MID-SESSION REVIEW

BUDGET OF THE
UNITED STATES GOVERNMENT

Fiscal Year 2001

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 26, 2000

The Honorable J. Dennis Hastert
Speaker of the House
of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Section 1106 of Title 31, United States Code, requires that the President transmit to the Congress a supplemental update of the Budget that was transmitted to the Congress earlier in the year. This supplemental update of the Budget, commonly known as the Mid-Session Review, contains revised estimates of the budget surplus, receipts, outlays, and budget authority for fiscal years 2000 through 2010 and other summary information required by statute.

Sincerely,

Jacob J. Lew
Director

Enclosure

Identical Letter Sent to The President of the Senate

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GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.
2. All totals in the text and tables display both on-budget and off-budget spending and receipts unless otherwise noted.
3. Details in the tables and text may not add to totals due to rounding.
4. Web address: http://www.gpo.gov/usbudget.

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SUMMARY

Both the American economy and the Federal budget have entered the new millennium with remarkably improved levels of performance. After five consecutive years of declining deficits, the past two budgets recorded the first surpluses in 29 years. This will be the eighth consecutive year of improved fiscal results, with a third surplus larger than the last two combined. This will be the first series of three consecutive surpluses since the late 1940's. Moreover, last year's budget registered a modest surplus over and above the amount of the Social Security surplus for the first time in 40 years, and the non-Social Security surplus this year will be the first of significant size in generations.

In his first budget, submitted in 1993, President Clinton addressed the then-record deficit head on. The President proposed—and won enactment of—a program with budget savings totaling $505 billion over five years, with more than half that sum coming from spending cuts. Thus began a virtuous cycle. Deficit reduction contributed to lower interest rates. Lower interest rates have helped unleash the productive potential of the American people and American business, fueling record investment growth and sustained economic growth, low inflation, and further budgetary improvement.

The Administration now projects that, under our proposed policy, the overall budget surplus for 2000 will be $211 billion, the largest surplus ever in dollar terms and the largest as a percentage of GDP since 1948. The projections in this Review show the surplus growing to $228 billion in fiscal year 2001. Taking the five years from 2001 through 2005 as a whole, projected baseline unified budget surpluses have been raised by more than $470 billion from the February budget; over the next ten years, the upward revision is $1.3 trillion.

Much of this impressive improvement in the budget outlook reflects a further brightening in prospects for macroeconomic performance. The U.S. economy continued to outperform projections with strong, noninflationary growth and continued low unemployment. The robust economy produced higher incomes that in turn generated stronger revenue growth. Technical reestimates added to the increase in projected receipts and also reduced outlay estimates.

Because we have put our fiscal house in order for the first time in decades, we now can address the long-term solvency problems of the Social Security and Medicare programs in a timely fashion and from a position of fiscal strength. By setting the budget on a course to eliminate the debt held by the public by 2012, the Administration seeks to remove the current burden of interest on the debt from the budget prior to the demographic changes heralded by the retirement of the baby-boom generation.

Framework for Social Security and Medicare Reform and Fiscal Discipline

The Administration's framework for Social Security and Medicare reform and fiscal discipline allocates the surplus to extend the solvency of Social Security and Medicare, establish a new voluntary Medicare prescription drug benefit, provide targeted tax relief, expand health insurance coverage, and eliminate the publicly held debt by 2012.

In this Mid-Session Review, the total baseline budget surplus over 2001 through 2010 is estimated at $4.2 trillion, a $1.3 trillion increase from the 10-year surplus estimated in the February budget. Of the $4.2 trillion total surplus, $2.3 trillion is due to the surplus in the off-budget accounts, which consists almost entirely of the Social Security trust fund surplus. As in the February budget, the entire Social Security surplus is reserved for Social Security and debt reduction.

Taking Medicare Off-budget

In this Mid-Session Review, the Administration builds on its record of fiscal discipline by taking the next major step for debt reduction to prepare for the challenges of the future. The Administration proposes moving the Medicare Hospital Insurance trust fund off-budget, ensuring that its $403 billion surplus over 10 years is not used for other purposes and therefore will be used to reduce the debt.

