at various Defense activities. Mobilization reserve materials are also purchased through the stock funds.

Budget program.—Inventories rise in 1990 and 1991 over 1989 to support the existing force structure, modernization efforts, and other logistics initiatives. Efforts continue to achieve efficiencies in spare parts procurement through acquisition reform. The following table shows the stock fund inventories (in millions of dollars) resulting from the budget program.

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Army stock fund:				
Operating and other stocks	3,918.0	4,166.1	4,240.2	4,130.0
Mobilization reserve stocks	1,542.7	1,728.8	1,985.2	2,048.6
Other stocks	2,946.9	2,889.7	2,859.5	2,509.6
Total	8,407.6	8,784.6	9,0849.9	8,688.2
Navy stock fund:				
Operating and other stocks	12,504.4	11,481.9	10,658.4	10,746.6
Mobilization reserve stocks	922.7	986.6	1,049.1	1,101.7
Other stocks	16,973.5	17,130.5	17,440.3	17,556.3
Total	30,400.6	29,599.0	29,147.8	29,404.6
Air Force stock fund:				
Operating and other stocks	5,236.6	5,897.7	6,119.0	5,937.7
Mobilization reserve stocks	993.2	1,129.3	1,308.5	1,489.8
Other stocks	2,646.3	3,017.9	3,253.3	3,335.6
Total	8,876.1	10,044.9	10,680.8	10,763.1
Defense stock fund:				
Operating and other stocks	4,507.4	5,162.2	6,020.8	6,597.3
Mobilization reserve stocks	2,925.2	2,930.8	2,915.3	3,148.4
Other stocks	4,477.2	3,926.8	4,257.5	4,260.1
Total	11,909.8	12,019.8	13,193.6	14,005.8
Total Department of Defense stock funds:				
Operating and other stocks	26,166.4	26,707.9	27,038.4	27,411.6
Mobilization reserve stocks	6,383.8	6,775.5	7,258.1	7,788.5
Other stocks	27,043.9	26,964.9	27,810.6	27,661.6
Total	59,594.1	60,448.3	62,107.1	62,861.7

Financing the budget program.—The budget program is financed primarily from sales to customers. Gross expenditures in 1990 and 1991 are projected to be slightly lower than in 1989, considering inflation, to support the existing force. Estimated expenditures are shown below (in millions of dollars):

	Gross outlays			
	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Army stock fund	6,819.3	7,137.2	7,324.9	7,381.4
Navy stock fund	8,553.0	9,037.9	8,675.6	8,673.3

Air Force stock fund	9,551.6	9,577.8	9,129.6	9,787.0
Defense stock fund	10,450.3	10,550.8	10,344.0	10,707.9
Total Department of Defense stock funds	35,374.2	36,303.7	35,474.1	36,549.6

Procurement leadtime for material acquisition is greater than the time required to fill and collect customers' orders. As a result, Department of Defense stock funds are authorized to incur obligations in anticipation of future years' sales (10 U.S.C. 2210(b)). Pursuant to this authority, the outstanding balance of contract authority was $13,189.2 million at the end of 1988, and is estimated to remain at $13,189.2 million in 1990 and 1991.

Operating results and financial conditions.—Revenue and expenses for 1989, 1990, and 1991 are projected on a break-even basis. It is estimated that by the end of 1991, there will be $72,636 million in inventory and other assets. Liabilities will be $4,040 million and invested capital from appropriations, capitalized resources and retained income will be $68,596 million.

Intragovernmental funds:

ARMY STOCK FUND

For the Army stock fund; [$291,900,000, of which $20,000,000 is available only for paying administrative expenses associated with directing and performing studies, surveys, engineering analyses, requests for proposals, contracting and associated contract administration functions that have as their sole objective the increased use of coal by the United States Department of Defense facilities in the United States] *$107,600,000.*

Further, for the Army Stock Fund, $251,500,000, to become available for obligation on October 1, 1990. (10 U.S.C. 2208; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-4991-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Ground equipment parts and supplies	119,616	118,800	106,800	99,100
01.02	Aeronautical supplies	281,415	335,800	285,100	324,300
01.03	Missile parts	50,434	48,400	62,800	70,900
01.04	Tank and automotive supplies	491,411	457,200	420,800	499,800
01.05	Japan area supplies	25,792	26,700	22,600	28,600
01.06	Korea area supplies	207,803	181,700	189,500	197,200
01.07	Electronics supplies	269,250	316,500	350,600	5. ,200
01.08	Retail, map, and reserves	24,314	59,900	5,500	47,700
01.09	Commissary resale	1,835,000	1,936,400	2,014,900	2,091,400
01.10	Defense supply service	24,223	30,200	32,000	33,500
01.11	Western command supplies	79,007	83,400	79,400	84,800
01.12	Other continental U.S. supplies	370,477	378,000	462,200	470,200
01.13	European area supplies	764,013	790,200	780,400	823,500
01.17	Weapons, special weapons, chemical and fire control supplies	217,197	269,200	260,200	312,900
01.18	Forces command supplies	1,001,764	1,051,500	1,110,800	1,169,800
01.19	Training and doctrine command supplies	744,750	790,000	786,800	800,100
10.00	Total obligations	6,506,466	6,873,900	6,970,400	7,433,000
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−4,305,445	−4,482,447	−4,672,010	−4,921,762
13.00	Trust funds	−177,375	−189,603	−204,536	−199,978
14.00	Non-Federal sources	−1,850,094	−1,909,950	−1,986,254	−2,059,760
17.00	Recovery of prior year obligations	−272,469			
22.98	Unobligated balance transferred, net	148,500			
32.49	Balance of contract authority withdrawn	143,625			
40.00	**Budget authority (appropriation)**	**193,207**	**291,900**	**107,600**	**251,500**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	173,552	291,900	107,600	251,500
	Obligated balance, start of year:				
72.49	Contract authority	2,042,238	1,898,613	1,898,613	1,898,613
72.98	Fund balance	691,114	535,514	603,214	650,914
	Obligated balance, end of year:				
74.49	Contract authority	−1,898,613	−1,898,613	−1,898,613	−1,898,613
74.98	Fund balance	−535,514	−603,214	−650,914	−686,814
78.00	Adjustments in unexpired accounts	−272,469			
90.00	Outlays	200,307	224,200	59,900	215,600

Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 21-4991-0-4-051	1988 actual	1989 est.	1990 est.	1991 est.
Unfunded balance, start of year	2,042,238	1,898,613	1,898,613	1,898,613
Balance of contract authority withdrawn	−143,625			
Unfunded balance, end of year	1,898,613	1,898,613	1,898,613	1,898,613

Object Classification (in thousands of dollars)

Identification code 21-4991-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	33,160	37,445	38,354	40,526
25.0	Other services: Other	34,156	72,810	74,630	78,838
26.0	Supplies and materials	6,422,749	6,688,061	6,779,998	7,231,834
31.0	Equipment	16,401	75,584	77,418	81,802
99.9	Total obligations	6,506,466	6,873,900	6,970,400	7,433,000

NAVY STOCK FUND

For the Navy stock fund; [$184,700,000] *$249,400,000.*

Further, for the Navy Stock Fund, $232,100,000, to become available for obligation on October 1, 1990. (10 U.S.C. 2208; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-4911-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Ships, ordnance, and electronics repair parts	358,674	328,400	315,100	313,000
01.02	Forms and printed matter	14,159	15,200	15,800	16,600
01.03	Ships store and commissary store stock	1,211,138	1,278,410	1,333,700	1,384,600
01.04	Profits from sale of ships' stores paid to ships' store profits, Navy	26,152	25,300	26,300	27,100
01.05	Ship overhaul material	64,015	153,300	139,800	147,600
01.06	Special clearance account	265	1,000	1,000	1,000
01.07	Fleet material support office—Retail commodities	1,594,903	1,853,361	1,957,250	2,086,250
01.08	Aviation consumable material	822,723	753,900	615,900	640,800
01.09	Fuels and related items	1,361,110	1,435,771	1,291,200	1,335,369
01.10	Ship depot level reparables	750,727	716,700	870,200	868,500
01.11	Aviation depot level reparables	1,705,632	1,762,100	1,660,500	1,750,400
01.14	Amphibious supplies	11,085	16,074	12,550	12,981
10.00	Total obligations	7,920,583	8,339,516	8,239,300	8,584,200
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−7,367,521	−6,792,150	−6,684,827	−6,869,710
13.00	Trust funds	−117,364	−96,300	−96,300	−98,200
14.00	Non-Federal sources	−1,233,934	−1,326,366	−1,334,773	−1,384,190
22.98	Unobligated balance transferred, net	833,885	60,000	126,000	

Intragovernmental funds—Continued

NAVY STOCK FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 17-4911-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
32.49	Balance of contract authority withdrawn	293,752			
40.00	**Budget authority (appropriation)**	**329,400**	**184,700**	**249,400**	**232,100**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	−798,236	124,700	123,400	232,100
	Obligated balance, start of year:				
72.49	Contract authority	5,780,771	5,525,580	5,525,580	5,525,580
72.98	Fund balance	1,482,028	1,281,078	998,178	800,978
	Obligated balance transferred, net:				
73.49	Contract authority	38,560			
73.98	Fund balance	44,546			
	Obligated balance, end of year:				
74.49	Contract authority	−5,525,580	−5,525,580	−5,525,580	−5,525,580
74.98	Fund balance	−1,281,078	−998,178	−800,978	−785,078
90.00	Outlays	−258,989	407,600	320,600	248,000

Status of Unfunded Contract Authority (in thousands of dollars)

	1988 actual	1989 est.	1990 est.	1991 est.
Unfunded balance, start of year	5,780,771	5,525,580	5,525,580	5,525,580
Balance of contract authority withdrawn	−293,752			
Transferred from other accounts	38,560			
Unfunded balance, end of year	5,525,580	5,525,580	5,525,580	5,525,580

Object Classification (in thousands of dollars)

Identification code 17-4911-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	50,041	54,880	54,636	52,153
25.0	Other services: Other	1,102,767	1,060,800	1,044,700	1,060,400
26.0	Supplies and materials	6,733,323	7,198,536	7,113,664	7,444,547
42.0	Insurance claims and indemnities	26,152	25,300	26,300	27,100
99.9	Total obligations	7,920,583	8,339,516	8,239,300	8,584,200

MARINE CORPS STOCK FUND

Program and Financing (in thousands of dollars)

Identification code 17-4913-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Relation of obligations to outlays:				
71.00	Obligations incurred, net				
	Obligated balance, start of year:				
72.49	Contract authority	38,560			
72.98	Fund balance	44,546			
	Obligated balance transferred, net:				
73.49	Contract authority	−38,560			
73.98	Fund balance	−44,546			
90.00	Outlays				

Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 17-4913-0-4-051	1988 actual	1989 est.	1990 est.	1991 est.
Unfunded balance, start of year	38,560			
Balance of contract authority withdrawn				
Transferred to other accounts	−38,560			
Unfunded balance, end of year				

AIR FORCE STOCK FUND

For the Air Force stock fund; [$186,900,000] *$349,300,000.*

Further, for the Air Force Stock Fund, $279,600,000, to become available for obligation on October 1, 1990. (10 U.S.C. 2208; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-4921-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.02	Commissary	2,447,392	2,585,400	2,664,357	2,767,329
01.03	Fuels and related items	2,874,328	3,038,414	2,611,975	2,720,243
01.04	Air Force Academy cadet store	6,436	6,931	6,843	7,055
01.05	Medical-dental	345,053	406,023	435,477	449,882
01.06	General support	2,038,581	1,995,800	2,189,595	2,288,453
01.07	Systems support	1,275,474	1,305,040	1,536,453	1,567,738
10.00	Total obligations	8,987,264	9,337,608	9,444,700	9,800,700
	Financing:				
	Offsetting collections from:				
11.00	Federal Funds	−6,071,767	−6,470,108	−6,312,500	−6,631,500
13.00	Trust funds	−202,711	−181,700	−187,200	−192,400
14.00	Non-Federal sources	−2,391,422	−2,498,900	−2,595,700	−2,697,200
22.98	Unobligated balance transferred, net	131,000			
39.00	**Budget authority**	**452,364**	**186,900**	**349,300**	**279,600**
	Budget authority:				
40.00	**Appropriation**	**226,007**	**186,900**	**349,300**	**279,600**
69.10	**Contract authority (10 U.S.C. 2210(b))** (permanent, indefinite)	**226,357**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	321,364	186,900	349,300	279,600
	Obligated balance, start of year:				
72.49	Contract authority	1,328,822	1,555,179	1,555,179	1,555,179
72.98	Fund balance	684,348	418,910	375,010	759,110
	Obligated balance, end of year:				
74.49	Contract authority	−1,555,179	−1,555,179	−1,555,179	−1,555,179
74.98	Fund balance	−418,910	−375,010	−759,110	−803,710
90.00	Outlays	360,445	230,800	−34,800	235,000

Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 57-4921-0-4-051	1988 actual	1989 est.	1990 est.	1991
Unfunded balance, start of year	1,328,822	1,555,179	1,555,179	1,555,179
Contract authority	226,357			
Unfunded balance, end of year	1,555,179	1,555,179	1,555,179	1,555,179

Object Classification (in thousands of dollars)

Identification code 57-4921-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	40,843	38,600	39,800	41,700
25.0	Other services: Contracts	18,081	19,500	20,200	21,100
26.0	Supplies and materials	8,761,113	9,101,808	9,201,300	9,545,700
31.0	Equipment	167,227	177,700	183,400	192,200
99.9	Total obligations	8,987,264	9,337,608	9,444,700	9,800,700

DEFENSE STOCK FUND

For the Defense stock fund; [$25,000,000] *$119,100,000.*

Further, for the Defense Stock Fund, $176,300,000, to become available for obligation on October 1, 1990. (10 U.S.C. 2208; Department of Defense Appropriations Act, 1989; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-4961-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Clothing and textiles	1,217,603	1,100,600	944,000	1,089,800
01.02	Medical and dental material	634,547	734,900	668,900	719,900
01.03	Subsistence	1,765,455	1,827,200	1,775,200	1,823,200
01.04	General supplies	665,855	700,500	710,500	735,500
01.05	Industrial supplies	670,073	538,700	635,400	650,400
01.06	Construction supplies	684,967	604,400	742,500	762,500

01.07	Electronics	549,543	461,400	487,500	582,200
01.08	Base operating supplies	103,244	112,000	117,800	129,000
01.10	Fuels and related items	4,551,564	3,817,200	4,202,500	4,436,700
10.00	Total obligations	10,842,851	9,896,900	10,284,300	10,929,200
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−10,129,620	−10,585,900	−9,794,200	−10,375,100
13.00	Trust funds	−300,377	−196,300	−202,400	−206,500
14.00	Non-Federal sources	−158,411	−159,700	−168,600	−171,300
21.98	Unobligated balance available, start of year: Fund balance	−2,393			
22.98	Unobligated balance transferred, net		1,070,000		
39.00	**Budget authority**	**252,051**	**25,000**	**119,100**	**176,300**
	Budget authority:				
	Current:				
40.00	Appropriation	132,600	25,000	119,100	176,300
41.00	Transferred to other accounts	−70,000			
43.00	**Appropriation (adjusted)**	**62,600**	**25,000**	**119,100**	**176,300**
	Permanent:				
69.10	**Contract authority (10 U.S.C. 2210(b)) (permanent, indefinite)**	**189,451**			
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	254,443	−1,045,000	119,100	176,300
	Obligated balance, start of year:				
72.49	Contract authority	4,020,417	4,209,868	4,209,868	4,209,868
72.98	Fund balance	284,028	730,783	240,883	418,283
	Obligated balance, end of year:				
74.49	Contract authority	−4,209,868	−4,209,868	−4,209,868	−4,209,868
74.98	Fund balance	−730,783	−240,883	−418,283	−466,683
90.00	Outlays	−381,763	−555,100	−58,300	127,900

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year	4,020,417	4,209,868	4,209,868	4,209,868
Contract authority	189,451			
Unfunded balance, end of year	4,209,868	4,209,868	4,209,868	4,209,868

Object Classification (in thousands of dollars)

Identification code 97-4961-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	481,415	464,400	451,700	468,100
25.0	Other services: Other	433,677	244,500	293,600	307,400
26.0	Supplies and materials	9,927,759	9,188,000	9,539,000	10,153,700
99.9	Total obligations	10,842,851	9,896,900	10,284,300	10,929,200

INDUSTRIAL FUNDS

Department of Defense industrial funds finance various Defense activities that perform industrial or commercial type functions on a reimbursable basis (10 U.S.C. 2208). Workload at these activities is generated by orders from various customers who provide reimbursement through progress payments for the full cost of the work performed. This enables the industrial funds to maintain the level of working capital needed for continued operations.

Budget program.—The policy of stabilizing the rates charged to customers will continue. Estimated total obligations are projected to decrease by over $253 million in 1990 and increase by over $23 million in 1991, reflecting changes in customer workload requirements. Yearend totals are shown in the following table (in thousands of dollars):

TOTAL OBLIGATIONS

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Army industrial fund	3,107,857	3,142,416	2,762,200	2,764,500
Navy industrial fund	14,471,660	14,802,406	15,098,700	15,010,200
Marine Corps industrial fund	103,376	119,545	114,100	118,700
Air Force industrial fund	5,437,652	5,714,400	5,488,000	5,552,600
Defense industrial fund	1,256,994	1,368,188	1,430,100	1,470,900
Total	24,377,539	25,146,955	24,893,100	24,916,900

The U.S. Army activities financed through the Army industrial fund include depot supply and maintenance operations, arsenals, and port handling of Defense cargo.

The Navy industrial fund finances a variety of activities, including aircraft maintenance facilities, ordnance stations, research laboratories, shipyards, printing plants, public works centers, and the Military Sealift Command.

The Marine Corps industrial fund finances maintenance depots engaged in repairing or overhauling Marine Corps equipment and providing technical engineering support.

The activities financed under the Air Force industrial fund include laundries, depot maintenance activities, and airlift services.

The Defense industrial fund finances the Defense Clothing and Textile Center and leased communications procured by the Defense Commercial Communications Office.