Taking the Medicare Hospital Insurance trust fund off-budget, like Social Security, ensures that payroll taxes are used entirely for Medicare, to prepare for its future demographic challenges. This policy builds on the many steps the Administration has taken to strengthen Medicare. In 1993, the Medicare trust fund was projected to be exhausted in 1999. Today, Medicare is projected to be solvent through 2025. The annual Medicare surplus has risen from $3.7 billion in 1993 to $21.5 billion in 1999, and the surplus is projected to rise further over the next ten years. The next logical step is to lock away these surpluses for debt reduction, better positioning the Government to pay for Medicare benefits for the baby-boom generation.

Taking Medicare off-budget does not eliminate the need to make Medicare more efficient and provide it with additional resources to meet future needs. Instead, it means that Medicare reforms can be based entirely on their impact on the long-term solvency of Medicare and the quality of care for beneficiaries. Medicare savings need not be used to meet budget targets or to pay for other spending increases or tax cuts. The Administration has proposals to modernize Medicare's benefits, make Medicare more competitive, and provide additional resources to address the inevitable challenges of the retirement of the baby-boom generation.

Allocating the On-Budget Surplus

With the Administration's new proposal to take Medicare off-budget, the current services baseline on-budget surplus is $1.5 trillion over 10 years. The Administration proposes to allocate this surplus as follows:

- *Interest savings transfers to extend Medicare solvency to at least 2030.* Moving Medicare HI off-budget results in additional debt reduction and thus added interest savings. The Administration uses the benefit of these interest savings to extend the life of Medicare. Over 2001 through 2010, the Administration proposes to make $115 billion of solvency transfers to extend the solvency of Medicare. These transfers reflect the total interest savings resulting from devoting the Medicare surplus to debt reduction from 2001 to 2010.
- *Medicare prescription drug benefits with catastrophic protection.* The framework allocates a net $224 billion over ten years for Medicare prescription drug benefits and other reforms. This strengthens the February budget's prescription drug proposal by starting the benefit in 2002, specifying a catastrophic policy to limit out-of-pocket spending at $4,000 for beneficiaries, and paying for prescription drugs in managed care in 2001. It maintains the key elements of the Administration's Medicare reform plan, such as the increased competition and anti-fraud provisions from the February budget. (The $224 billion figure includes the off-budget impact.)
- *Balanced Budget Act (BBA) provider payment adjustments.* An addition to the framework allocates $40 billion over ten years to mitigate further the impacts of the BBA payment reductions for Medicare and Medicaid providers. This will ensure access to high-quality services at hospitals, teaching hospitals, home health agencies, nursing homes, and other health care providers. (This figure includes the off-budget impact.)
- *Health coverage initiative.* The framework continues to allocate $90 billion over ten years to expand health coverage to low-income families and children, people between jobs, and vulnerable older Americans not yet eligible for Medicare.
- *Targeted tax relief.* The framework maintains the President's proposals from the February budget, allocating $263 billion over ten years for targeted tax relief—to provide educational opportunities, make health care more affordable, increase retirement saving, and promote other priorities.

- *Reserve for America's future.* Finally, the framework sets aside $500 billion over ten years that could be used for key national priorities, such as retirement saving, targeted tax cuts, investments in education, research, health and the environment, or further debt reduction.

Repaying the Publicly Held Debt

Budget surpluses in fiscal years 1998 and 1999 have already reduced the publicly held debt by $140 billion, and the surplus in 2000 is expected to bring cumulative debt reduction to more than $320 billion. By locking away the Social Security and Medicare surpluses for debt reduction, the Administration would ensure that the publicly held debt continues on this sharply downward path. The Administration estimates that its proposals would result in full repayment of the publicly held debt by 2012. This is one year earlier than the 2013 date projected in the February budget.

Allocating the Reserve for America's Future

The $500 billion reserve for America's future is proposed to be available for a variety of key national priorities. The reserve could be used for targeted tax cuts, to enhance incentives for individual retirement savings, for investment in critical priorities such as education, research, health, and the environment, or it could be earmarked for debt reduction beyond that already proposed in this Mid-Session Review.

There are always uncertainties surrounding any long-range budget projections. The Administration believes the reserve could provide a margin of insurance. If the surplus is not as large as projected, then any use of the reserve could be reduced. The allocation of the reserve should be subject to a full debate over national priorities, given the competing visions for use of these funds.

Extending the Solvency of Social Security and Medicare

Locking away the surpluses in the Social Security and Medicare trust funds ensures that these resources are not used for other purposes. These resources therefore remain available to reduce the publicly held debt. This increases national saving and improves the financial position of the Government, making it easier to finance future Social Security and Medicare benefits for the baby-boom generation. Moreover, using the Social Security and Medicare surpluses for debt reduction produces interest savings. The Administration believes these interest savings should be used to extend the life of Social Security and Medicare. As in the February budget, solvency transfers from the on-budget surplus to Social Security would begin in 2011, based on the interest savings from locking away the Social Security surplus. According to the Social Security Administration's actuaries, these transfers would extend the life of Social Security to 2057, or to 2063 if a limited and prudent portion of the transfers were invested for higher returns. Medicare solvency transfers of $115 billion over the first ten years are made based on the interest savings from locking away Medicare surpluses for debt reduction. Interest savings transfers would continue beyond 2010, extending the life of the Medicare trust fund to at least 2030.

Table 1. BUDGET POLICY TOTALS
(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–2010
February Budget Policy:												
Receipts	1,956	2,019	2,081	2,147	2,236	2,341	2,440	2,559	2,676	2,785	2,917	24,202
Outlays	1,790	1,835	1,895	1,963	2,041	2,125	2,185	2,267	2,362	2,456	2,553	21,683
Unified surplus	167	184	186	185	195	215	256	292	314	329	363	2,519
Mid-Session Budget Policy:												
Receipts	2,013	2,096	2,168	2,245	2,339	2,440	2,537	2,661	2,790	2,916	3,065	25,256
Outlays	1,802	1,848	1,919	1,984	2,059	2,145	2,202	2,282	2,375	2,467	2,563	21,844
Reserve for America's future	....	20	25	25	26	27	49	75	83	85	85	500
Unified surplus	211	228	224	236	255	268	286	304	332	364	416	2,912
Difference:												
Receipts	57	77	87	98	103	99	97	102	114	131	148	1,054
Outlays	12	13	24	22	17	20	17	15	13	11	10	161
Reserve for America's future	....	20	25	25	26	27	49	75	83	85	85	500
Unified surplus	45	44	38	51	60	52	30	12	18	35	53	393
MEMORANDUM:												
Mid-Session surplus estimates:.												
On-budget	39	9	1	6	10	1	1	1	2	4	14	49
Off-budget:												
HI trust fund	24	60	47	39	40	41	47	46	57	72	97	546
Social security	150	160	176	191	205	226	238	256	271	286	304	2,314
Postal service	-2	-*	-1	-*	-1	-*	*	*	1	2	2	3
Subtotal, off-budget	172	219	223	230	245	267	285	302	330	360	402	2,863

*$500 million or less.