Intragovernmental funds:

ARMY INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code 21-4992-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Depot maintenance activities	1,878,028	1,939,156	1,998,917	1,992,481
01.02	Missile command	514,609	471,370		
01.05	Transportation and terminal activity	228,388	214,310	260,773	264,248
01.08	Armaments command	486,832	517,580	502,510	507,771
10.00	Total obligations	3,107,857	3,142,416	2,762,200	2,764,500
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−2,947,935	−3,040,579	−2,672,999	−2,445,432
13.00	Trust funds	−19,309	−105,782	−105,086	−105,168
14.00	Non-Federal sources	−14,727	−7,185	−5,373	−5,761
17.00	Recovery of prior year obligations	−27,399			
21.98	Unobligated balance available, start of year: Fund balance	−1,147,081	−987,693	−998,823	−1,020,081
22.98	Unobligated balance transferred, net: Fund balance	60,900			
24.98	Unobligated balance available, end of year: Fund balance	987,693	998,823	1,020,081	811,942
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	125,886	−11,130	−21,258	208,139
72.10	Receivables in excess of obligations, start of year	−895,717	−865,816	−876,946	−898,204
74.10	Receivables in excess of obligations, end of year	865,816	876,946	898,204	690,065
78.00	Adjustments in unexpired accounts	−27,399			
90.00	Outlays	68,586			

Intragovernmental funds—Continued

ARMY INDUSTRIAL FUND—Continued

Object Classification (in thousands of dollars)

Identification code 21-4992-0-4-051		1988 actual	1989 est	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	1,307,392	1,333,091	1,118,243	1,139,507
11.3	Other than full-time permanent	71,547	74,113	61,240	62,610
11.5	Other personnel compensation	74,844	77,529	64,177	65,252
11.8	Special personal services payments	490	501	375	385
11.9	Total personnel compensation	1,454,273	1,485,234	1,244,035	1,267,754
12.1	Civilian personnel benefits	219,227	206,632	182,436	186,317
13.0	Benefits for former personnel	54	50	65	65
21.0	Travel and transportation of persons	50,180	65,468	39,273	38,906
22.0	Transportation of things	57,545	57,467	62,673	65,364
23.2	Rental payments to others	67,390	120,782	103,774	108,470
24.0	Printing and reproduction	1,126	3,300	3,399	3,511
	Other services:				
25.0	Payments to foreign national indirect hire personnel	9,314	9,273	12,825	10,600
25.0	Other	542,130	444,110	437,442	454,038
26.0	Supplies and materials	589,645	621,564	581,629	539,736
31.0	Equipment	116,973	128,536	94,649	89,739
99.9	Total obligations	3,107,857	3,142,416	2,762,200	2,764,500

Personnel Summary

Total number of full-time permanent positions	50,803	51,989	43,782	43,682
Total compensable workyears:				
Full-time equivalent employment	54,193	52,842	44,776	44,200
Full-time equivalent of overtime and holiday hours	2,999	2,605	2,327	2,289

NAVY INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code 17-4912-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Printing	227,273	235,204	243,561	244,323
01.02	Ordnance	1,537,006	1,536,541	1,749,603	1,683,243
01.03	Shipyards	3,815,289	3,756,736	3,582,842	3,394,784
01.04	Military Sealift Command	1,885,040	2,167,677	2,139,976	2,251,651
01.05	Research	3,889,846	3,973,770	4,025,921	4,184,010
01.06	Base services	1,095,971	1,078,655	1,104,942	1,098,161
01.07	Aircraft maintenance facilities	1,668,756	1,824,349	2,014,762	1,919,688
01.08	Data services	225,497	229,474	237,093	234,340
01.10	Direct loan program (FFB)	126,982			
10.00	Total obligations	14,471,660	14,802,406	15,098,700	15,010,200
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−13,717,152	−14,091,947	−15,643,763	−14,595,037
13.00	Trust funds	−104,649	−103,919	−116,403	−114,138
14.00	Non-Federal sources	−73,806	−49,177	−51,250	−48,535
21.98	Unobligated balance available, start of year: Fund balance	−1,432,964	−827,520	−231,857	−896,373
24.98	Unobligated balance available, end of year: Fund balance	827,520	231,857	896,373	595,983
31.00	Redemption of debt	29,392	38,300	48,200	47,900
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	576,053	557,363	−712,716	252,490
72.10	Receivables in excess of obligations, start of year	−291,351	−472,726		−628,079
72.98	Obligated balance, start of year: Fund balance			84,637	
74.10	Receivables in excess of obligations, end of year	472,726		628,079	375,589
74.98	Obligated balance, end of year: Fund balance		−84,637		
90.00	Outlays	757,428			

Status of Direct Loans (in thousands of dollars)

Identification code 17-4912-0-4-051		1988 actual	1989 est	1990 est.	1991 est.
	Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	1,788,264	1,758,864	1,720,564	1,672,364
1251	Repayments: Repayments and prepayments	−29,400	−38,300	−48,200	−47,900
1290	Outstanding, end of year	1,758,864	1,720,564	1,672,364	1,624,464

Object Classification (in thousands of dollars)

Identification code 17-4912-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	4,848,292	4,937,457	4,953,030	4,987,849
11.3	Other than full-time permanent	193,051	158,368	145,916	128,135
11.5	Other personnel compensation	483,100	479,355	450,323	440,060
11.8	Special personal services payments	13,965	2,631	2,522	2,736
11.9	Total personnel compensation	5,538,408	5,577,811	5,551,791	5,558,780
12.1	Civilian personnel benefits	831,026	880,962	894,409	910,508
13.0	Benefits for former personnel	202	50	9,752	11,150
21.0	Travel and transportation of persons	235,302	261,853	259,147	255,835
22.0	Transportation of things	28,608	29,736	30,783	30,022
23.1	Rental payments to GSA	3,516	4,255	6,916	7,144
23.2	Rental payments to others	89,770	83,620	81,233	82,885
23.3	Communications, utilities, and miscellaneous charges	603,431	622,050	647,748	661,253
24.0	Printing and reproduction	135,475	135,598	139,267	142,852
	Other services:				
25.0	Payments to foreign national indirect hire personnel	1,729	1,975	2,324	2,289
25.0	Other	4,159,361	4,267,854	4,660,595	4,473,241
26.0	Supplies and materials	2,221,355	2,379,761	2,218,801	2,240,277
31.0	Equipment	496,475	556,881	595,934	633,964
33.0	Investments and loans	126,982			
99.9	Total obligations	14,471,660	14,802,406	15,098,700	15,010,200

Personnel Summary

Total number of full-time permanent positions	166,538	163,722	157,546	156,686
Total compensable workyears:				
Full-time equivalent employment	179,077	175,859	171,002	166,634
Full-time equivalent of overtime and holiday hours	12,423	11,042	10,473	9,979

MARINE CORPS INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code 17-4914-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Depot maintenance activities—Total obligations	103,376	119,545	114,100	118,700
	Financing:				
11.00	Offsetting collections from: Federal funds	−89,526	−109,285	−107,882	−114,539
21.98	Unobligated balance available, start of year: Fund balance	−50,000	−36,150	−25,890	−19,672
24.98	Unobligated balance available, end of year: Fund balance	36,150	25,890	19,672	15,511
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	13,850	10,260	6,218	4,161
72.10	Receivables in excess of obligations, start of year	−31,051	−13,746	−3,486	
72.98	Obligated balance, start of year				2,732
74.10	Receivables in excess of obligations, end of year	13,746	3,486		
74.98	Obligated balance, end of year: Fund balance			−2,732	−6,893
90.00	Outlays	−3,455			

Object Classification (in thousands of dollars)

Identification code 17-4914-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	40,231	42,164	44,917	44,476
11.3	Other than full-time permanent	1,476	1,205	1,238	1,280
11.5	Other personnel compensation	6,077	4,452	4,452	4,452
11.9	Total personnel compensation	47,784	47,821	50,607	50,208
12.1	Civilian personnel benefits	7,758	8,099	8,788	8,700
21.0	Travel and transportation of persons	601	689	644	647
23.2	Rental payments to others	40	42	44	45
23.3	Communications, utilities, and miscellaneous charges	3,111	3,204	2,685	3,547
24.0	Printing and reproduction	61	59	64	64
25.0	Other services: Other	6,374	13,193	7,865	8,038
26.0	Supplies and materials	34,912	43,581	39,937	43,601
31.0	Equipment	2,735	2,857	3,466	3,850
99.9	Total obligations	103,376	119,545	114,100	118,700

Personnel Summary

Total number of full-time permanent positions	1,559	1,630	1,630	1,630
Total compensable workyears:				
Full-time equivalent employment	1,611	1,631	1,631	1,631
Full-time equivalent of overtime and holiday hours	144	103	103	103

Air Force Industrial Fund

Program and Financing (in thousands of dollars)

Identification code 57-4922-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.02	Laundry and drycleaning	6,741	6,200	6,600	6,800
01.03	Military airlift command	1,781,073	1,864,900	1,892,600	1,949,300
01.04	San Antonio real property maintenance agency	221,549	212,100	.....	.....
01.05	Depot maintenance	3,428,289	3,631,200	3,588,800	3,596,500
10.00	Total obligations	5,437,652	5,714,400	5,488,000	5,552,600
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−5,315,602	−5,565,000	−5,625,700	−5,579,900
13.00	Trust funds	−73,764	−41,900	−38,700	−35,900
14.00	Non-Federal sources	−27,730	−48,800	−48,600	−49,700
21.98	Unobligated balance available, start of year: Fund balance	−122,705	−84,749	−26,049	−251,049
22.98	Unobligated balance transferred, net	17,400	.....	.....	.....
24.98	Unobligated balance available, end of year: Fund balance	84,749	26,049	251,049	363,949
39.00	**Budget authority**	.....	.....	.....	.....
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	20,556	58,700	−225,000	−112,900
72.98	Obligated balance start of year: Fund balance	521,195	247,974	306,674	81,674
74.10	Receivables in excess of obligations, end of year	.....	.....	.....	31,226
74.98	Obligated balance, end of year: Fund balance	−247,974	−306,674	−81,674	.....
90.00	Outlays	293,777	.....	.....	.....

Object Classification (in thousands of dollars)

Identification code 57-4922-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	924,401	971,449	932,960	943,942
11.3	Other than full-time permanent	10,875	11,429	10,976	11,105
11.5	Other personnel compensation	16,313	17,143	16,464	16,658
11.9	Total personnel compensation	951,589	1,000,021	960,400	971,705
12.1	Civilian personnel benefits	108,753	114,288	109,760	111,052
21.0	Travel and transportation of persons	48,939	51,430	49,392	49,973
22.0	Transportation of things	1,631	1,714	1,646	1,666
23.3	Communications, utilities, and miscellaneous charges	108,753	114,288	109,760	111,052
24.0	Printing and reproduction	1,631	1,714	1,646	1,666
	Other services:				
25.0	Payments to foreign national indirect hire personnel	5,438	5,714	5,488	5,553
25.0	Contracts	1,957,555	2,057,184	1,975,680	1,998,936
26.0	Supplies and materials	2,198,986	2,310,903	2,219,348	2,245,471
31.0	Equipment	54,377	57,144	54,880	55,526
99.9	Total obligations	5,437,652	5,714,400	5,488,000	5,552,600

Personnel Summary

Total number of full-time permanent positions	40,940	38,398	38,278	38,296
Total compensable workyears:				
Full-time equivalent employment	41,812	43,174	39,729	39,556
Full-time equivalent of overtime and holiday hours	1,233	1,743	1,730	1,324

Defense Industrial Fund

Program and Financing (in thousands of dollars)

Identification code 97-4962-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
01.01	Clothing and textile center	36,019	38,888	37,300	37,700
01.02	Communication services	1,220,975	1,329,300	1,392,800	1,433,200
10.00	Total obligations	1,256,994	1,368,188	1,430,100	1,470,900
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−1,272,222	−1,360,104	−1,428,758	−1,466,821
14.00	Non-Federal sources	−1,003	−1,217	−1,320	−1,420
21.98	Unobligated balance available, start of year: Fund balance	−54,943	−71,174	−64,307	−64,285
24.98	Unobligated balance available, end of year: Fund balance	71,174	64,307	64,285	61,626
39.00	**Budget authority**	.....	.....	.....	.....
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	−16,231	6,867	22	2,659
72.10	Receivables in excess of obligations, start of year	.....	−22,365	−15,498	−15,476
72.98	Obligated balance, start of year: Fund balance	33,773	.....	.....	.....
74.10	Receivables in excess of obligations, end of year	22,365	15,498	15,476	12,817
90.00	Outlays	39,908	.....	.....	.....

Object Classification (in thousands of dollars)

Identification code 97-4962-0-4-051		1988 actual	1989 est.	1990 est.	1991 est.
	Personnel compensation:				
11.1	Full-time permanent	28,139	27,916	28,441	29,126
11.3	Other than full-time permanent	2,995	2,921	2,905	2,992
11.5	Other personnel compensation	2,188	2,147	2,103	2,166
11.9	Total personnel compensation	33,322	32,984	33,449	34,284
12.1	Civilian personnel benefits	6,134	5,989	6,024	6,150
21.0	Travel and transportation of persons	671	937	1,009	1,092
22.0	Transportation of things	.....	27	27	27
23.2	Rental payments to others	1,045	1,183	1,316	1,359
23.3	Communications, utilities, and miscellaneous charges	1,197,147	1,271,101	1,343,394	1,386,725
24.0	Printing and reproduction	35	97	98	99
	Other services:				
25.0	Payments to foreign national indirect hire personnel	353	376	397	415
25.0	Other	6,508	9,714	8,492	8,453
26.0	Supplies and materials	2,870	3,680	3,394	3,596
31.0	Equipment	8,909	42,100	32,500	28,700
99.9	Total obligations	1,256,994	1,368,188	1,430,100	1,470,900

Intragovernmental funds—Continued

AIR FORCE INDUSTRIAL FUND—Continued

Personnel Summary

Total number of full-time permanent positions	1,771	1,699	1,650	1,646
Total compensable workyears:				
Full-time equivalent employment	1,745	1,716	1,667	1,663
Full-time equivalent of overtime and holiday hours	100	133	127	127

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	1988 actual	1989 est.	1990 est.	1991 est.
Financing:				
21.98 Unobligated balance available, start of year: Fund balance	−65,269	−61,552	−61,552	−61,552
22.98 Unobligated balance transferred to other accounts	3,717			
24.98 Unobligated balance available, end of year: Fund balance	61,552	61,552	61,552	61,552
39.00 **Budget authority**				
Budget authority:				
41.00 Transferred to other accounts	−14,780			
42.00 Transferred from other accounts	14,780			
43.00 **Appropriation (adjusted)**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net				
90.00 Outlays				

NAVY MANAGEMENT FUND

Program and Financing (in thousands of dollars)

Identification code 17-3980-0-4-051	1988 actual	1989 est.	1990 est.	1991 est.
Program by activities:				
10.00 Transportation of things (total obligations) (object class 22.0)	553,541	627,900	662,800	682,418
Financing:				
11.00 Offsetting collections from: Federal funds	−553,541	−627,900	−662,800	−682,418
21.98 Unobligated balance available, start of year: Fund balance	−1,000	−1,000	−1,000	−1,000
24.98 Unobligated balance available, end of year: Fund balance	1,000	1,000	1,000	1,000
39.00 **Budget authority**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net				
72.98 Obligated balance, start of year: Fund balance	4,213	20,770	20,770	20,770
74.98 Obligated balance, end of year: Fund balance	−20,770	−20,770	−20,770	−20,770
90.00 Outlays	−16,557			

AIR FORCE MANAGEMENT FUND

Program and Financing (in thousands of dollars)

Identification code 57-3960-0-4-051	1988 actual	1989 est.	1990 est.	1991 est.
Financing:				
21.98 Unobligated balance available, start of year: Fund balance	−1,003	−1,003	−1,003	−1,003
24.98 Unobligated balance available, end of year: Fund balance	1,003	1,003	1,003	1,003
39.00 **Budget authority**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net				
90.00 Outlays				

ARMY CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

Program and Financing (in thousands of dollars)

Identification code 21-4528-0-4-051	1988 actual	1989 est.	1990 est.	1991 est.
Program by activities:				
01.01 Load, assemble and pack	1,964,385	1,743,100	1,582,700	1,529,600
01.02 Components	1,078,872	951,400	857,000	834,100
01.03 Quality assurance, proof and acceptance testing	133,852	35,900	30,000	31,100
01.04 Rework cost	131,578	113,300	94,800	98,100
10.00 Total obligations	3,308,687	2,843,700	2,564,500	2,492,900
Financing:				
Offsetting collections from:				
11.00 Federal funds	−2,970,332	−2,754,700	−2,444,400	−2,417,600
13.00 Trust funds	−31,676	−60,000	−60,000	−60,000
14.00 Non-Federal sources	−4,098			
17.00 Recovery of prior year obligations	−205,953			
21.98 Unobligated balance available, start of year: Fund balance	−737,174	−640,546	−611,546	−551,446
24.98 Unobligated balance available, end of year: Fund balance	640,546	611,546	551,446	536,146
39.00 **Budget authority**				
Relation of obligations to outlays:				
71.00 Obligations incurred, net	302,581	29,000	60,100	15,300
72.10 Receivables in excess of obligations, start of year	−411,095	−258,137	−229,137	−169,037
74.10 Receivables in excess of obligations, end of year	258,137	229,137	169,037	153,737
78.00 Adjustments in unexpired accounts	−205,953			
90.00 Outlays	−56,330			

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	1988 actual	1989 est.	1990 est.	1991 est.
25.0 Other services: Other	296,534	124,400	104,000	107,700
26.0 Supplies and materials	3,012,153	2,719,300	2,460,500	2,385,200
99.9 Total obligations	3,308,687	2,843,700	2,564,500	2,492,900

TRUST FUNDS

Department of the Army Trust Funds

Program and Financing (in thousands of dollars)