Table 2. FRAMEWORK FOR SOCIAL SECURITY AND MEDICARE REFORM AND FISCAL DISCIPLINE

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–05	Total 2001–10
Available On-budget Surplus	**52**	**49**	**67**	**68**	**81**	**95**	**139**	**179**	**215**	**261**	**316**	**360**	**1,470**
Allocation of Surplus:													
Health initiatives:													
Medicare solvency transfer	....	31	14	....	....	....	....	....	9	21	40	45	115
Prescription drugs and Medicare reforms [1]	....	3	11	23	22	25	27	31	34	38	42	84	255
Health coverage	....	1	2	3	5	6	10	14	15	16	18	17	90
Subtotal, health initiatives	....	35	27	27	27	31	38	44	58	75	100	146	460
Net tax cut	*	–*	4	10	17	24	38	40	40	44	47	54	263
Other	12	–16	5	–8	–12	–6	–11	–16	–14	–6	–7	–38	–91
Reserve for America's future	....	20	25	25	26	27	49	75	83	85	85	123	500
Debt service [2]	*	2	5	9	13	18	25	34	46	60	77	47	290
Resulting on-budget surplus	**39**	**9**	**1**	**6**	**10**	**1**	**1**	**1**	**2**	**4**	**14**	**27**	**49**
Off-budget:													
Social Security solvency lock-box	148	160	176	191	204	226	239	256	273	288	306	956	2,317
Medicare solvency lock-box:													
Medicare off-budget baseline	24	30	36	36	38	39	44	43	44	45	48	179	403
Solvency transfers	....	31	14	....	....	....	....	....	9	21	40	45	115
Interest earnings on proposals	....	1	2	3	3	3	3	3	4	5	7	12	34
Medicare programmatic proposals	....	–2	–5	*	–1	–1	–*	*	1	1	1	–8	–5
Subtotal, medicare off-budget	24	60	47	39	40	41	47	46	57	72	97	227	546
Memorandum—debt reduction:													
Social Security solvency lock-box	148	160	176	191	204	226	239	256	273	288	306	956	2,317
Medicare solvency lock-box	24	60	47	39	40	41	47	46	57	72	97	227	546
On-budget surplus	39	9	1	6	10	1	1	1	2	4	14	27	49
Total debt reduction	**211**	**228**	**224**	**236**	**255**	**268**	**286**	**304**	**332**	**364**	**416**	**1,210**	**2,912**

[1] Includes on-budget effects only. Excludes Medicare HI and Social Security.

[2] Includes debt service from using the reserve. If part of the reserve is dedicated to debt reduction, debt service costs would be smaller.

Table 3. ALLOCATION OF UNIFIED SURPLUS, 2001–2010

(In billions of dollars)

	Social Security (off-budget) [1]	Medicare (off-budget)	On-budget	Unified budget
Baseline surplus	2,320	403	1,470	4,193
Surplus allocation:				
Medicare solvency transfer	....	115	–115	....
Medicare prescription drugs and modernization	–1 [2]	18 [3]	–241	–224
Provider payment restoration	....	–26 [3]	–14	–40
Health coverage	....	....	–90	–90
Tax relief	....	....	–263	–263
Other	–2 [4]	2	91	91
Reserve for America's future	....	....	–500	–500
Debt service	....	34 [5]	–290	–256
Policy surplus	2,317	546	49	2,912

[1] Including Postal Service.
[2] Indirect effects on Social Security of Medicare buy-in proposal.
[3] Net impact of Medicare modernization and provider payment restoration on Medicare HI outlays.
[4] Largely impact of military service credits on net Social Security outlays.
[5] Medicare debt service consists of interest earnings on solvency transfers less $5 billion interest cost from programmatic changes.

Table 4. CURRENT SERVICES SURPLUSES

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–2005	2001–2010
Unified surplus	224	239	279	295	324	360	422	479	532	595	670	1,497	4,193
On-budget	52	49	67	68	81	95	139	179	215	261	316	360	1,470
Off-budget:													
Medicare HI	24	30	36	36	38	39	44	43	44	45	48	179	403
Social security	150	160	177	191	205	226	239	256	272	286	304	960	2,317
Postal service	–2	–*	–1	–*	–1	–*	*	*	1	2	2	–2	3
Subtotal, off-budget	172	190	212	227	243	265	283	299	317	333	354	1,137	2,723

* $500 million or less.

Table 5. SUMMARY OF MID-SESSION BASELINE REVISIONS

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–2005	2001–2010
February unified baseline surplus	179	171	197	193	213	247	304	347	377	411	457	1,022	2,919
Enacted legislation	–9	–8	–7	–8	–8	–8	–9	–9	–9	–9	–9	–40	–84
Impact of revised economic outlook	17	37	49	68	82	88	96	107	126	152	179	325	984
Technical reestimates	37	39	40	42	37	33	30	34	38	40	43	190	375
Subtotal, changes	44	68	82	102	111	113	117	131	154	183	214	475	1,275
Mid-Session unified baseline surplus	224	239	279	295	324	360	422	479	532	595	670	1,497	4,193

ECONOMIC ASSUMPTIONS

Introduction

The economy's remarkable performance has continued into the new millennium. As of June, this business cycle expansion—the longest period of continuous economic growth on record—has lasted 111 months. Sustained and rapid growth has driven the Nation's unemployment rate down to the lowest level in thirty years, reduced poverty, and raised real wages and family incomes. The small increase in inflation this year was largely due to the surge in world oil prices, but with little pass-through to the prices of nonpetroleum goods and services. The double-digit annual growth of business equipment investment during the last seven years—principally for computers, high-tech communications equipment, and software—has helped raise the trend growth of productivity to the highest rate in over a quarter century. Stronger productivity growth, in turn, has enabled firms to accommodate higher wages without putting upward pressure on prices.

The economic successes of recent years have been fostered by prudent fiscal policy. The Omnibus Budget Reconciliation Act of 1993 (OBRA) and the Balanced Budget Act of 1997 (BBA) ended an era of large budget deficits and helped create the large budget surpluses that are now projected to continue through the next decade. The budget has swung from a $290 billion deficit in fiscal year 1992 to a $124 billion surplus last year. In the current fiscal year, the surplus is estimated to rise to $211 billion, or 2.2 percent of GDP—by the first measure, the largest in U.S. history; by the latter, second only to the winding down of our financing of the Second World War in 1948. OBRA 1993 and BBA 1997, together with favorable economic developments, are estimated to have improved the budget balance compared with the pre-OBRA 1993 baseline by a cumulative total of $7.3 trillion over 1993–2005. By reducing inflation without impeding economic growth, the Federal Reserve and its monetary policy have also played an important role in the economy's performance in recent years.

The Administration's budget is based upon the prudent and conservative assumption that growth will not maintain the rapid pace of the last several years. Like most other forecasters, the Administration's budget projections assume that economic growth will moderate over the next year to a pace compatible with continued low and stable inflation. With continued prudent fiscal policy that fosters high investment and rapid productivity growth, this expansion could extend for many more years.

Recent Developments

Real Gross Domestic Product (GDP) expanded at a robust 5.4 percent annual rate in the first quarter of this year, following a 7.3 percent surge in the previous quarter. Continuing the trend of recent years, the fastest-growing component of GDP in the first quarter was business equipment investment. Business investment in new structures rose significantly as well, as did residential investment. Consumer spending accelerated in the first quarter to the fastest pace in 15 years, led by record sales of light motor vehicles. The enormous gains in household stock-market wealth during the prior five years enabled consumers to step up their purchases of large-ticket discretionary durable goods while maintaining their net worth.

State and local government spending also grew in the first quarter, as governments continued to use part of their unexpectedly large revenue gains. Federal spending declined sharply in the first quarter. This reflected primarily the timing of national defense purchases; over the last four quarters, the Federal spending component of GDP was little changed. Net exports declined considerably in the first quarter, as the strong growth of domestic demand pushed up import growth, while foreign purchases of U.S. goods and services continued to be hampered by slower growth abroad.

Partial information for the second quarter suggests that the economy has continued to expand, at a more moderate but still very strong pace. The first official estimate of second quarter GDP growth will be available on July 28th.

The Consumer Price Index (CPI) rose at a 3.6 percent annual rate during the first five months of 2000, compared with a 2.7 percent increase during the twelve months of 1999. The acceleration was due mostly to a runup in world oil prices causing a jump in petroleum product prices in the CPI and other price indexes. Excluding food and energy components, the core CPI rose at a 2.7 percent annual rate during the first five months of this year, compared with 1.9 percent during all of 1999. The GDP chain-weighted price index, a broader measure of inflation than the CPI, rose at a 2.7 percent annual rate in the first quarter, up from 1.6 percent during 1999. The uptick was largely due to higher energy prices and the annual Federal pay increase in January. Whether measured by the CPI or by broader measures, the underlying rate of inflation appears to have risen only slightly this year.