Identification code 21-9971-0-7-051		1988 actual	1989 est	1990 est	1991 est.
	Program by activities:				
10.00	Department of the Army general gift fund—Total obligations (object class 41.0)	532	430	430	430
	Financing:				
	Unobligated balance available, start of year:				
21.40	Treasury balance	−807	−834	−734	−757
	U.S. Securities:				
21.40	Par value	−2,011	−1,844	−2,029	−1,991
21.40	Unrealized discounts	−6			
	Unobligated balance available, end of year:				
24.40	Treasury balance	834	734	757	742
24.40	U.S. Securities: Par value	1,844	2,029	1,991	1,991
60.00	**Budget authority (appropriation) (permanent, indefinite)**	**386**	**515**	**415**	**415**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	532	430	430	430
72.40	Obligated balance, start of year	236	49	179	309
74.40	Obligated balance, end of year	−49	−179	−309	−339
90.00	Outlays	719	300	300	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		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
02.12	Naval Academy general gift fund	518	500	530	530
02.13	Naval Academy Museum fund	145	190	190	200
02.14	*Department of the Navy general gift fund*	180	300	300	300
02.15	Ships' stores profits, Navy	23,448	25,300	26,300	27,100
02.16	Office of Naval Records and History fund	54	50	50	50
10.00	Total obligations	24,345	26,340	27,370	28,180
	Financing:				
	Unobligated balance available, start of year:				
21.40	Treasury balance	−8,390	−10,822	−10,837	−10,930
	U.S. Securities:				
21.40	Par value	−5,812	−6,647	−6,693	−6,630
21.40	Unrealized discounts	−4	−4	−3	−3
	Unobligated balance available, end of year:				
24.40	Treasury balance	10,822	10,837	10,930	10,921
	U.S. Securities:				
24.40	Par value	6,647	6,693	6,630	6,659
24.40	Unrealized discounts	4	3	3	3
60.00	**Budget authority (appropriation) (permanent, indefinite)**	**27,611**	**26,400**	**27,400**	**28,200**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	24,345	26,340	27,370	28,180
72.40	Obligated balance, start of year	180	275	1,615	1,985
74.40	Obligated balance, end of year	−275	−1,615	−1,985	−2,165
90.00	Outlays	24,250	25,000	27,000	28,000
	Distribution of budget authority by account:				
	Naval Academy general gift fund	940	530	530	530
	Naval Academy Museum fund	188	190	190	200
	Department of the Navy general gift fund	287	330	330	320
	Ships' stores profits, Navy	26,152	25,300	26,300	27,100
	Office of Naval Records and History fund	45	50	50	50
	Distribution of outlays by account:				
	Naval Academy general gift fund	498	500	500	500
	Naval Academy Museum fund	144	190	190	200
	Department of the Navy general gift fund	138	280	280	270
	Ships' stores profits, Navy	23,448	24,000	26,000	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		1988 actual	1989 est.	1990 est.	1991 est.
21.0	Travel and transportation of persons			15	15
22.0	Transportation of things			47	47
24.0	Printing and reproduction	67	67	42	42
25.0	Other services: Other	210	255	237	247
26.0	Supplies and materials	364	397	346	342
31.0	Equipment	1,802	1,889	2,044	2,077
41.0	Grants, subsidies, and contributions	21,902	23,732	24,639	25,410
99.9	*Total obligations*	24,345	26,340	27,370	28,180

Department of the Air Force General Gift Fund

Program and Financing (in thousands of dollars)

Identification code 57-8928-0-7-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Air Force Academy—total obligations (object class 31.0)	163	80	80	80
	Financing:				
	Unobligated balance available, start of year:				
21.40	Treasury balance		−473	−473	−473
	U.S. Securities:				
21.40	Par value	−644	−118	−125	−130
21.40	Unrealized discounts	−28	−2		
	Unobligated balance available, end of year:				
24.40	Treasury balance	473	473	473	473
	U.S. Securities:				
24.40	Par value	118	125	130	135
24.40	Unrealized discounts	2			
60.00	**Budget authority (appropriation) (permanent, indefinite)**	**83**	**85**	**85**	**85**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	163	80	80	80
	Obligated balance, start of year:				
72.10	Receivables in excess of obligations, start of year			−67	−97
72.40	U.S. securities (par)	319	33	80	90
	Obligated balance, end of year:				
74.10	Receivables in excess of obligations, end of year		67	97	127
74.40	U.S. securities (par)	−33	−80	−90	−100
90.00	Outlays	449	100	100	100

DEPARTMENT OF THE AIR FORCE GENERAL GIFT FUND—Continued

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		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Operation of commissary stores—Total obligations	130,505	100,500	100,100	105,200
	Financing:				
	Offsetting collections from:				
11.00	Federal funds	−699			
14.00	Non-Federal sources	−91,108	−98,300	−100,100	−105,200
17.00	Recovery of prior year obligations	−26,488			
21.98	Unobligated balance available, start of year: Fund balance	−15,710	−3,499	−1,299	−1,299
24.98	Unobligated balance available, end of year: Fund balance	3,499	1,299	1,299	1,299
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	38,698	2,200		
72.98	Obligated balance, start of year: Fund balance	144,252	136,228	136,328	134,228
74.98	Obligated balance, end of year: Fund balance	−136,228	−136,328	−134,228	−132,128
78.00	*Adjustments in unexpired accounts*	−26,488			
90.00	Outlays	20,235	2,100	2,100	2,100

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.

Object Classification (in thousands of dollars)

Identification code 21-8420-0-8-051		1988 actual	1989 est.	1990 est.	1990 est.
22.0	Transportation of things	216	33	35	35
23.3	Communications, utilities, and miscellaneous charges	12,305	9,475	9,850	10,242
25.0	Other services: Other	78,118	65,988	63,672	66,571
26.0	Supplies and materials	18,085	16,280	17,043	17,672
31.0	Equipment	21,781	8,724	9,500	10,680
99.9	Total obligations	130,505	100,500	100,100	105,200

DEPARTMENT OF THE NAVY TRUST REVOLVING FUNDS

Program and Financing (in thousands of dollars)

Identification code 17-9981-0-8-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
02.22	Midshipmen's store, U.S. Naval Academy	21,232	22,500	25,840	26,270
02.23	Surcharge collections, sales of commissary stores, Navy	45,398	52,800	52,100	54,700
02.24	Surcharge collections, sales of commissary stores, Marine Corps	8,758	6,200	14,200	7,800
10.00	Total obligations	75,388	81,500	92,140	88,770
	Financing:				
14.00	Offsetting collections from: Non-Federal sources	−70,923	−80,900	−87,400	−90,530
21.98	Unobligated balance available, start of year: Fund balance	−27,751	−23,285	−22,685	−17,945
24.98	Unobligated balance available, end of year: Fund balance	23,285	22,685	17,945	19,705
39.00	**Budget authority**				
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	4,465	600	4,740	−1,760
72.98	Obligated balance, start of year: Fund balance	46,168	49,920	47,020	48,260
74.98	Obligated balance, end of year: Fund balance	−49,920	−47,020	−48,260	−43,000
90.00	Outlays	714	3,500	3,500	3,500
	Distribution of outlays by account:				
	Midshipmen's store, U.S. Naval Academy	371			
	Surcharge collections, sales of commissary stores, Navy	−1,270	2,500	2,500	2,500
	Surcharge collections, sales of commissary stores, Marine Corps	1,613	1,000	1,000	1,000

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.

Object Classification (in thousands of dollars)

Identification code 17-9981-0-8-051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	773	903	940	943
23.2	Rental payments to others	122	126	150	155
23.3	Communications, utilities, and miscellaneous charges	9,072	10,400	11,300	11,600
25.0	Other services: Other	14,987	16,174	17,301	17,701
26.0	Supplies and materials	21,494	23,785	27,799	28,346
31.0	Equipment	11,623	10,580	7,300	9,525
32.0	Land and structures	16,634	18,834	26,550	19,700
33.0	Investments and loans	508	523	500	500
41.0	Grants, subsidies, and contributions	175	175	300	300
99.9	Total obligations	75,388	81,500	92,140	88,770

DEPARTMENT OF THE AIR FORCE TRUST REVOLVING FUNDS

Program and Financing (in thousands of dollars)

Identification code 57-9982-0-8-051		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
02.25	Surcharge collections, sales of commissary stores, Air Force	120,922	124,800	119,400	122,800
02.26	Air Force cadet fund	42,504	43,000	44,500	46,000
10.00	Total obligations	163,426	167,800	163,900	168,800
	Financing:				
14.00	Offsetting collections from: Non-Federal sources	−165,418	−164,300	−175,800	−182,000
21.98	Unobligated balance available, start of year: Fund balance	−13,488	−14,346	−10,846	−12,346
24.98	Unobligated balance available, end of year: Fund balance	14,346	10,846	12,346	13,346
32.49	Balance of contract authority withdrawn	1,135		10,400	12,200
39.00	**Budget authority**				

	Relation of obligations to outlays:				
71.00	Obligations incurred, net	−1,192	3,500	−11,900	−13,200
	Obligated balance, start of year:				
72.49	Contract authority	31,454	30,319	30,319	19,919
72.98	Fund balance	26,080	29,456	23,656	12,856
	Obligated balance, end of year:				
74.49	Contract authority	−30,319	−30,319	−19,919	−7,719
74.98	Fund balance	−29,456	−23,656	−12,856	−2,556
90.00	Outlays	−4,227	9,300	9,300	9,300
	Distribution of outlays by account:				
	Surcharge collections, sales of commissary stores, Air Force	−3,995	10,000	10,000	10,000
	Air Force cadet fund	−232	−700	−700	−700

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.

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]

	1988 actual	*1989 est.*	*1990 est.*	*1991 est.*
Unfunded balance, start of year	31,454	30,319	30,319	19,919
Balance of contract authority withdrawn	−1,135		−10,400	−12,200
Unfunded balance, end of year	30,319	30,319	19,919	7,719

Object Classification (in thousands of dollars)

Identification code 57–9982–0–8–051		1988 actual	1989 est.	1990 est.	1991 est.
22.0	Transportation of things	20	20	20	20
23.3	Communications, utilities, and miscellaneous charges	17,766	13,239	11,225	11,693
25.0	Other services: Other	16,533	34,576	29,318	30,546
26.0	Supplies and materials	23,951	19,865	16,837	17,541
31.0	Equipment	11,720	9,000	10,000	10,000
32.0	Land and structures	50,932	48,100	52,000	53,000
44.0	Refunds	42,504	43,000	44,500	46,000
99.9	Total obligations	163,426	167,800	163,900	168,800

GENERAL PROVISIONS

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. 8002. During the current fiscal year *and the following fiscal year*, the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force, respectively, if they should deem it advantageous to the national defense, and if in their opinions the existing facilities of the Department of Defense are inadequate, are authorized to procure services in accordance with section 3109 of title 5, United States Code, under regulations prescribed by the Secretary of Defense, and to pay in connection therewith travel expenses of individuals, including actual transportation and per diem in lieu of subsistence while traveling from their homes or places of business to official duty stations and return as may be authorized by law: *Provided*, That such contracts may be renewed annually.

SEC. 8003. During the current fiscal year *and the following fiscal year*, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense.

SEC. 8004. The Secretary of Defense and each purchasing and contracting agency of the Department of Defense shall assist American small and minority-owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein, and by making available or causing to be made available to such businesses, information, as far in advance as possible, with respect to purchases proposed to be financed with funds appropriated under this Act, and by assisting small and minority business concerns to participate equitably as subcontractors on contracts financed with funds appropriated herein, and by otherwise advocating and providing small and minority business opportunities to participate in the furnishing of commodities and services financed with funds appropriated by this Act.

SEC. 8005. 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. 8006. No part of the appropriations in this Act shall be available for any expense of operating aircraft under the jurisdiction of the armed forces for the purpose of proficiency flying, as defined in Department of Defense Directive 1340.4, except in accordance with regulations prescribed by the Secretary of Defense. Such regulations (1) may not require such flying except that required to maintain proficiency in anticipation of a member's assignment to combat operations and (2) such flying may not be permitted in cases of members who have been assigned to a course of instruction of ninety days or more.

SEC. 8007. No part of any appropriation contained in this Act shall be available for expense of transportation, packing, crating, temporary storage, drayage, and unpacking of household goods and personal effects in any one shipment having a net weight in excess of eighteen thousand pounds.

SEC. 8008. 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 civilian components or summer camp training of the Reserve Officers' Training Corps, or the National Board for the Promotion of Rifle Practice, Army.

SEC. 8009. During the current fiscal year *and the following fiscal year*, the agencies of the Department of Defense may accept the use of real property from foreign countries for the United States in accordance with mutual defense agreements or occupational arrangements and may accept services furnished by foreign countries as reciprocal international courtesies or as services customarily made available without charge; and such agencies may use the same for the support of the United States forces in such areas without specific appropriation therefor.

In addition to the foregoing, agencies of the Department of Defense may accept real property, services, and commodities from foreign countries for the use of the United States in accordance with mutual defense agreements or occupational arrangements and such agencies may use the same for the support of the United States forces in such areas, without specific appropriations therefor: *Provided*, [That except as provided in 10 U.S.C. 2690, the foregoing authority shall not be available for the conversion of heating plants from coal to oil or coal to natural gas at defense facilities in Europe: *Provided further*,] That within thirty days after the end of each quarter the Secretary of Defense shall render to Congress and to the Office of Management and Budget a full report of such property, supplies, and commodities received during such quarter.

SEC. 8010. No part of any appropriation contained in this Act, except for small purchases in amounts not exceeding $25,000, shall be available for the procurement of any article or item of food, clothing, [tents, tarpaulins, covers,] cotton [and other natural fiber products], woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, [canvas products,] or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), [or any item of individual equipment manufactured from or containing such fibers, yarns, fabrics, or materials,] or specialty metals including stainless steel flatware, or hand or measuring tools, not grown, reprocessed, reused, or

produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that satisfactory quality and sufficient quantity of any articles [or items] of food[, individual equipment, tents, tarpaulins, covers,] or clothing or any form of cotton [or other natural fiber products], woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, [canvas products,] wool, or specialty metals including stainless steel flatware, grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of specialty metals or chemical warfare protective clothing produced outside the United States or its possessions when such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the United States Government or United States firms under approved programs serving defense requirements or where such procurement is necessary in furtherance of the standardization and interoperability of equipment requirements within NATO and the State of Israel so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act and with section 2457 of title 10, United States Code: *Provided further*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further, That upon a determination by the Secretary of Defense that such action is necessary in the national interest, nothing herein shall preclude the procurement of articles or items grown, reprocessed, reused, or produced in the Philippines, if such procurement is made in, or for use in, the area of responsibility of the Commander-in-Chief, Pacific (other than Alaska, Hawaii, or United States possessions): Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

SEC. 8011. During the current fiscal year *and the following fiscal year*, appropriations available to the Department of Defense for pay of civilian employees shall be available for uniforms, or allowances therefor, as authorized by section 5901 of title 5, United States Code.

SEC. 8012. No appropriation contained in this Act may be used to pay for the cost of legislative liaison activities of the Department of Defense in excess of [$15,000,000] *$14,700,000 during the current fiscal year and $15,300,000 during the following fiscal year*: *Provided*, That costs for military retired pay accrual shall be included within this limitation.

SEC. 8013. Of the funds made available by this Act for the services of the Military Airlift Command, $100,000,000 *during the current fiscal year and $100,000,000 during the following fiscal year* shall be available only for procurement of commercial transportation service from carriers participating in the civil reserve air fleet program; and the Secretary of Defense shall utilize the services of such carriers which qualify as small businesses to the fullest extent found practicable: *Provided*, That the Secretary of Defense shall specify in such procurement, performance characteristics for aircraft to be used based upon modern aircraft operated by the civil reserve air fleet.

(TRANSFER OF FUNDS)

SEC. 8014. 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 $3,000,000,000 *during the current fiscal year and $3,500,000,000 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.

SEC. 8015. 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 in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that transfers between a stock fund account and an industrial fund account 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 war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

[SEC. 8016. Except as provided in 10 U.S.C. 2690, none of the funds available to the Department of Defense in this Act shall be utilized for the conversion of heating plants from coal to oil or coal to natural gas at defense facilities in Europe.]

[SEC. 8017. Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 days in advance to the Committees on Appropriations and Armed Services of the Senate and House of Representatives.]

[SEC. 8018. No part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, 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 reprogramming is requested has been denied by the Congress.]

SEC. [8019] *8016*. None of the funds contained in this Act available for the Civilian Health and Medical Program of the Uniformed Services under the provisions for section 1079(a) of title 10, United States Code, shall be available for reimbursement of any physician or other authorized individual provider of medical care in excess of the lower of: (a) the eightieth percentile of the customary charges made for similar services in the same locality where the medical care was furnished, as determined for physicians in accordance with section 1079(h) of title 10, United States Code; or (b) the allowable amounts in effect during fiscal year 1988 increased to the extent justified by economic changes as reflected in appropriate economic index data similar to that used pursuant to title XVIII of the Social Security Act.

SEC. [8020] *8017*. No appropriation contained in this Act may be used to pay for the cost of public affairs activities of the Department of Defense in excess of [$51,600,000] *$49,200,000 during the current fiscal year and $51,100,000 during the following fiscal year*: *Provided*, That costs for military retired pay accrual shall be included within this limitation.

SEC. [8021] *8018*. None of the funds provided in this Act shall be available for the planning or execution of programs which utilize amounts credited to Department of Defense appropriations or funds pursuant to the provisions of section 37(a) of the Arms Export Control Act representing payment for the actual value of defense articles specified in section 21(a)(1)(A) of that Act: *Provided*, That such amounts shall be credited to the Special Defense Acquisition Fund, as authorized by law, or, to the extent not so credited shall be deposited in the Treasury as miscellaneous receipts as provided in section 3302(b) of title 31, United States Code.

SEC. [8022] *8019*. No appropriation contained in this Act shall be available to fund any costs of a Senior Reserve Officers' Training Corps unit—except to complete training of personnel enrolled in Military Science 4—which in its junior year class (Military Science 3) has for the four preceding academic years, and as of September 30, 1983, enrolled less than (a) seventeen students where the institution prescribes a four-year or a combination four- and two-year program; or (b) twelve students where the institution prescribes a two-year program: *Provided*, That, notwithstanding the foregoing limitation, funds shall be available to maintain one Senior Reserve Officers' Training Corps unit in each State and at each State-operated maritime academy: *Provided further*, That units under the consortium system shall be considered as a single unit for purposes of evaluation of productivity under this provision: *Provided further*, That enrollment standards contained in Department of Defense Directive 1215.8 for Senior Re-

serve Officers' Training Corps units, as revised during fiscal year [1981] *1985*, may be used to determine compliance with this provision, in lieu of the standards cited above.

SEC. [8023] *8020*. 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 *or, in the case of advance appropriations, the following fiscal year*, except for funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, [1990] *1991: Provided, That advance appropriations for the Reserve for Contingencies shall remain available until September 30, 1992.*

SEC. [8024] *8021*. None of the funds appropriated by this Act may be used to support more than 6,113 full-time and 1,570 part-time military personnel assigned to or used in the support of Morale, Welfare, and Recreation activities as described in Department of Defense Instruction 7000.12 and its enclosures, dated September 4, 1980.

SEC. [8025] *8022*. 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. [8026] *8023*. During the current fiscal year *and the following fiscal year*, the Department of Defense may enter into contracts to recover indebtedness to the United States pursuant to section 3718 of title 31, United States Code.

SEC. [8027] *8024*. 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. [8028] *8025*. None of the funds appropriated by this Act shall be available to provide medical care in the United States on an inpatient basis to foreign military and diplomatic personnel or their dependents unless the Department of Defense is reimbursed for the costs of providing such care: *Provided*, That reimbursements for medical care covered by this section shall be credited to the appropriations against which charges have been made for providing such care, except that inpatient medical care may be provided in the United States without cost to military personnel and their dependents from a foreign country if comparable care is made available to a comparable number of United States military personnel in that foreign country.

SEC. [8029] *8026*. None of the funds appropriated by this Act shall be obligated for the second career training program authorized by Public Law 96-347.

SEC. [8030] *8027*. None of the funds appropriated or otherwise made available in this Act shall be obligated or expended for salaries or expenses during the current fiscal year *or the following fiscal year* for the purposes of demilitarization of surplus nonautomatic firearms less than .50 caliber.

[SEC. 8031. None of the funds provided in this Act shall be available to initiate (1) a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year of the contract or that includes an unfunded contingent liability in excess of $20,000,000, or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year, unless the Committees on Appropriations and Armed Services of the Senate and House of Representatives have been notified at least thirty days in advance of the proposed contract award: *Provided*, That no part of any appropriation contained in this Act shall be available to initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government's liability: *Provided further*, That no part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for any systems or component thereof if the value of the multiyear contract would exceed $500,000,000 unless specifically provided in this Act: *Provided further*, That no multiyear procurement contract can be terminated without 10-day prior notification to the Committees on Appropriations and Armed Services of the House of Representatives and the Senate: *Provided further*, That the execution of multiyear authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement. Funds appropriated in title III of this Act may be used for multiyear procurement contracts as follows:

H-60 series helicopter engines;
CH-47 helicopter modifications;
Multiple Launch Rocket System;
AV-8B aircraft;
UHF follow-on satellite system;
Defense Meteorological Satellite;
F-16 aircraft;
AH-64 helicopters;
M-1 tank chassis;
TOW 2 Missile: *Provided*, That any requirement that a multiyear contract may not be entered into unless the anticipated cost over the period of the contract is not more than 88 percent of the average cost incurred for the same system procured under an annual contract shall not apply to multiyear contracts for TOW 2.]

SEC. [8032] *8028*. None of the funds appropriated by this Act which are available for payment of travel allowances for per diem in lieu of subsistence to enlisted personnel shall be used to pay such an allowance to any enlisted member in an amount that is more than the amount of per diem in lieu of subsistence that the enlisted member is otherwise entitled to receive minus the basic allowance for subsistence, or pro rata portion of such allowance, that the enlisted member is entitled to receive during any day, or portion of a day, that the enlisted member is also entitled to be paid a per diem in lieu of subsistence.

SEC. [8033] *8029*. None of the funds appropriated by this Act shall be available to approve a request for waiver of the costs otherwise required to be recovered under the provisions of section 21(e)(1)(C) of the Arms Export Control Act unless the Committees on Appropriations have been notified in advance of the proposed waiver.

SEC. [8034] *8030*. None of the funds in this Act may be used to transfer any article of military equipment or data related to the manufacture of such equipment to a foreign country prior to the approval in writing of such transfer by the Secretary of the military service involved.

SEC. [8035] *8031*. 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. 8036. None of the funds available to the Department of Defense in this Act shall be used by the Secretary of a military department to purchase coal or coke from foreign nations for use at United States defense facilities in Europe when coal from the United States is available.]

[SEC. 8037. None of the funds appropriated by this Act may be used to appoint or compensate more than 39 individuals in the Department of Defense in positions in the Executive Schedule (as provided in sections 5312-5316 of title 5, United States Code).]

SEC. [8038] *8032*. None of the funds appropriated by this Act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard, and Air National Guard occupied by, or programmed to be occupied by, a (civilian) military technician to a position to be held by a person in an active Guard or Reserve status if that conversion would reduce the total number of positions occupied by, or programmed to be occupied by, (civilian) military technicians of the component concerned, below 70,325: *Provided*, That none of the funds appropriated by this Act shall be available to support more than 47,292 positions in support of the Army Reserve, Army National Guard or Air National Guard occupied by, or programmed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in

computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.

[SEC. 8039. (a) The provisions of section 115(b)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1989 or with respect to the appropriation of funds for that year.]

[(b) During fiscal year 1989, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.]

[(c) The fiscal year 1990 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1990 Department of Defense budget request shall be prepared and submitted to the Congress as if subsections (a) and (b) of this provision were effective with regard to fiscal year 1990.]

SEC. [8040] *8033.* None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided,* That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further,* That nothing in this section shall prohibit the leasing of helicopters authorized by section 1463 of the Department of Defense Authorization Act of 1986.

SEC. [8041] *8034.* 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. 8042. No funds available to the Department of Defense during the current fiscal year may be used to enter into any contract with a term of eighteen months or more or to extend or renew any contract for a term of eighteen months or more, for any vessel, aircraft or vehicles, through a lease, charter, or similar agreement without previously having been submitted to the Committees on Appropriations of the House of Representatives and the Senate in the budgetary process: *Provided,* That any contractual agreement which imposes an estimated termination liability (excluding the estimated value of the leased item at the time of termination) on the Government exceeding 50 per centum of the original purchase value of the vessel, aircraft, or vehicle must have specific authority in an appropriation Act for the obligation of 10 per centum of such termination liability.]

SEC. [8043] *8035.* None of the funds made available by this Act shall be available to operate in excess of 245 commissaries in the contiguous United States.

SEC. [8044] *8036.* None of the funds provided in this Act shall be used to procure aircraft ejection seats manufactured in any foreign nation that does not permit United States manufacturers to compete for ejection seat procurement requirements in that foreign nation. This limitation shall apply only to ejection seats procured for installation on aircraft produced or assembled in the United States.

SEC. [8045] *8037.* 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. [8046] *8038.* None of the funds appropriated by this Act 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. [8047] *8039.* None of the funds made available by this Act shall be used to initiate full-scale engineering development of any major defense acquisition program until the Secretary of Defense has provided to the Committees on Appropriations of the House and Senate—

(a) a certification that the system or subsystem being developed will be procured in quantities that are not sufficient to warrant development of two or more production sources, or

(b) a plan for the development of two or more sources for the production of the system or subsystem being developed.

[SEC. 8048. None of the funds available to the Department of Defense may be used for the floating storage of petroleum or petroleum products except in vessels of or belonging to the United States.]

[SEC. 8049. Of the funds made available to the Department of the Air Force in this Act, not less than $11,749,000 shall be available for the Civil Air Patrol.]

SEC. [8050] *8040.* Funds available to the Department of Defense may be used by the Department of Defense for the use of helicopters and motorized equipment at Defense installations for removal of feral burros and horses.

SEC. [8051] *8041.* Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 403(a) 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 403(b) 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.

SEC. [8052] *8042.* 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. [8053] *8043.* It is the sense of the Congress that competition, which is necessary to enhance innovation, effectiveness, and efficiency, and which has served our Nation so well in other spheres of political and economic endeavor, should be expanded and increased in the provision of our national defense.

SEC. [8054] *8044.* None of the funds appropriated by this Act shall be available to pay a dislocation allowance pursuant to section 407 of title 37, United States Code, in excess of one month's basic allowance for quarters.

[SEC. 8055. None of the funds available to the Department of Defense shall be obligated or expended to contract out any activity currently performed by the Defense Personnel Support Center in Philadelphia, Pennsylvania: *Provided,* That this provision shall not apply after notification to the Committees on Appropriations of the House of Representatives and the Senate of the results of the cost analysis of contracting out any such activity.]

SEC. [8056] *8045.* 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. 8057. 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, 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 Administrator of Veterans' Affairs pursuant to section 2006(d) of title 10, United States Code; nor shall the Administrator pay such benefits to any such member.]

SEC. [8058] *8046.* Notwithstanding any other provision of law, during [fiscal year 1989] *the current fiscal year and the following fiscal year,* the Department of Defense shall conduct an expanded pilot project of providing home health care as part of an individualized case-managed range of benefits that may reasonably deviate from otherwise payable types, amounts and levels of care, in up to four

geographic areas containing no more than one-fourth of the Department's beneficiaries, for dependents entitled to health care under sections 1079 and 1086 of title 10, United States Code, with the patients selected from those with exceptionally serious, long-range, costly and incapacitating physical or mental conditions defined by the Secretary of Defense as likely to benefit from the range of demonstration benefits: *Provided,* That although the cost may be greater in a specific case, the net benefit cost to the Department of Defense shall not exceed that which could reasonably have been expected to occur in the absence of the demonstration: *Provided further,* That outside of the areas selected, the home health care pilot project as directed and implemented in fiscal years 1986 and 1987 shall be continued.

SEC. [8059] *8047.* 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. [8060] *8048.* 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. 8061. None of the funds appropriated by this Act shall be available to convert to contractor performance an activity or function of the Department of Defense that, on or after the date of enactment of this Act, is performed by more than ten Department of Defense civilian employees until a most efficient and cost-effective organization analysis is completed on such activity or function and certification of the analysis is made to the Committees on Appropriations of the House of Representatives and the Senate.]

SEC. [8062] *8049.* Upon a determination by the Secretary of Defense that such action will result in a more economical acquisition of automatic data processing equipment, funds provided in this Act under one appropriation account for the lease or purchase of such equipment may be transferred through the Automatic Data Processing Equipment Management Fund to another appropriation account in this Act for the lease or purchase of automatic data processing equipment to be merged with and to be available for the same purposes, and for the same time period, as the appropriation to which transferred: *Provided,* That within thirty days after the end of each quarter the Secretary of Defense shall report transfers made under this section to the Committees on Appropriations of the Senate and the House of Representatives: *Provided further,* That the authority to transfer funds under this section shall be in addition to any other transfer authority contained in this Act.

SEC. [8063] *8050.* Appropriations available to the Department of Defense during the current fiscal year *and the following fiscal year* shall be available, under such regulations as the Secretary of Defense may deem appropriate, to exchange or furnish mapping, charting, and geodetic data, supplies or services to a foreign country pursuant to an agreement for the production or exchange of mapping, charting, and geodetic data.

[SEC. 8064. None of the funds appropriated in this Act to the Department of the Army may be obligated for procurement of 120mm mortars or 120mm mortar ammunition manufactured outside of the United States: *Provided,* That this limitation shall not apply to procurement of such mortars or ammunition required for testing, evaluation, type classification or equipping the Army's Ninth Infantry Division (Motorized).]

SEC. [8065] *8051.* Appropriations made available to the Department of Defense by this Act may be used at sites formerly used by the Department of Defense for removal of unsafe buildings or debris of the Department of Defense: *Provided,* That such removal must be completed before the property is released from Federal Government control, other than property conveyed to State or local government entities or native corporations.

[SEC. 8066. None of the funds appropriated in this Act may be obligated or expended to carry out a program to paint any naval vessel with paint known as organotin or with any other paint containing the chemical compound tributyltin until such time as the Environmental Protection Agency certifies to the Department of Defense that whatever toxicity as generated by organotin paints as included in Navy specifications does not pose an unacceptable hazard to the marine environment: *Provided,* That the Navy may use these funds to paint aluminum-hulled craft as necessary, and, in addition, the Navy may paint no more than fifteen steel-hulled ships to conduct research as described in the "Navy Organotin Program Plan for Two Case Study Harbors".]

SEC. [8067] *8052.* Notwithstanding any other provision of law, funds available in this Act shall be available to the Department of Defense to grant civilian employees participating in productivity-based incentive award programs paid administrative time off in lieu of cash payment as compensation for increased productivity.

[SEC. 8068. None of the funds appropriated in this Act to the Department of the Army may be obligated for depot maintenance of equipment unless such funds provide for civilian personnel strengths at the Army depots performing communications-electronics depot maintenance at an amount above the strengths assigned to those depots on September 30, 1985: *Provided,* That the foregoing limitation shall not apply to civilian personnel who perform caretaker-type functions at these installations: *Provided further,* That nothing in this provision shall cause undue reductions of other Army depots, as determined by the Secretary of the Army.]

[SEC. 8069. (a) None of the funds made available by this Act to the Department of Defense may be used to procure the Federal Supply Classes of machine tools set forth in subsection (b) of this section, for use in any government-owned facility or property under control of the Department of Defense, which machine tools were not manufactured in the United States or Canada.]

[(b) The procurement restrictions contained in subsection (a) shall apply to Federal Supply Classes of metalworking machinery in categories numbered 3405, 3408, 3410–3419, 3426, 3433, 3438, 3441–3443, 3445, 3446, 3448, 3449, 3460, and 3461.]

[(c) When adequate domestic supplies of the classifications of machine tools identified in subsection (b) are not available to meet Department of Defense requirements on a timely basis, the procurement restrictions contained in subsection (a) may be waived on a case-by-case basis by the Secretary of the Service responsible for the procurement.]

[(d) Subsection (a) shall not apply to contracts which are binding as of the date of enactment of this Act.]

SEC. [8070] *8053.* 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 $1,100,000,000 expressed in fiscal year 1986 constant dollars to be exceeded].

[SEC. 8071. None of the funds appropriated in this Act may be obligated or expended for the procurement, modification, product-improvement, or production qualification or prove-out of the five inch semi-active laser guided projectile (Deadeye).]

SEC. [8072] *8054.* Except where specifically increased or decreased elsewhere in this Act, the restrictions contained within appropriations, or provisions affecting appropriations or other funds, available during [fiscal year 1989] *the current fiscal year or the following fiscal year,* limiting the amount which may be expended for personnel services, and including pay and allowances of military personnel and civilian employees, or for purposes involving personal services are hereby increased to the extent necessary to meet increased pay costs authorized by or pursuant to law.

SEC. [8073] *8055.* 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. [8074] *8056.* 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. 8075. (a) The Secretary of Defense shall conduct through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) a demonstration project on the treatment of alcoholism designed to compare the use of chemical aversion therapy with the use of other treatments. At the conclusion of the demonstration project, the Secretary shall submit to the Committees on Appropriations and Armed Services of the Senate and House of Representatives a report on the results of the project: *Provided,* That the demonstration project shall be conducted at only one location: *Provided further,* That coverage for chemical aversion therapy under this demonstration project is extended to those beneficiaries referred for such treatment by a physician, psychiatrist or psychologist recognized as an authorized provider under CHAMPUS.]

[(b) Until the report required by subsection (a) is submitted, the Secretary of Defense shall ensure that coverage of beneficiaries under section 1079(a) or 1086(a) of title 10, United States Code, shall continue under the provisions of subsection (a).]

[SEC. 8076. None of the funds appropriated by this Act shall be available for the operation and maintenance of contractor-owned, contractor-operated primary health care facilities unless the Department of Defense Inspector General agrees to conduct an inspection, audit and evaluation of these clinics.]

SEC. [8077] *8057.* 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. [8078. (a)] *8058.* 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.

[(b) Notwithstanding section 725 of Public Law 100-180, the preemption provisions of title 10, United States Code, chapter 55, section 1103, shall not be limited to contractual provisions relating to coverage of benefits, but shall apply to any and all contracts entered into pursuant to Solicitation Number MDA-903-87-R-0047 and shall preempt any and all State and local laws or regulations which relate to health insurance or to prepaid health care plans: *Provided further,* That any and all funds derived from contracts or subcontracts issued pursuant to this solicitation shall not be subject to any Hawaii State or local sales, general excise, or similar taxes imposed upon gross sales, gross income, or gross receipts, except to the extent that such taxes are uniformly imposed upon physicians, hospitals, and all similar direct providers of health care services.]

SEC. [8079] *8059.* None of the funds appropriated by this Act may be used by the Defense Logistics Agency 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. 8080. 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 the enactment of this Act, enlists in the armed services for less than three years; 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 Administrator of Veterans Affairs pursuant to section 2006(d) of title 10, United States Code, nor shall the Administrator pay such benefits to any such member: *Provided,* That these limitations shall not apply to members in combat arms skills.]

[SEC. 8081. 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 Administrator of Veterans Affairs from the Department of Defense Education Benefits Fund when the time spent as a full-time student is credited toward completion of a service commitment: *Provided,* That this provision shall not apply to those members who have reenlisted with this option prior to October 1, 1987: *Provided further,* That this provision applies to active components of the Army.]

[SEC. 8082. Funds appropriated or made available in this Act shall be obligated and expended to continue to fully utilize the facilities at the United States Army Engineer's Waterways Experiment Station, including the continued availability of the supercomputer capability and the planned upgrade of this capability: *Provided,* That none of the funds in this Act may be used to purchase any supercomputer which is not manufactured in the United States, unless the Secretary of Defense certifies to the Armed Services and Appropriations Committees of Congress that such an acquisition must be made in order to acquire capability for national security purposes that is not available from United States manufacturers: *Provided further,* That of the funds appropriated for "Other Procurement, Army" for fiscal year 1988, those funds provided for a supercomputer may only be obligated to purchase a system to be installed at a competitively selected independent academic institution: *Provided further,* That of the funds appropriated for "Other Procurement, Army" in fiscal year 1989, $27,400,000 shall be obligated to purchase a supercomputer system to be installed at the United States Army Engineer Waterways Experiment Station.]

[SEC. 8083. For the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119), the term program, project, and activity for appropriations contained in this Act shall be defined as the most specific level of budget items identified in the Department of Defense Appropriations Act, 1989, the accompanying House and Senate Committee reports, the conference report and accompanying joint explanatory statement of the managers of the Committee of Conference, the related classified annexes, and the P-1 and R-1 budget justification documents as subsequently modified by Congressional action: *Provided, however,* That the following exception to the above definition shall apply:

For the Military Personnel and the Operation and Maintenance accounts, the term "program, project, and activity" is defined as the appropriations accounts contained in the Department of Defense Appropriations Act.]

[SEC. 8084. (a) Of the funds appropriated to the Army, $109,895,000 shall be available only for the Reserve Component Automation System (RCAS): *Provided,* That none of these funds can be expended:

(1) except as approved by the Chief of the National Guard Bureau;

(2) unless RCAS resource management functions are performed by the National Guard Bureau;

(3) unless the RCAS contract source selection official is the Chief of the National Guard Bureau;

(4) to pay the salary of an RCAS program manager who has not been selected and approved by the Chief of the National Guard Bureau and chartered by the Chief of the National Guard Bureau and the Secretary of the Army;

(5) unless the Program Manager (PM) charter makes the PM accountable to the source selection official and fully defines his authority, responsibility, reporting channels and organizational structure;

(6) to pay the salaries of individuals assigned to the RCAS program management office, source selection evaluation board, and source selection advisory board unless such organizations are comprised of personnel chosen jointly by the Chiefs of the National Guard Bureau and the Army Reserve;

(7) to award a contract for development or acquisition of RCAS unless such contract is competitively awarded under procedures of OMB Circular A-109 for an integrated system consisting of software, hardware, and communications equipment and unless such contract precludes the use of Government furnished equipment, operating systems, and executive and applications software; and

(8) unless RCAS performs its own classified information processing.]

[(b) None of the funds appropriated or made available in this Act are available for procurement of Tactical Army Combat Service Support Computer Systems (TACCS) unless at least 50 percent of the TACCS computers procured with Army fiscal year 1989 funds are provided to the Reserve Component.]

[(c) None of the funds appropriated in this Act are available for procurement of mini- and micro-computers for the Army Reserve Component which duplicate functions to be included in the RCAS contract.]

[SEC. 8085. None of the funds provided for the Department of Defense in this Act may be obligated or expended for fixed price-type contracts in excess of $10,000,000 for the development of a major system or subsystem unless the Under Secretary of Defense for Acquisition determines, in writing, that program risk has been reduced to the extent that realistic pricing can occur, and that the contract type permits an equitable and sensible allocation of program risk between the contracting parties: *Provided,* That the Under Secretary may not delegate this authority to any persons who hold a position in the Office of the Secretary of Defense below the level of Assistant Secretary of Defense: *Provided further,* That at least thirty days before making a determination under this section the Secretary of Defense will notify the Committees on Appropriations of the Senate and House of Representatives in writing of his intention to authorize such

a fixed price-type developmental contract and shall include in the notice an explanation of the reasons for the determination.]

SEC. [8086] *8060.* 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. [8087] *8061.* Not to exceed $35,000,000 of the funds available to the Department of the Army during the current 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. 8088. From the amounts appropriated in this Act, funds shall be available for Naval Aviation Depots to perform manufacturing in order to compete for production contracts of Defense articles: *Provided*, That the Navy shall certify that successful bids between Naval Aviation Depots and private companies for such production contracts include comparable estimates of all direct and indirect costs: *Provided further*, That competitions conducted under this authority shall not be subject to section 502 of the Department of Defense Authorization Act, 1981, as amended, section 307 of the Department of Defense Authorization Act, 1985, or Office of Management and Budget Circular A-76.]

[SEC. 8089. None of the funds in this Act may be available for the purchase by the Department of Defense (and its departments and agencies) of welded shipboard anchor and mooring chain 4 inches in diameter and under manufactured outside the United States.]

[SEC. 8090. (a) None of the funds available to the Department of Defense shall be used to enter into any agreement or contract to convert a heating facility at military installations in Europe to district heat, direct natural gas, or other sources of fuel until ninety days after a study by the United States Departments of Defense, State, and Commerce on the economic benefits of using United States coal at defense installations in Europe is completed and forwarded to Members of Congress: *Provided*, That this study should determine the extent of, and justification for, the economic benefits accruing to the Soviet Union from all prior and anticipated conversions of United States military installations in Europe to district heat and direct natural gas systems which utilize Soviet-supplied natural gas: *Provided further*, That this study should also address the issues raised by the economic analysis prepared by the Ambassador at Large on burdensharing negotiations to be appointed by the President as delineated by subsection (c) of section 8125 of this Act: *Provided further*, That the study also include a review of the modernization plan for the needed updating of the heating systems in the Kaiserslautern military community and the usage of United States produced coal: *Provided further*, That this study should be completed no later than July 1, 1989.]

[(b) Notwithstanding subsection (a), funds available to the Department of Defense may be used to enter into an agreement or contract to convert a heating facility at military installations in Europe to district heat, direct natural gas, or other sources of fuel if the Secretary of Defense certifies in writing and provides a copy to the Committees on Appropriations of the House and Senate that such conversion is in the best interest of the Nation.]

[SEC. 8091. During the current fiscal year, notwithstanding any other provision of law, the Department of Defense shall exclude from diagnosis related groups regulations: (a) inpatient hospital services in a hospital whose patients are predominantly under 18 years of age and (b) such services in any hospital with respect to (1) discharges involving newborns and infants who are less than 29 days old upon admission (other than discharges classified to diagnosis related group 391), (2) discharges involving pediatric bone marrow transplants, (3) discharges involving children who have been determined to be HIV seropositive, and (4) discharges involving pediatric cystic fibrosis. The Department of Defense may include the hospital and neonatal services identified in subsections (a) and (b) in diagnosis related group regulations during fiscal year 1989 when the Department of Defense has adopted special measures to assure equitable and adequate payment for such services, such special measures including: (1) a "children's hospital differential" adjustment for each discharge of a CHAMPUS patient from a children's hospital that will assure that had the regulations been in effect for fiscal year 1988 they would have resulted in estimated aggregate CHAMPUS payments to children's hospitals not less than estimated aggregate CHAMPUS payments to such hospitals for discharges occurring during that fiscal year under the regulations in effect during fiscal year 1988 (recognizing that payments in subsequent years will vary based on volume, case mix intensity, and other factors); for a transitional period of three years the children's hospital differential will be computed on a hospital specific basis for children's hospitals with 50 or more CHAMPUS discharges in fiscal year 1988 and will be computed in aggregate for children's hospitals with less than 50 discharges in a year; (2) a children's hospital differential hold harmless provision, providing for retrospective and prospective corrections; (3) a special outlier policy for children's hospitals and neonatal services that combines the thresholds in effect under CHAMPUS DRG regulations for fiscal year 1988 with the higher marginal cost factors proposed by 53 Fed. Reg. 20580 (June 3, 1988); (4) a refinement to the DRGs for neonatal services to account for birthweight, surgery, and the presence of multiple, major, and other neonatal problems; (5) incorporation of annual updates to the classification features included in the regulation for neonatal services; (6) a provision for making interim payments for cases that are especially lengthy or expensive; and (7) a commitment to examine possible further uses of Pediatric Modified DRGs in the future: *Provided*, That the Department of Defense shall ensure that beneficiaries not be required to pay more in cost-shares under the foregoing exclusions than those which would have been imposed if the diagnosis related group system had been instituted: *Provided further*, That notwithstanding any other provision of law, appropriations available to the Department of Defense may be used to pay the difference between the cost-shares paid by beneficiaries under the foregoing and the billed charges for services covered by this provision.]

[PROHIBITION ON PURCHASE OF TOSHIBA PRODUCTS FOR RESALE IN MILITARY EXCHANGE STORES]

[SEC. 8092. (a) PROHIBITION.—During the three-year period beginning on the date of the enactment of this Act, no product manufactured or assembled by Toshiba America, Incorporated, or Toshiba Corporation (or any of its affiliates or subsidiaries) may be purchased by the Department of Defense for the purpose of resale of such product in a military exchange store or in any other morale, welfare, recreation, or resale activity operated by the Department of Defense (either directly or by concessionaire).]

[(b) EXCEPTION.—The prohibition in subsection (a) shall not apply to microwave ovens manufactured or assembled in the United States.]

[SEC. 8093. Notwithstanding any other provision of law, the Secretary of the Air Force shall, from existing prior year funds, make available $18,000,000 for the next generation trainer (F-109) engine over the next three-year period: *Provided*, That none of the funds may be obligated or expended until the Secretary of the Air Force submits a certification to the Committees on Appropriations which identifies a specific United States military requirement for the F-109 engine or which demonstrates that these funds can be fully recouped under a contractual arrangement with the manufacturer through commercial sales of the engine.]

[(TRANSFER OF FUNDS)]

[SEC. 8094. Notwithstanding any other provision of law, the Department of Defense may transfer prior year unobligated balances and funds appropriated in this Act to the operation and maintenance appropriations of the reserve components for the purpose of providing military technician pay the same exemption from sequestration set forth in the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119) as that granted the other military personnel accounts: *Provided*, That any transfer made pursuant to any use of the authority provided by this provision shall be limited so that the amounts reprogrammed to the operation and maintenance appropriations of the reserve components do not exceed the amounts sequestered under the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119): *Provided further*, That the authority to make transfers pursuant to this section is in addition to the authority to make transfers under other provisions of this Act: *Provided further*, That the Secretary of Defense may proceed with such transfer after notifying the Appropriations Committees of the House of Representatives and the Senate twenty legislative days before any such transfer of funds under this provision and if no objection is expressed within that twenty legislative day period.]

[SEC. 8095. None of the funds available to the Department of the Navy may be used to enter into any contract for the overhaul, repair, or maintenance of any naval vessel on the West Coast of the United

States which includes charges for interport differential as an evaluation factor for award.]

[SEC. 8096. No naval vessel or any vessel owned and operated by the Department of Defense homeported in the United States may be overhauled, repaired, or maintained in a foreign owned and operated shipyard located outside of the United States, except for voyage repairs.]

[SEC. 8097. None of the funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States Government may be obligated or expended during fiscal year 1989 to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance unless in accordance with the terms and conditions specified by section 104 of the Intelligence Authorization Act for fiscal year 1989.]

[SEC. 8098. During the current fiscal year and hereafter, appropriations available to the Department of Defense for operation and maintenance shall be available for payment of claims authorized by law to be paid by the Department of Defense (except for civil functions), including claims for damages arising under training contracts with carriers, and repayment of amounts determined by the Secretary concerned, or officers designated by him, to have been erroneously collected from military and civilian personnel of the Department of Defense, or from States, territories, or the District of Columbia, or members of the National Guard units thereof.]

[SEC. 8099. None of the funds provided in this Act may be obligated or expended for the procurement of LANDSAT or SPOT remote sensing data except by the Defense Mapping Agency, in its role as primary action office for such purchases by Department of Defense agencies and military departments.]

[SEC. 8100. None of the funds appropriated or made available by this Act may be obligated for any procurement or product improvement of the M30 (4.2 inch) heavy mortar, or for development or product improvement of 4.2 inch mortar ammunition.]

[SEC. 8101. The designs of the Army LHX helicopter, the Navy Advanced Tactical Aircraft, the Air Force Advanced Tactical Fighter, and any variants of these aircraft, must incorporate Joint Integrated Avionics Working Group standard avionics specifications no later than 1998.]

[SEC. 8102. Of the funds appropriated in fiscal year 1988 to the Navy for Project 7000, $7,000,000 shall be provided to the Air Force for Project Have Gaze.]

[SEC. 8103. (a) None of the funds appropriated or made available by this Act shall be expended to award a contract pursuant to a solicitation issued on or after the date of the enactment of this Act under the Department of Defense overseas fuel procurement programs, including procurements in American Samoa and Guam, to a contractor other than a United States firm: *Provided*, That the foregoing limitation shall not apply unless the United States firm—

(1) has a crude oil refining capacity of not more than 85,000 barrels a day;

(2) participates in the Department of Defense overseas fuel procurement program;

(3) agrees to the contract on the terms proposed by the foreign firm to which the contract would otherwise be awarded; and

(4) does not use processing agreements in order to fulfill the contract, although exchange agreements are specifically permitted.]

[(b) This provision shall not apply if the total cost of supplies offered by the United States firm, including transportation as specified in the solicitation, would exceed the total evaluated cost to the Government if the contract were awarded to the foreign firm.]

[(c) This provision shall not supersede any status of forces agreement and shall not apply to acquisitions subject to the Agreement on Government Procurement of 1979 and the Trade Agreements Act of 1979 (19 U.S.C. 2501-2582) and including acquisitions from countries designated under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701, et seq.).]

[(d) For the purpose of this section, the term "United States firm" means a corporation, partnership, association, joint stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States.]

[SEC. 8104. Not later than December 31, 1988, the Secretary of Defense shall submit to Congress a report on the causes and circumstances of all deaths of Navy personnel during Navy training since January 1, 1986, and on the actions taken by the Secretary of Defense and the Secretary of the Navy to prevent further such deaths.]

[ALLOWABILITY OF COSTS TO PROMOTE THE EXPORT OF DEFENSE PRODUCTS]

[SEC. 8105. (a) IN GENERAL.—Section 2324(f) of title 10, United States Code, is amended by adding at the end the following new paragraph:

"(5) The regulations shall provide that costs to promote the export of products of the United States defense industry, including costs of exhibiting or demonstrating products, shall be allowable to the extent that such costs—

"(A) are allocable, reasonable, and not otherwise unallowable;

"(B) with respect to the activities of the business segment to which such costs are being allocated, are determined by the Secretary of Defense to be likely to result in future cost advantages to the United States; and

"(C) with respect to a business segment which allocates to Department of Defense contracts $2,500,000 or more of such costs in any fiscal year of such business segment, are not in excess of the amount equal to 110 percent of such costs incurred by such business segment in the previous fiscal year.".]

[(b) REGULATIONS.—The Secretary of Defense shall prescribe final regulations under paragraph (5) of section 2324(f) of title 10, United States Code (as added by subsection (a)), not later than 90 days after the date of the enactment of this Act. Such regulations shall apply with respect to costs referred to in such paragraph that are incurred by a Department of Defense contractor (or a subcontractor of such a contractor) on or after the first day of the contractor's (or subcontractor's) first fiscal year that begins on or after the date on which such final regulations are prescribed.]

[(c) REPORT.—Not later than two years after the date of the enactment of this Act, the Comptroller General of the United States and the Inspector General of the Department of Defense shall each submit to the Committees on Armed Services and Appropriations of the Senate and House of Representatives a report that includes the following:

(1) An assessment of whether the regulations required by section 2324(f)(5) of title 10, United States Code (as added by subsection (a)), provide the appropriate incentives to stimulate exports by the United States defense industry and provide cost savings to the United States.

(2) An assessment of whether such regulations provide appropriate criteria to ensure that costs allowed are reasonably likely to provide future cost savings to the United States.]

[(d) TERMINATION.—Section 2324(f)(5) of title 10, United States Code (as added by subsection (a)), shall cease to be effective three years after the date of the enactment of this Act.]

[SEC. 8106. (a) Such sums as may be necessary for fiscal year 1989 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.]

[(b) Sums appropriated in title I of this Act, Military Personnel, are reduced by $150,000,000 which will be realized by absorbing a portion of the pay raise requirements.]

SEC. [8107] *8062.* Notwithstanding any other provision of law, the Secretary of Defense shall require that a provider of services under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) also provide services to members of the armed forces pursuant to section 1074(c), title 10, in accordance with the same reimbursement rules, subject to modifications deemed appropriate by the Secretary of Defense, as apply under CHAMPUS.

[SEC. 8108. Of the funds made available in this Act for military personnel appropriations, $2,000,000 shall be available for the payment of bonuses to officers of the Army Nurse Corps, the Navy Nurse Corps and officers designated as Air Force nurses. A bonus, in an amount not to exceed $3,000, may be paid, under such regulations and conditions as the Secretary of Defense deems appropriate, to such an officer: *Provided*, That the officer is on active duty under a call or order to active duty for a period of not less than one year: *Provided further*, That the officer is qualified and performing as an anesthetist: *And provided further*, That this provision shall not be effective unless specifically authorized.]

[SEC. 8109. None of the funds available to the Department of Defense shall be obligated or expended during fiscal year 1989 for the

purpose of converting the Naval Avionics Center, Indianapolis, the Naval Civil Engineering Laboratory, Port Hueneme, and the Naval Air Engineering Center, Lakehurst, from operation under the Navy Industrial Fund as authorized by 10 U.S.C. 2208 to operation as a direct appropriation financed authority.]

[(TRANSFER OF FUNDS)]

[SEC. 8110. Notwithstanding any other provision of law, during fiscal year 1989, the Secretary of Defense shall make available to the United States Coast Guard without reimbursement not less than $140,000,000 in supplies, fuel, training assistance, medical support, and other operational support, exclusive of administrative costs; and from funds made available in this Act, $60,000,000 shall be transferred to Coast Guard "Operating Expenses".]

[SEC. 8111. Of the funds appropriated by this Act, not more than $1,163,200,000 may be obligated for morale, welfare, and recreation activities: *Provided*, That nonappropriated funds may be used to reimburse appropriated funds for expenses of civilian employees employed on January 1, 1987, by revenue-generating recreation activities and such reimbursed expenses shall not be included in the dollar limitation of this section.]

[SEC. 8112. Notwithstanding any other provision of law, none of the funds made available by this Act shall be used by the Department of Defense to exceed, outside the fifty United States and the District of Columbia, 182,011 civilian workyears: *Provided*, That workyears shall be applied as defined in the Federal Personnel Manual Supplement 298-2, Book IV: *Provided further*, That workyears expended in dependent student hiring programs or hiring programs for disadvantaged youth shall not be included in this workyear limitation.]

[SEC. 8113. (a) No later than December 1, 1988, the Secretary of Defense shall submit to the Committees on Appropriations of the House and Senate, his evaluation of the Deputy Inspector General, Department of Defense, study team report titled "Review of Unified and Specified Command Headquarters, February 1988": *Provided*, That the evaluation shall specifically include a list of the report recommendations, by command, that the Secretary intends to implement and those recommendations that he does not intend to implement, together with the reasons for rejecting those recommendations not adopted.]

[(b) The Secretary shall provide for the implementation of those recommendations included in the list submitted under subsection (a) in the five-year defense program submitted to Congress for fiscal years 1990 through 1994 under section 114(g) of title 10, United States Code.]

[SEC. 8114. During the current fiscal year and thereafter, the Secretary of Defense shall notify the House and Senate Committees on Appropriations when salary increases granted to direct and indirect hire foreign national employees are at a rate in excess of the percentage pay increase authorized by law for civilian employees of the Department of Defense whose pay is computed under the provisions of section 5332 of title 5, United States Code, or at a rate in excess of the percentage increase provided to National Government employees of the host nation, whichever is higher.]

[(TRANSFER OF FUNDS)]

SEC. [8115] *8063*. In addition to any other transfer authority contained in this Act, amounts from [the Defense Stock Fund shall] *working capital funds may* be transferred to the Operation and Maintenance appropriations contained in 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*, That such transfers shall not [be less than $40,000,000 for Operation and Maintenance, Army Reserve; $40,000,000 for Operation and Maintenance, Air Force Reserve; $50,000,000 for Operation and Maintenance, Army National Guard; and $50,000,000 for Operation and Maintenance, Air National Guard: *Provided further*, That $80,000,000 may be transferred from the Navy Industrial Fund to Operation and Maintenance, Navy, to refund excess asset capitalization charges] *exceed $126,000,000 for Operation and Maintenance, Navy.*

[SEC. 8116. During the current fiscal year, the Secretary of Defense may exempt a patient from paying an amount required by section 1079(b)(1) or 1086(b)(3) of title 10, United States Code, if the hospital to which the patient is admitted does not impose a legal obligation on any of its patients to pay for inpatient care: *Provided*, That the Secretary of Defense may, upon request, make payments under section 1079 or 1086 of title 10, United States Code, for a charge for services (which shall not exceed the average amount paid for comparable services in the geographic area in which the hospital is located, or if no comparable services are available in that area, in an area similar to the area in which the hospital is located) for which a claim is submitted under a plan contracted for under section 1079(a) or 1086(a) of title 10, United States Code, to a hospital that does not impose a legal obligation on any of its patients to pay for such services: *Provided further*, That the Secretary of Defense shall periodically review the billing practices of each hospital the Secretary approves for payment under this section, to ensure that the hospital's practice of not billing patients for payment does not result in increased costs to the Government and the Secretary may require each hospital approved for payment under this section to provide evidence that it has sources of revenue to cover un-billed costs.]

[SEC. 8117. None of the funds appropriated by this or any other Act with respect to any fiscal year for the Navy may be used to carry out an electromagnetic pulse program in the Chesapeake Bay area in connection with the Electromagnetic Pulse Radiation Environment Simulator for Ships (EMPRESS) program unless or until the Secretary of Defense certifies to the Congress that conduct of the EMPRESS program is essential to the national security of the United States and to achieving requisite military capability for United States naval vessels, and that the economic, environmental, and social costs to the United States of conducting the EMPRESS program in the Chesapeake Bay area are far less than the economic, environmental, and social costs caused by conducting the EMPRESS program elsewhere.]

[SEC. 8118. Funds provided by this Act for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) may be used by the Office of CHAMPUS to conduct a pilot project to provide program modifications and efficiencies by amending up to two existing fiscal intermediary contracts: *Provided*, That the Secretary of Defense conducts a separate health care demonstration project, if it is in the best interests of the Government, in the New Orleans, Louisiana area (the area described in Solicitation Number MDA 903-87-R-0047) that uses a managed health care network, including health care enrollment (as provided for in section 1099, title 10, United States Code): *Provided further*, That the Secretary shall implement this demonstration project no later than September 30, 1989.]

SEC. [8119] *8064*. Notwithstanding section 213(b) of the Joint Chiefs of Staff Reorganization Act of 1985 or any other provision of law, none of the funds in this or any other Act may be used to alter the command structure for military forces in Alaska.

[SEC. 8120. Notwithstanding any other provision of law, each contract awarded by the Department of Defense in fiscal year 1989 for construction or service performed in whole or in part in a State which is not contiguous with another State and has an unemployment rate in excess of the national average rate of unemployment as determined by the Secretary of Labor shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract in such State that is not contiguous with another State, individuals who are residents of such State and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills: *Provided*, That the Secretary of Defense may waive the requirements of this section in the interest of national security.]

[SEC. 8121. No more than $183,179,000 of the funds appropriated by this Act shall be available for the payment of unemployment compensation benefits.]

[SEC. 8122. None of the funds appropriated by this Act shall be used for the support of any nonappropriated fund activity of the Department of Defense that procures malt beverages and wine with nonappropriated funds for resale (including such alcoholic beverages sold by the drink) on a military installation located in the United States, unless such malt beverages and wine are procured in that State, or in the case of the District of Columbia, within the District of Columbia, in which the military installation is located: *Provided*, That in a case in which the military installation is located in more than one State, purchases may be made in any State in which the installation is located: *Provided further*, That such local procurement requirements for malt beverages and wine shall apply to all alcoholic beverages for military installations in States which are not contiguous with another State: *Provided further*, That alcoholic beverages other than wine and malt beverages in contiguous States and the District of Columbia shall be procured from the most competitive source, price and other factors considered.]

[SEC. 8123. Whereas the Congress supports the President's goal of reducing United States and Soviet conventional forces in Europe and reducing United States and Soviet strategic nuclear forces;

Whereas it is important the Congress and the President be in agreement on United States national security goals and objectives in order for the United States to be in the strongest possible position to negotiate with the Soviet Union future reductions in conventional and strategic nuclear forces;

Whereas the Congress strongly opposes the undercutting of these arms reduction negotiations by either the United States or the Soviet Union through unnecessary military initiatives or counter-productive arms control proposals;

Whereas no decision has been made on the development or deployment of strategic defenses:

Therefore, it is the sense of the Congress that—

(1) in order to maintain the basis for strong deterrence, the Strategic Defense Initiative (SDI) should be a long-term and robust research program to provide the United States with expanded options for responding to a Soviet breakout from the 1972 Anti-Ballistic Missile Treaty and to respond to other future Soviet arms initiatives that might pose a grave threat to United States national security;

(2) by expanding potential United States strategic options the SDI research program can enhance United States leverage in the United States-Soviet arms reduction negotiations and serve as a safeguard for ensuring that negotiated agreements are kept;

(3) future research plans and budgets for SDI must be established using realistic projections of available resources in the overall defense budget and must not undercut other important Department of Defense programs; and

(4) in matching research priorities against available resources, the primary emphasis of SDI should be to explore promising new technologies, such as directed energy technologies, which might have long-term potential to defend against a responsive Soviet offensive nuclear threat.]

[SEC. 8124. (a) If a reduction in variable housing allowance (VHA) rates was required subsequent to January 1, 1988, to comply with section 8047 of the Department of Defense Appropriations Act, 1988, a member of the uniformed services who received reduced rates and who, on the effective date of this Act, is still a member of the uniformed services, shall be paid the difference between the VHA rate as reduced subsequent to January 1, 1988, and the VHA rate to which the member would have been entitled under the rates established on January 1, 1988: *Provided*, That such payments shall be made from appropriations provided by this Act.]

[(b) None of the funds appropriated to the Department of Defense by this or any other Act for fiscal year 1989 shall be available to pay the variable housing allowance authorized members of the uniformed services under section 403a of title 37, United States Code, and the payments authorized by subsection (a) of this section in a total amount in excess of $1,220,000,000: *Provided*, That any reduction in the rates of the variable housing allowance necessitated by the foregoing limitation shall be made as provided in section 403a of title 37, United States Code.]

[SEC. 8125. (a)(1) Not later than March 1, 1989, the Secretary of Defense shall submit to Congress a report on the assignment of military missions among the member countries of North Atlantic Treaty Organization (NATO) and on the prospects for the more effective assignment of such missions among such countries.

(2) The report shall include a discussion of the following:

(A) The current assignment of military missions among the member countries of NATO.

(B) Military missions for which there is duplication of capability or for which there is inadequate capability within the current assignment of military missions within NATO.

(C) Alternatives to the current assignment of military missions that would maximize the military contributions of the member countries of NATO.

(D) Any efforts that are underway within NATO or between individual member countries of NATO at the time the report is submitted that are intended to result in a more effective assignment of military missions within NATO.]

[(b) The Secretary of Defense and the Secretary of State shall (1) conduct a review of the long-term strategic interests of the United States overseas and the future requirements for the assignment of members of the Armed Forces of the United States to permanent duty ashore outside the United States, and (2) determine specific actions that, if taken, would result in a more balanced sharing of defense and foreign assistance spending burdens by the United States and its allies. Not later than August 1, 1989, the Secretary of Defense and the Secretary of State shall transmit to Congress a report containing the findings resulting from the review and their determinations.]

[(c) The President shall appoint an Ambassador at Large responsible to the President who shall have the responsibility for ensuring a more balanced sharing of defense costs by the NATO members, Japan, the Republic of Korea, and other countries allied to the United States. Such responsibilities shall include negotiations for burdensharing including increased in-kind and financial support by such countries for Department of Defense military units and personnel assigned to permanent duty ashore outside the United States in support of the security of such countries, and multi-lateral foreign assistance costs: *Provided*, That the Ambassador at Large should review (1) trade restrictions that require German utilities to purchase German-produced coal to the exclusion of foreign coal, including United States coal, and (2) the extent to which the tax on electricity used to subsidize German coal producers is borne by American military installations, American military dependents, or American civilians who support our military installations. The Ambassador at Large should prepare an economic analysis on the comparison of using German versus United States coal at defense facilities in Europe. This analysis should address the issues of all direct subsidies provided on German coal and restrictions imposed on imported coal and should be submitted to the Department of Defense, State, and Commerce for use in their study on the economic benefits of using coal at defense facilities in Europe.]

[(d) The President shall specify (separately by appropriation account) in the Department of Defense items included in the budgets submitted to Congress under section 1105 of title 31, United States Code, for fiscal years after fiscal year 1989 the amounts necessary for payment of all personnel, operations, maintenance, facilities, and support costs for Department of Defense overseas military units, and the costs for all dependents who accompany Department of Defense personnel outside the United States.]

[(e) Not later than May 1, 1989, the Secretary of Defense shall submit to the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives a report that sets forth the total costs required to support the dependents who accompany Department of Defense personnel assigned to permanent duty overseas.]

[(f) As of September 30 of each fiscal year after fiscal year 1989, the number of members of the Armed Forces on active duty assigned to permanent duty ashore in Japan and the Republic of Korea may not exceed 94,450 (the number of members of the Armed Forces on active duty assigned to permanent duty ashore in Japan and the Republic of Korea on September 30, 1987). The limitation provided for the preceding sentence may be increased if and when a major reduction of United States forces in the Republic of the Philippines is required because of a loss of basing rights in that nation, and the President determines and certifies to Congress that, as a consequence of such loss, an increase in United States forces stationed in Japan and the Republic of Korea is necessary.]

[(g)(1) After fiscal year 1990, Department of Defense budget submissions to Congress under section 1105 of title 31, United States Code, shall identify funds requested for Department of Defense personnel and units in permanent duty stations ashore outside the United States that exceed the amount of such costs incurred in fiscal year 1989, and shall detail: (A) a description of the types of expenditures increased, by appropriation account, activity and program; and (B) specific efforts to obtain allied host nations' financing for these cost increases.

(2) The Secretary of Defense shall notify in advance the Committees on Appropriations and Armed Services of the House and Senate through existing notification procedures, when costs of maintaining Department of Defense personnel and units in permanent duty stations ashore will exceed the amounts as defined in the Department of Defense budget as enacted for that fiscal year. Such notification shall describe: (A) the type of expenditures that increased; and (B) the source of funds (including prior year unobligated balances) by appropriation account, activity and program, proposed to finance these costs.

(3) In computing the costs incurred for maintaining Department of Defense personnel and forces in permanent duty stations ashore out-

side the United States compared with the amount of such costs incurred in fiscal year 1989, the Secretary shall—

(A) exclude increased costs resulting from increases in the rates of pay provided for members of the Armed Forces and civilian employees of the United States Government and exclude any cost increases in supplies and services resulting from inflation; and

(B) include (i) the costs of operation and maintenance and of facilities for the support of Department of Defense overseas personnel, and (ii) increased costs resulting from any decline in the foreign exchange rate of the United States dollar.]

[(h) The provisions of subsections (f) and (g) shall not apply in time of war or during a national emergency declared by the President or Congress.]

[(i) In this section—

(1) the term "personnel" means members of the Armed Forces of the United States and civilian employees of the Department of Defense;

(2) the term "Department of Defense overseas personnel" means those Department of Defense personnel who are assigned to permanent duty ashore outside the United States; and

(3) the term "United States" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.]

[SEC. 8126. The Secretary of Defense shall take such action as may be necessary to implement at the earliest practicable date and with funds provided for such purposes under the heading "Army Stock Fund" in title V of this Act, the program proposed by the Department of Defense in a letter, dated August 30, 1985, from the Assistant Secretary of Defense for Acquisition and Logistics to rehabilitate and convert current steam generating plants at defense facilities in order to achieve a coal consumption target of 1,600,000 short tons of coal per year (including at least 300,000 short tons of anthracite coal) above current consumption levels at Department of Defense facilities in the United States by fiscal year 1994: *Provided*, That such action shall be subject to use of only the most cost-effective fuel system in the construction of new plants or the conversion of existing plants; however, this cost-effectiveness requirement is not applicable to a comparison between bituminous and anthracite coal: *Provided further*, That the requirement to purchase 300,000 short tons of anthracite coal expressed in the Department of Defense Appropriations Act, 1988, section 8113, must be complied with: *Provided further*, That, if the Department does not execute contracts to purchase the anthracite coal mandated in the fiscal year 1988 Defense Appropriations Act by September 30, 1988, it shall use such funds as are necessary from appropriations made available in this Act to complete this purchase.]

[SEC. 8127. (a) Not more than $3,000,000 of the funds appropriated in this Act may be used to carry out the provisions of section 430 of title 37, United States Code.]

[(b) Of the amount appropriated in this Act for Other Procurement, Air Force, the sum of $18,200,000 may be obligated only for the procurement of 20 Mobile Armored Reconnaissance Vehicles (MARV).]

[(TRANSFER OF FUNDS)]

[SEC. 8128. Of the funds made available by this Act to the Department of the Army, $5,500,000 shall be transferred to the Bureau of Land Management for the relocation of the smokejumper facility at Ft. Wainwright, Alaska: *Provided*, That such sum shall remain available until expended.]

[(TRANSFER OF FUNDS)]

[SEC. 8129. 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, but shall be available only for the time period of the appropriation from which transferred: *Provided further*, That funds shall be transferred between the following appropriations in the amounts specified:

(1) From:

Under the heading, "Shipbuilding and Conversion, Navy, 1985/89":

Trident submarine program, $89,200,000;

T-ACS auxiliary crane ship program, $500,000; and

Outfitting and Post Delivery programs, $7,200,000;

Aircraft Procurement, Navy, 1987/89, $28,000,000;

Research, Development, Test, and Evaluation, Navy, 1988/89, $40,000,000; and

Research, Development, Test, and Evaluation, Air Force, 1988/89, $31,000,000;

To: Under the heading, "Shipbuilding and Conversion, Navy, 1985/89":

T-AO fleet oiler ship program, $54,400,000;

MCM mine countermeasures ship program, $30,500,000;

DDG–51 guided missile destroyer program, $105,000,000;

T-AGS ocean survey ship program, $6,000,000;

(2) Under the heading, "Shipbuilding and Conversion, Navy, 1986/90":

From: TRIDENT ballistic missile submarine program, $8,900,000;

To: Mine countermeasures ship program, $8,900,000; and

(3) From:

Aircraft Procurement, Army, 1987/89, $14,800,000;

Missile Procurement, Army, 1987/89, $75,200,000;

Weapons and Tracked Combat Vehicles, Army, 1987/89, $77,600,000;

Other Procurement, Army, 1987/89, $43,100,000;

Weapons Procurement, Navy, 1987/89, $71,900,000;

Other Procurement, Navy, 1987/89, $99,900,000;

Other Procurement, Navy, 1988/90, $10,000,000;

Coastal Defense Augmentation, 1988, $20,000,000;

Aircraft Procurement, Air Force, 1987/89, $110,500,000;

Missile Procurement, Air Force, 1987/89, $103,000,000;

Other Procurement, Air Force, 1987/89, $32,500,000;

National Guard and Reserve Equipment, 1988/90, $82,300,000;

Research, Development, Test, and Evaluation, Army, 1988/89, $10,000,000;

Research, Development, Test, and Evaluation, Air Force, 1988/89, $5,300,000;

To: Under the heading, "Shipbuilding and Conversion, Navy, 1987/91":

DDG–51 destroyer program, $666,000,000;

SSN–688 attack submarine program, $68,600,000;

AO conversion program, $8,000,000;

For craft outfitting and post delivery, $13,500,000; and

(4) From: National Guard and Reserve Equipment, 1988/90, $110,700,000;

To: Other Procurement, Navy, 1989/91, $110,700,000.]

[(INCLUDING TRANSFER OF FUNDS)]

[SEC. 8130. In addition to the amounts appropriated or otherwise made available to this Act, $438,800,000 is appropriated for the DDG–51 destroyer program, and in addition, $349,200,000 shall be available by transfer for this program from the following appropriations: Aircraft Procurement, Army, 1988/90, $30,000,000; Missile Procurement, Army, 1988/90, $3,800,000; Weapons and Tracked Combat Vehicles, Army, 1988/90, $71,500,000; Aircraft Procurement, Navy, 1988/90, $61,700,000; Shipbuilding and Conversion, Navy, 1988/92, $126,300,000; Other Procurement, Navy, 1988/90, $53,900,000; and Other Procurement, Air Force, 1988/90, $2,000,000: *Provided*, That the amounts transferred shall remain available for obligation only for the time period provided when originally appropriated.]

[SEC. 8131. (a) Of the funds made available in this Act to the Department of the Navy, $6,000,000 shall only be available for dredging and emplacement of a portion of dredge material at the critical zone Sandy Hook, New Jersey.]

[(b) Under the heading entitled "construction, general", in the Energy and Water Development Appropriations Act of 1988, title I (Public Law 100–202; 101 Stat. 1329, 1329–108), amend the paragraph that begins "The Secretary of the Army" and deals with Saxon Harbor, Wisconsin, by deleting the words "wood cribs as".]

[(c) Section 628 of "An Act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President and certain independent agencies, for the fiscal year ending September 30, 1989, and for other purposes", is hereby amended to add the following at the end thereof:

"(c) This section shall be effective on January 16, 1989.".]

[SEC. 8132. In applying any rule of statutory construction, the provisions of titles I through IX of this Act shall be deemed to have been enacted after the provisions of the Department of Defense Authorization Act, fiscal year 1989 as set forth in title X of this Act or as set forth in H.R. 4481 (regardless of the actual dates of enactment concerned).]

[SEC. 8133. The Secretary of Defense shall take such action as necessary to assure that a minimum of 50 percent of the polyacrylonitrile (PAN) carbon fiber requirement be procured from domestic sources by 1992: *Provided*, That the annual goals to achieve this

requirement be as follows: 15 percent of the total DOD requirement by 1988; 15 percent of total DOD requirement by 1989; 20 percent of the total DOD requirement by 1990; 25 percent of the total DOD requirement by 1991; and 50 percent of the total DOD requirement by 1992.]

[SEC. 8134. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $30,000,000. The Secretary of Defense shall allocate the amount of the reduction made by the preceding sentence in the procurement and research, development, test, and evaluation accounts of the Army, Navy, Air Force, Marine Corps, and Defense Agencies as the Secretary determines appropriate to reflect savings resulting from increased use of discount air fares that (1) are granted by commercial air carriers for travel of Federal Government employees on official Government business under agreements entered into between the Administrator of General Services and such carriers, and (2) are available to contractor personnel traveling in connection with the performance of cost-reimbursable contracts awarded by the Department of Defense.]

[SEC. 8135. None of the funds made available to the Department of Defense in this Act may be used to plan, design, or procure more than one type of Air Force trainer aircraft.]

[SEC. 8136. When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state (1) the percentage of the total cost of the program or project which will be financed with Federal money, and (2) the dollar amount of Federal funds for the project or program.]

[SEC. 8137. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $150,000,000 to reflect savings resulting from the decreased use of consulting services by the Department of Defense. The Secretary of Defense shall allocate the amount reduced in the preceding sentence and not later than March 1, 1989, report to the Senate and House Committees on Appropriations how this reduction was allocated among the Services and Defense Agencies.]

SEC. [8138] *8065.* 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.

[SEC. 8139. Section 3554 of title 31, United States Code, is amended in subsection (a)(1), by striking out "unless the Comptroller General determines and states in writing the reasons that the specific circumstances of the protest require a longer period".]

[SEC. 8140. Section 2345 of the Military Construction Act, 1988 and 1989 (division B of Public Law 100-180; 101 Stat. 1230), is amended to read as follows:]

["SEC. 2345. USE OF SEWAGE FACILITIES AT FORT CHAFFEE, ARKANSAS]

["(a) IN GENERAL.—The Secretary of the Army shall permit the City of Barling, Arkansas, to use the sewage treatment facilities at Fort Chaffee under an agreement that would require the city to pay a reasonable cost for the use of such facilities and to pay any reasonable costs incurred by the Army in increasing the capacity of the sewage treatment facilities at Fort Chaffee in order to accommodate the use of such facilities by the city. An agreement entered into under this section shall be for such period, not less than 20 years, as may be agreed upon by the Secretary and the city.]

["(b) REQUIREMENT FOR COMPLETION OF ALL ASSESSMENTS, STUDIES, AND REPORTS.—(1) The Secretary of the Army shall complete all necessary environmental assessments, studies, and reports and all baseline studies that may be required in connection with the increased use and expansion of the sewage treatment facilities at Fort Chaffee as a result of the enactment of this section not later than 120 days after the date of the enactment of this Act.

"(2) The city shall be required to reimburse the United States for all costs incurred by the Secretary in carrying out such assessments, studies, and reports. Such costs shall be amortized over the period of the agreement entered into by the Secretary and the city pursuant to subsection (a).]

["(c) DEADLINE FOR AGREEMENT.—The Secretary shall enter into negotiations with the City of Barling at the earliest practicable date after the date of the enactment of this Act regarding the use of the sewage treatment facilities at Fort Chaffee and shall make every effort to conclude negotiations and sign an agreement with the city not later than 150 days after the date of the enactment of this Act.]

["(d) ADDITIONAL TERMS AND CONDITIONS.—Any agreement entered into under this section shall be subject to such other terms and conditions as the Secretary of the Army determines necessary or appropriate to protect the interests of the United States.".]

[SEC. 8141. (a) Not later than 90 days after the date of enactment of this Act, the Administrator of the Office of Federal Procurement Policy shall issue a policy, and not later than 180 days thereafter Government-wide regulations shall be issued under the Office of Federal Procurement Policy Act which set forth—

(1) conflict of interest standards for persons who provide consulting services described in subsection (b); and

(2) procedures, including such registration, certification, and enforcement requirements as may be appropriate, to promote compliance with such standards.]

[(b) The regulations required by subsection (a) shall apply to the following types of consulting services:

(1) advisory and assistance services provided to the Government to the extent necessary to identify and evaluate the potential for conflicts of interest that could be prejudicial to the interests of the United States;

(2) services related to support of the preparation or submission of bids and proposals for Federal contracts to the extent that inclusion of such services in such regulations is necessary to identify and evaluate the potential for conflicts of interest that could be prejudicial to the interests of the United States; and

(3) such other services related to Federal contracts as may be specified in the regulations prescribed under subsection (a) to the extent necessary to identify and evaluate the potential for conflicts of interest that could be prejudicial to the interests of the United States.]

[(c) The Comptroller General shall report to Congress not later than one year after the date of enactment of this Act his assessment of the effectiveness of the regulations prescribed under this section.]

[(d) Intelligence activities as defined in section 3.4(e) of Executive Order 12333 or a comparable definitional section in any successor order may be exempt from the regulations required by subsection (a): *Provided,* That the Director of Central Intelligence shall report to the Intelligence and Appropriations Committees of the Congress no later than January 1, 1990, and annually thereafter delineating those activities and organizations which have been exempted from the regulations required by subsection (a) in accordance with the provisions of this subsection.]

[(e) The President shall, before issuance of the regulations required by subsection (a), determine if the promulgation of such regulations would have a significantly adverse effect on the accomplishment of the mission of the Department of Defense or other Federal Government agencies: *Provided,* That if the President determines that the regulations required by subsection (a) would have such an adverse effect, the President shall so report to the appropriate committees of the Senate and the House of Representatives, stating in full the reasons for such a determination: *Provided further,* That in the event of submission of a report to the committees containing an adverse effect determination, the requirement for the regulations prescribed by subsection (a) shall be null and void.]

[SEC. 8142. (a) Of the amounts available to the Department of Defense for fiscal year 1989, not less than $10,000,000 shall be available for National Defense Science and Engineering Graduate Fellowships to be awarded on a competitive basis by the Secretary of De-

fense to United States citizens or nationals pursuing advanced degrees in fields of primary concern and interest to the Department.]

[(b) Fellowships awarded pursuant to subsection (a) above shall not be restricted on the basis of the geographical locations in the United States of the institutions at which the recipients are pursuing the aforementioned advanced degrees.]

[(c) Not less than 50 per centum of the funds necessary to carry out this section shall be derived from the amounts available for the University Research Initiative Program in "Research, Development, Test, and Evaluation, Defense Agencies", and the balance necessary shall be derived from amounts available for Defense Research Sciences under title IV of this Act.]

[SEC. 8143. Of the amounts available for obligation for research, development, test, and evaluation, no more than $2,500,000 shall be made available in equal amounts to the Army and the Air Force for the testing and evaluation of low-profile antenna systems for ground level communications: *Provided*, That whatever total amount made available by this section shall only be available if it is matched on an equal basis by any industrial participant in the testing and evaluation: *Provided further*, That the Secretary of the Army and the Secretary of the Air Force shall report the result of these tests and evaluation to the Committees on Appropriations of the Senate and House of Representatives by June 30, 1989.]

[SEC. 8144. (a) The Congress finds that—

(1) the armed forces of the Soviet Union have waged a brutal war of conquest against the people of Afghanistan for 8 years;

(2) foreign correspondents attempting to cover the war in Afghanistan have always been subject to extreme danger;

(3) the danger to foreign correspondents became even greater in 1984 when the Soviet Ambassador to Pakistan explicitly threatened foreign journalists entering Afghanistan in he company of the Afghan resistance, known as the mujaheddin;

(4) on September 19, 1985, Charles E. Thornton, a medical reporter for the Arizona Republic, was killed by Soviet troops while preparing a story about volunteer doctors in Afghanistan;

(5) on October 9, 1987, Lee Shapiro, of North Bergen, New Jersey, and Jim Lindelof, of California, were ambushed and murdered by Soviet troops while filming a documentary on the war in Afghanistan;

(6) the statements of Abdul Malik, the Afghan interpreter and guide who accompanied Lee Shapiro and Jim Lindelof and who witnessed their deaths, demonstrate that the two Americans were strafed by helicopter gunships of the Soviet Union and shot by Soviet soldiers who then confiscated their equipment and film; and

(7) Charles E. Thornton, Lee Shapiro, and Jim Lindelof displayed great courage by facing the perils of war and the lethal threat directed against correspondents and ultimately gave their lives to inform the world of the struggle for liberty taking place in Afghanistan.]

[(b) It is the sense of the Congress that the President should posthumously award the Presidential Medal of Freedom to Charles E. Thornton, Lee Shapiro, and Jim Lindelof in honor of their brave efforts to document the Afghan struggle for freedom.]

SEC. 8066. 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, 1989: 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 on budgetary estimates rather than accounting records: Provided further, That no later than the end of the second fiscal year following the fiscal year appropriations made to the Department of Defense have expired for obligation, unobligated balances of such appropriations may be transferred into 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.

SEC. 8067. During the current fiscal year and hereafter, as authorized by section 207(a)(2)(B) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526), and subject to the conditions specified in such section for making deposits into the Defense Base Closure Account, the Secretary of Defense may deposit, from appropriations for Operation and Maintenance; Procurement; Research, Development, Test and Evaluation; and Military Construction which remain available for obligation, such amounts which represent savings or cost avoidance at military installations closed, realigned, or identified for closure or realignment under the Act as may be necessary for incurring authorized obligations and making expenditures from the account: Provided, That appropriations deposited into the account under this section shall be merged with and be available for the same purposes, and for the same time period, as funds in the account. (Department of Defense Appropriations Act, 1989.)

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. No part of the funds appropriated in this Act for dredging in the Indian Ocean may be used for the performance of the work by foreign contractors: *Provided*, That the low responsive and responsible bid of a United States contractor does not exceed the lowest responsive and responsible bid of a foreign contractor by greater than 20 per centum.

SEC. 110. 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. 111. No part of the funds appropriated in this Act may be used to pay the compensation of an officer of the Government of the United States or to reimburse a contractor for the employment of a person for work in the continental United States by any such person if such person is an alien who has not been lawfully admitted to the United States.]

[SEC. 112. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.]

SEC. [113] *111.* None of the funds in this Act may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations.

[SEC. 114. None of the funds appropriated in this Act may be obligated for architect and engineer contracts estimated by the Government to exceed $500,000 for projects to be accomplished in Japan or in any NATO member country, unless such contracts are awarded to United States firms or United States firms in joint venture with host nation firms.]

SEC. [115] *112.* 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.

[SEC. 116. Secretary of Defense is to inform the Committees on Appropriations and Committees on Armed Services of the plans and scope of any proposed military exercise involving United States personnel 30 days prior to its occurring, if amounts expended for construction, either temporary or permanent, are anticipated to exceed $100,000.]

(TRANSFER OF FUNDS)

SEC. [117] *113.* 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 [fiscal year 1989] *the current fiscal year or 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. [118] *114.* 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. [119] *115.* 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 Hundredth] *One Hundred-first* Congress.

[SEC. 120. The Secretary of Defense is to provide the Committees on Appropriations of the Senate and the House of Representatives with a report by February 15, 1989, containing details of the specific actions proposed to be taken by the Department of Defense during fiscal year 1989 to encourage other member nations of the North Atlantic Treaty Organization and Japan to assume a greater share of the common defense burden of such nations and the United States.]

SEC. [121] *116.* 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. 122. Notwithstanding any other provision of law, the Secretary of the Air Force is required to maintain legislative liaison to the House and Senate Appropriations Subcommittees on Military Construction and budgetary and fiscal management of the Military Construction and Military Family Housing appropriations in a manner identical to the method employed as of September 30, 1986.]

[SEC. 123. None of the funds appropriated in this Act, except for North Atlantic Treaty Organization Infrastructure funds, may be used for planning, design, or construction of military facilities or family housing to support the relocation of the 401st tactical Fighter Wing from Spain to another country.]

SEC. [124] *117.* 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. 125. Notwithstanding any other provision of law, the Secretary of Defense shall include in the fiscal year 1990 program a legislative proposal to authorize the installment purchase of family housing units, and the budget request for fiscal year 1990 shall include such sums as necessary to implement a pilot program for not to exceed 3,000 units.]

SEC. [126] *118.* Of the funds appropriated in this Act for Operations and maintenance of Family Housing, no more than $30,000,000 *during the current fiscal year and no more than $30,000,000 during the following fiscal year* may be obligated for contract cleaning of family housing units.

SEC. [127] *119.* 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. 128. None of the funds appropriated in this Act may be obligated or expended for the purpose of transferring any equipment, operation, or personnel frrom the Edgewood Arsenal, Maryland, to any other facility during fiscal year 1989.]

[SEC. 129. None of the funds appropriated in this Act for planning and design activities may be used to initiate design of the Pentagon Annex.]

[SEC. 130. None of the funds appropriated in this Act for the National Test Facility or any other components of the National Test Facility may be used to provide any operational battle management, command, control or communications capabilities for an early deployment of a ballistic missile defense system: *Provided*, That the goal of the National Test Bed should be to simulate, evaluate, and demonstrate architecture and technologies that are technically feasible, cost-effective at the margin, and survivable.]

[SEC. 131. Such sums as may be necessary for fiscal year 1989 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.] *(Military Construction Appropriations Act, 1989.)*

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; [*$13,195,000*] *$12,569,000*, to remain available until expended. *(Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 21-1805-0-1-705		1988 actual	1989 est.	1990 est.
	Program by activities:			
00.01	Operation and maintenance	6,619	6,656	7,249
00.02	Administration	340	332	333
00.03	Special construction, Arlington National Cemetery	2,388	6,213	4,987
10.00	Total obligations	9,347	13,201	12,569
	Financing:			
17.00	Recovery of prior year obligations	−38		
21.40	Unobligated balance available, start of year	−151	−6	
22.40	Unobligated balance transferred, net: Appropriation	−1,000		
24.40	Unobligated balance available, end of year	6		
40.00	**Budget authority (appropriation)**	**8,164**	**13,195**	**12,569**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	9,347	13,201	12,569
72.40	Obligated balance, start of year	16,158	4,967	5,997
74.40	Obligated balance, end of year	−4,967	−5,997	−5,859
78.00	Adjustments in unexpired accounts	−38		
90.00	Outlays	20,500	12,171	12,707

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' Home National Cemeteries; and administrative support.

Special construction, Arlington National Cemetery.—Funds requested will provide for demolition of the temporary visitors center and parking facility and development of the land into gravesites, continuation of road repair, phase II of the electrical upgrade, and repair of the rainwater leaks in the Memorial Amphitheater.

Object Classification (in thousands of dollars)

Identification code 21-1805-0-1-705		1988 actual	1989 est.	1990 est.
	Personnel compensation:			
11.1	Full-time permanent	2,890	3,089	3,132
11.3	Other than full-time permanent	297	75	75
11.5	Other personnel compensation	92	75	60
11.9	Total personnel compensation	3,279	3,239	3,267
12.1	Civilian personnel benefits	746	647	810
21.0	Travel and transportation of persons	3	3	3
22.0	Transportation of things	3	3	3
23.3	Communications, utilities, and miscellaneous charges	214	212	235
24.0	Printing and reproduction		19	25
25.0	Other services	2,325	2,182	2,366
26.0	Supplies and materials	402	375	446
31.0	Equipment	236	308	217
32.0	Land and structures	2,139	6,213	5,197
99.9	Total obligations	9,347	13,201	12,569

Personnel Summary

Total number of full-time permanent positions	141	137	137
Total compensable workyears:			
Full-time equivalent employment	148	143	142
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		1988 actual	1989 est.	1990 est.	1991 est.
	Program by activities:				
10.00	Total obligations (object class 13.0)	10,285,000	9,782,000	11,183,000	11,826,000
	Financing:				
60.00	**Budget authority (appropriation) (permanent, indefinite)**	**10,285,000**	**9,782,000**	**11,183,000**	**11,826,000**
	Relation of obligations to outlays:				
71.00	Obligations incurred, net	10,285,000	9,782,000	11,183,000	11,826,000
90.00	Outlays	10,285,000	9,782,000	11,183,000	11,826,000

The 1990 and 1991 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 departments 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		1988 actual	1989 est.	1990 est.
	Relation of obligations to outlays:			
71.00	Obligations incurred, net			
72.40	Obligated balance, start of year	17,267		
77.00	Adjustments in expired accounts	−15,126		
90.00	Outlays	2,141		

Trust Funds

MILITARY RETIREMENT FUND

Program and Financing (in thousands of dollars)

Identification code 97-8097-0-7-602		1988 actual	1989 est.	1990 est.
	Program by activities:			
00.01	Nondisability	16,317,297	17,197,600	18,173,600
00.02	Temporary disability	91,360	96,700	102,200
00.03	Permanent disability	1,312,993	1,379,800	1,458,100
00.04	Fleet Reserve	634,250	664,700	702,400
00.05	Survivors' benefits	767,333	803,700	849,300
10.00	Total obligations (object class 42.0)	19,123,233	20,142,500	21,285,600
	Financing:			
17.00	Recovery of prior year obligations	−21,021		
	Unobligated balance available, start of year:			
21.40	Treasury balance	−2,453	−2,645	−2,000
21.40	U.S. securities (par)	−29,187,435	−39,750,225	−58,418,148
21.40	Unamortized premium or discount, net	−6,783,535	−10,072,809	−6,000,000
21.40	Interest purchased	−5,419	−56,841	
	Unobligated balance available, end of year:			
24.40	Treasury balance	2,645	2,000	2,000
24.40	U.S. securities (par)	39,750,225	58,418,148	72,024,448
24.40	Unamortized premium or discount, net	10,072,809	6,000,000	6,000,000
24.40	Interest purchased	56,841		
60.00	**Budget authority (appropriation) (permanent, indefinite)**	**33,005,890**	**34,680,128**	**34,891,900**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	19,123,233	20,142,500	21,285,600
	Obligated balance available, start of year:			
72.40	U.S. securities (par)	1,450,000	1,560,000	1,597,152
72.40	Unamortized premium or discount, net	81,526	64,752	83,000
72.40	Interest purchased	1,000	1,000	
	Obligated balance available, end of year:			
74.40	U.S. securities (par)	−1,560,000	−1,597,152	−1,654,552
74.40	Unamortized premium or discount, net	−64,752	−83,000	−83,000
74.40	Interest purchased	−1,000		
78.00	Adjustments in unexpired accounts	−21,021		
90.00	Outlays	19,008,986	20,088,100	21,228,200

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1988 actual	*1989 est.*	*1990 est.*
Enacted/requested:			
Budget authority	33,005,890	34,680,128	34,891,900
Outlays	19,008,986	20,088,100	21,228,200
Proposed for later transmittal under proposed legislation:			
Budget authority			
Outlays			−617,000
Total:			
Budget authority	33,005,890	34,680,128	34,891,900
Outlays	19,008,986	20,088,100	20,611,200

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]

	1988 actual	*1989 est.*	*1990 est.*
Unexpended balance, start of year:			
Cash	2,453	2,645	2,000
U.S. securities (par)	30,637,435	41,310,225	60,015,300
Unamortized premiums/discounts (−)	6,865,061	10,137,561	6,083,000
Interest purchased	6,419	57,841	
Balance of trust fund, start of year	37,511,368	51,508,272	66,100,300
Cash income for the year (intragovernmental receipts):			
Employer's contribution:			
Appropriation: DOD Military	18,373,844	18,789,700	16,599,300
Appropriation: Corps of Engineers	8,500	8,700	8,700
Total, employer's contribution	18,382,344	18,798,400	16,608,000
General fund payment (unfunded liability)	10,285,000	9,782,000	11,183,000
Earnings on investments	4,338,546	6,099,728	7,100,900
Total cash income	33,005,890	34,680,128	34,891,900
Cash outgo during the year: Payments to retirees—existing law	19,008,986	20,088,100	21,228,200
Proposed legislation: cost-of-living adjustment			−617,000
Net income or outgo (−)	13,996,904	14,592,028	14,280,700
Unexpended balance, end of year:			
Cash	2,645	2,000	2,000
U.S. securities (par)	41,310,225	60,015,300	74,296,000
Unamortized premiums/discounts (−)	10,137,561	6,083,000	6,083,000

General and special funds—Continued

MILITARY RETIREMENT FUND—Continued

STATUS OF FUND—Continued

[In thousands of dollars]

Interest purchased	57,841		
Balance of trust fund, end of year	51,508,272	66,100,300	80,381,000

MILITARY RETIREMENT FUND

(Proposed for later transmittal under proposed legislation)

Program and Financing (in thousands of dollars)

Identification code 97-8097-2-7-602	1988 actual	1989 est.	1990 est.
Program by activities:			
00.01 Nondisability			-527,000
00.02 Temporary disability			-3,000
00.03 Permanent disability			-42,000
00.04 Fleet reserve			-20,000
00.05 Survivor's benefits			-25,000
10.00 Total obligations			-617,000
Financing:			
24.40 Unobligated balance available, end of year			617,000
39.00 **Budget authority**			
Relation of obligations to outlays:			
71.00 Obligations incurred, net			-617,000
90.00 Outlays			-617,000

Legislation will be proposed to eliminate the January 1990 Cost-of-Living (COLA) increase for all military retirees. Also, legislation will be proposed to adjust COLAs to the CPI-1 percent forumula beginning in FY 1991.

EDUCATION BENEFITS

Trust Funds

EDUCATION BENEFITS FUND

Program and Financing (in thousands of dollars)

Identification code 97-8098-0-7-702	1988 actual	1989 est.	1990 est.
Program by activities:			
00.01 Active duty program	3,873	13,800	31,900
00.02 Selected reserve program	64,150	104,300	104,600
10.00 Total obligations (object class 25.0)	68,023	118,100	136,500
Financing:			
Unobligated balance available, start of year:			
21.40 Treasury balance	-1		
21.40 U.S. securities (par)	-456,942	-578,301	-720,132
21.40 Unamortized premium or discount, net	-53,529	-48,087	
21.40 Interest purchased	-1,103	-644	
Unobligated balance available, end of year:			
24.40 U.S. securities (par)	578,301	720,132	806,532
24.40 Unamortized premium or discount, net	48,087		
24.40 Interest purchased	644		
60.00 **Budget authority (appropriation)** (permanent, indefinite)	**183,480**	**211,200**	**222,900**
Relation of obligations to outlays:			
71.00 Obligations incurred, net	68,023	118,100	136,500
90.00 Outlays	68,023	118,100	136,500

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 Administration to make benefit payments to eligible personnel. The status of the fund is as follows:

STATUS OF FUND

[In thousands of dollars]

Unexpended balance, start of year:	*1988 actual*	*1989 est.*	*1990 est.*
Cash	1		
U.S. securities (par)	456,942	578,301	720,132
Unamortized premiums/discounts (-)	53,529	48,087	
Interest purchased	1,103	644	
Balance of trust fund, start of year	511,575	627,032	720,132
Cash income for the year.			
Employer's contribution:			
Appropriation, DOD Military	141,410	163,537	173,884
Earnings on investments	42,070	47,663	49,016
Total cash income	183,480	211,200	222,900
Cash outgo during the year:			
Benefit payments	68,023	118,100	136,500
Net income or outgo (-)	115,457	93,100	86,400
Unexpended balance, end of year:			
Cash			
U.S. securities (par)	578,301	720,132	806,532
Unamortized premiums/discounts (-)	48,087		
Interest purchased	644		
Balance of trust fund, end of year	627,032	720,132	806,532

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, [$37,700,000] *$37,573,000: 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, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 84-8931-0-7-705	1988 actual	1989 est.	1990 est.
Program by activities:			
00.01 Direct program	35,876	37,248	37,573
01.01 Reimbursable program	131	130	144
10.00 Total obligations	36,007	37,378	37,717
Financing:			
14.00 Offsetting collections from: Non-Federal sources	-131	-130	-144
25.00 Unobligated balance lapsing	1		
39.00 **Budget authority**	**35,877**	**37,248**	**37,573**
Budget authority:			
40.00 Appropriation	35,877	37,700	37,573
40.00 Reduction pursuant to P.L. 100-436		-452	
43.00 **Appropriation (adjusted)**	**35,877**	**37,248**	**37,573**
Relation of obligations to outlays:			
71.00 Obligations incurred, net	35,876	37,248	37,573
72.40 Obligated balance, start of year	8,183	4,877	5,050
74.40 Obligated balance, end of year	-4,877	-5,050	-5,127

77.00	Adjustments in expired accounts	−1,871		
90.00	Outlays	37,312	37,075	37,496

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:

	1988 actual	*1989 est*	*1990 est*
Domiciliary care	1,637	1,635	1,635
Hospital care	365	365	365
Total members	2,002	2,000	2,000

Object Classification (in thousands of dollars)

Identification code 84-8931-0-7-705		1988 actual	1989 est.	1990 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	20,333	21,267	21,873
11.3	Other than full-time permanent	1,236	1,600	1,646
11.5	Other personnel compensation	1,278	1,247	1,270
11.9	Total personnel compensation	22,847	24,114	24,789
12.1	Civilian personnel benefits	3,935	4,127	4,232
13.0	Benefits for former personnel	10	15	15
21.0	Travel and transportation of persons	9	8	7
23.2	Rental payments to others	38		
23.3	Communications, utilities, and miscellaneous charges	1,101	1,401	1,338
24.0	Printing and reproduction	24	46	33
25.0	Other services	2,436	2,517	2,363
26.0	Supplies and materials	4,944	5,018	4,699
31.0	Equipment	528		95
42.0	Insurance claims and indemnities	4	2	2
99.0	Subtotal, direct obligations	35,876	37,248	37,573
99.0	Reimbursable obligations	131	130	144
99.9	Total obligations	36,007	37,378	37,717

Personnel Summary

	1988 actual	1989 est	1990 est
NONMEMBER EMPLOYEES			
Total number of full-time permanent positions	770	801	801
Total compensable workyears:			
Full-time equivalent employment	820	852	852
Full-time equivalent of overtime and holiday hours	17	18	18
MEMBER EMPLOYEES			
Total number of full-time permanent positions	164	157	157
Total compensable workyears:			
Full-time equivalent employment	195	185	185
Full-time equivalent of overtime and holiday hours	3	4	4

Capital Outlays

For construction and renovation of the physical plant, to be paid from the Soldiers' and Airmen's Home permanent fund, [$15,000,000] *$8,500,000*, to remain available until expended[: *Provided further*, That funds provided under this paragraph as well as $15,000,000 provided for Capital Outlay in Public Law 100-202 shall, immediately upon enactment of this Act, be made available for the construction of a 200-bed Intermediate Care Facility on the grounds of the LaGarde building]. *(Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1989.)*

Program and Financing (in thousands of dollars)

Identification code 84-8932-0-7-705		1988 actual	1989 est	1990 est
	Program by activities:			
10.00	Total obligations (object class 32.0)	1,554	31,492	8,500
	Financing:			
21.40	Unobligated balance available, start of year	−2,781	−16,672	
24.40	Unobligated balance available, end of year	16,672		
39.00	**Budget authority**	**15,445**	**14,820**	**8,500**
	Budget authority:			
40.00	Appropriation	15,445	15,000	8,500
40.00	Reduction pursuant to P.L. 100-436		−180	
43.00	**Appropriation (adjusted)**	**15,445**	**14,820**	**8,500**
	Relation of obligations to outlays:			
71.00	Obligations incurred net	1,554	31,492	8,500
72.40	Obligated balance, start of year	32,768	24,229	49,793
74.40	Obligated balance, end of year	−24,229	−49,793	−48,451
90.00	Outlays	10,094	5,928	9,842

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		1988 actual	1989 est.	1990 est.
	Program by activities:			
10.00	Total obligations (object class 42.0)		2	2
	Financing:			
60.00	**Budget authority (appropriation)** (permanent, indefinite)		**2**	**2**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		2	2
90.00	Outlays		2	2

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.

Soldiers' and Airmen's Home Permanent Fund (Trust Fund)

Amounts Available for Appropriation (in thousands of dollars)

	1988 actual	1989 est	1990 est
Unappropriated balance, start of year	163,023	158,781	155,911
Revenues:			
Interest	16,773	18,300	18,300
Government receipts	25,264	26,225	26,250
Proprietary receipts	5,043	4,675	4,831
Total available for appropriation	210,103	207,981	205,292
Appropriations:			
Operation and maintenance	−35,877	−37,248	−37,573
Capital outlay	−15,445	−14,820	−8,500
Payment of certified claims		−2	−2
Total appropriations	−51,322	−52,070	−46,075
Unappropriated balance, end of year	158,781	155,911	159,217

This fund consists of receipts from fines, forfeitures, and stoppages of pay of regular enlisted personnel of the Army and Air Force, withholding not to exceed 50 cents per month from the pay of such personnel, estates of deceased soldiers and airmen, other receipts consisting largely of interest paid on the fund, and a fee charged to Home members.

General and special funds—Continued

SOLDIERS' AND AIRMEN'S HOME REVOLVING FUND

Program and Financing (in thousands of dollars)

Identification code 84-8463-0-8-705		1988 actual	1989 est.	1990 est.
	Program by activities:			
10.00	Total obligations (object class 26.0)	552	562	562
	Financing:			
13.00	Offsetting collections from: Trust funds	−515	−562	−562
21.98	Unobligated balance available, start of year: Fund balance	−97	−60	−60
24.98	*Unobligated balance available, end of year: Fund balance*	*60*	*60*	*60*
39.00	**Budget authority**			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	37		
72.98	Obligated balance, start of year: Fund balance	114	197	197
74.98	Obligated balance, end of year: Fund balance	−197	−197	−197
90.00	Outlays	−46		

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.

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		1988 actual	1989 est.	1990 est.
	Financing:			
21.40	Unobligated balance available, start of year	−1,879	−1,833	−1,833
24.40	Unobligated balance available, end of year	1,833	1,833	1,833
60.00	**Budget authority (appropriation)** (permanent, indefinite) (special fund)	−45		
	Relation of obligations to outlays:			
71.00	Obligations incurred, net			
72.40	Obligated balance, start of year		26	26
74.40	Obligated balance, end of year	−26	−26	−26
90.00	Outlays	−26		

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		1988 actual	1989 est.	1990 est.
	Program by activities:			
00.01	Department of the Army	1,137	1,605	1,555
00.02	Department of the Navy	216	250	275
00.03	Department of the Air Force	536	540	540
10.00	Total obligations	1,889	2,395	2,370
	Financing:			
17.00	Recovery of prior year obligations	−15		
21.40	Unobligated balance available, start of year	−1,500	−1,734	−1,439
24.40	Unobligated balance available, end of year	1,734	1,439	1,169
60.00	**Budget authority (appropriation)** (permanent, indefinite) (special fund)	**2,108**	**2,100**	**2,100**
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,889	2,395	2,370
72.40	Obligated balance, start of year	649	778	773
74.40	Obligated balance, end of year	−778	−773	−743
78.00	Adjustments in unexpired accounts	−15		
90.00	Outlays	1,744	2,400	2,400
	Distribution of budget authority by account:			
	Department of the Army	1,280	1,320	1,285
	Department of the Navy	341	250	275
	Department of the Air Force	487	530	540
	Distribution of outlays by account:			
	Department of the Army	1,099	1,650	1,590
	Department of the Navy	359	240	270
	Department of the Air Force	286	510	540

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 45 Army, 22 Navy and Marine Corps, and 33 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		1988 actual	1989 est.	1990 est.
11.1	Personnel compensation: Full-time permanent	69	93	93
12.1	Civilian personnel benefits	16	14	14
21.0	Travel and transportation of persons	27	51	53
22.0	Transportation of things	9	16	17
23.3	Communications, utilities, and miscellaneous charges	2	4	4
24.0	Printing and reproduction	23	28	27
25.0	Other services	756	867	845
26.0	Supplies and materials	679	831	863
31.0	Equipment	195	288	235
32.0	Land and structures	113	203	219
99.9	Total obligations	1,889	2,395	2,370

Personnel Summary

Total number of full-time permanent positions	2	4	4
Total compensable workyears: Full-time equivalent employment	2	4	4

PART II

SUPPLEMENTALS AND RESCISSIONS

This part of the budget has not been extracted for reprinting within. It may be referred to on pages II-1 through II-18 of the "Budget of the United States Government" (APPENDIX).

PART III

OTHER MATERIALS

Pages III-1 through III-3 have been extracted and reprinted within.

The entire part may be referred to on pages III-1 through III-6 of the "Budget of the United States Government" (APPENDIX).

EXPLANATION OF OTHER MATERIALS

This section includes the following material:

(a) A list of advance appropriations, as required by the Congressional Budget Act of 1974 (31 U.S.C. 1105(a)(17)), including those resulting from multi-year appropriations requests, a list of appropriations with advance funding provisions, and a list of appropriations with forward funding provisions.

(b) A statement of amendments and revisions, if any, to 1989 budget authority requests that were transmitted to the Congress after the 1989 Budget but prior to the transmittal of the 1990 Budget, as required by section 601 of the Congressional Budget Act of 1974.

NOTE.—This section previously included information on the amounts of appropriations requested for the Offices of Inspectors General for Federal departments and establishments, as required by section 3 of the Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255). Pursuant to the Inspectors General Act Amendments of 1988, separate appropriations accounts are proposed for each Office of Inspector General, and the information on appropriations and related financial information are now presented in separate account presentations in Part I of this document. See the index (under the general heading, "Inspectors General") for the location of each appropriation request.

ADVANCE APPROPRIATIONS, ADVANCE FUNDING, AND FORWARD FUNDING FOR 1990

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 1990 appropriations Acts will become available for programs in 1991 or beyond. Since these appropriations are not available until after fiscal year 1990, the amounts will not be included in fiscal year 1990 budget totals, but will be reflected in the budget totals for the fiscal year for which they are requested. In certain cases, these amounts represent the second or a subsequent year request for appropriations on a multi-year basis.

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 1990, advance appropriations for fiscal year 1991 and beyond and cites the authorizing statute. Also listed in Part A are accounts presented on a multi-year basis that have no specific legal authority. The listing is in two parts: Part A shows the amounts of advance appropriations included in the 1990 budget. Part B is a listing of accounts for which advance appropriations are authorized but not requested in the 1990 budget.

A. Accounts for which advance appropriations are included in the 1990 budget:

Department of Defense—Military:

All accounts (Public Law 99-145, sec. 1405) $320,908,744 thousand for 1991.

Army:

Aircraft procrement, $965,600 thousand for 1992, $932,560 thousand for 1993, and $675,600 thousand for 1994.

Missile procurement, $950,100 thousand for 1992, $317,800 thousand for 1993, and $74,400 thousand for 1994.

Procurement of weapons and tracked combat vehicles, $2,513,900 thousand for 1992, $2,546,800 thousand for 1993, and $2,557,900 thousand for 1994.

Other procurement, $783,400 thousand for 1992, $980,600 thousand for 1993, and $1,103,400 thousand for 1994.

Navy:

Aircraft procurement, $2,564,435 thousand for 1992, $2,858,568 thousand for 1993, and $2,650,505 thousand for 1994.

Weapons procurement, $629,049 thousand for 1992, $558,759 thousand for 1993, and $980,401 thousand for 1994.

Shipbuilding and conversion, $3,852,500 thousand for 1992, $3,946,500 thousand for 1993, and $4,036,400 thousand for 1994.

Air Force:

Aircraft procurement, $10,456,751 thousand for 1992, $12,896,135 thousand for 1993, and $10,766,265 thousand for 1994.

Missile procurement, $1,307,837 thousand for 1992, $699,356 thousand for 1993, and $955,226 thousand for 1994.

Other procurement, $156,000 thousand for 1992, and $136,300 thousand for 1993.

Marine Corps:

Procurement, $25,800 thousand for 1992, and $5,600 thousand for 1993.

Department of Energy:

Atomic energy defense related activities (Public Law 99-145 sec. 1405) $9,389.000 thousand for 1991. Clean coal technology, $385,000 thousand for 1991, $200,000 thousand for 1992, $200,000 thousand for 1993, $200,000 for 1993, $200,000 for 1994, $400,000 thousand for 1995, $200,000 for 1996, and $200,000 thousand for 1997.

Department of Health and Human Services, except Social Security:

Grants to States for Medicaid (42 U.S.C., sec. 1396) $10,000,000 thousand for 1991.

Special benefits for disabled coal miners (30 U.S.C., sec. 921) $215,000 thousand for 1991.

Supplemental security income program (42 U.S.C., sec. 1381) $3,157,000 thousand for 1991.

Family support payments to States (42 U.S.C., secs. 601 and 651) $3,000,000 thousand for 1991.

Interim assistance to States for Legalization (Public Law 99-603, sec. 204) $433,000 thousand for 1991.[1]

Department of Transportation: Coast Guard, all accounts, $336,000 thousand in 1991.

Central Intelligence Agency: Payment to the Central Intelligence Agency retirement and disability fund (Public Law 99-145 sec. 1405) $164,400 thousand for 1991.

Corporation for Public Broadcasting: Public broadcasting fund, $232,648 thousand for 1990 and $298,870 thousand for 1991.

Federal Emergency Management Agency:

Salaries and expenses (Public Law 99-145 sec. 1405) $68,907 thousand for 1991. Emergency management planning and assistance, $240,385 thousand for 1991.

Intelligence Community Staff (Public Law 99-145, sec. 1405) $24,400 thousand for 1991.

National Aeronautics and Space Administration: Research and Development (Space Station Freedom), $2,980,500 thousand for 1991, and $3,494,000 thousand for 1992.

Selective Service System: Salaries and expenses (Public Law 99-145, sec. 1405) $26,700 thousand for 1991.

PART IV

GOVERNMENT-SPONSORED ENTERPRISES

This part of the budget has not been extracted for reprinting within. It may be referred to on pages IV-1 through IV-16 of the "Budget of the United States Government" (APPENDIX).