During the first five months of this year, the Nation's payrolls expanded by 1.6 million new jobs, bringing the total job creation since this Administration took office to 22.2 million. Following job losses during 1998–1999 caused by weakness in overseas markets, manufacturing payrolls held steady this year and mining payrolls expanded. Construction and private service-sector job growth remained robust, and Federal payrolls expanded temporarily with the addition of workers for the decennial census.

This strong job growth has pulled the unemployment rate down. During the first five months of this year, unemployment averaged 4.0 percent. The last time the unemployment rate was lower than this for as long as five months was at the end of 1969. Unemployment rates have fallen to lower levels for all demographic groups. The unemployment rates this year for Blacks and for Hispanics are the lowest since record keeping began over a quarter century ago. Tight labor markets have resulted in sizeable gains in workers' paychecks, even after adjusting for inflation. Over the past five years, real average hourly earnings have risen an average of 1.3 percent per year, following more than two decades of decline.

Most interest rates have risen recently as a result of the rapid growth of demand and the tightening of monetary policy. During 1999, the Federal Reserve raised the Federal funds rate by one-quarter percentage point on three occasions, returning the rate to the 5.5 percent level that prevailed before the 1998 international financial dislocations; and the Fed raised rates further this year, to 6.5 percent by May. At the longer end of the maturity spectrum, however, Treasury rates have fallen. The yield on 10-year Treasury notes by mid-June was about 30 basis points lower than the yield at the end of last year, and the yield on 30-year Treasury bonds was down about 50 basis points from the end of last year. The larger decline in the 30-year yield is partly the consequence of Treasury's issuing fewer long-term securities while buying back some longer-duration issues as part of the Administration's planned reduction in publicly held debt.

After a surge late in 1999 and early in 2000, equity prices in the U.S. have fallen, especially for those high-tech and Internet stocks that experienced extraordinarily large gains in recent years. The technology-laden NASDAQ composite index dropped nearly 25 percent from its peak in March to mid-June; during 1999 and early 2000, however, the index had risen about 125 percent. The Dow Jones Industrial Average fell about 9 percent from its peak earlier this year, after gains in 1999 and early 2000 of over 25 percent. The Wilshire 5000, which mirrors the entire market, fell 7 percent from its March peak to mid-June, following four years of gains in excess of 20 percent annually. The market retreat has reduced the value of households' equity holdings from their recent peaks, which is likely to slow the growth of consumer spending somewhat.

Revised Economic Assumptions

The economic assumptions for the Mid-Session Review have been revised to incorporate recent developments. Real economic growth in the fourth quarter of last year and so far this year has been much stronger than projected in the Budget assumptions, which were based on information available as of late November. Productivity growth has been stronger than expected. The unemployment rate has fallen slightly this year instead of rising slowly as expected. On the other hand, inflation has been slightly faster than projected, largely because of the surge in oil prices early this year. Interest rates have also been higher than projected in the Budget.

Nonetheless, the overall contours of the economic assumptions have not changed. The Administration, like most other forecasters, expects the pace of economic activity to moderate to a rate that can be maintained over the long run with continued low and stable inflation. However, the projections of the sustainable rate of real GDP growth have been revised upward because of higher trend productivity growth. In addition, the sustainable unemployment rate has been lowered slightly, while interest rates have been raised to reflect market developments. The projections of inflation and taxable income shares have changed very little.

Although the Mid-Session economic assumptions imply much larger budget surpluses in the coming years than those underlying the FY 2001 Budget, it is possible that the economy may outperform the forecast presented here—and surpluses may prove to be larger still—if fiscal policy continues its recent sound course. But just as the economy and the budget may do better than the Administration projects, they could also do worse. The recent performance of both the economy and the budget is virtually unprecedented, and thus should not be assumed to continue indefinitely. Tax revenues have grown faster than the economy, and faster than established quantitative models can explain—perhaps in part because of the extraordinary growth of the stock market, which may or may not continue. There have been past episodes—such as from the mid-1970s through the early 1990s—when what had been an apparently strong economy gave way to slower growth and larger budget deficits over an extended period. That is why budget policy must remain responsible, and why, for purposes of budget planning, the Administration relies on reasonable, prudent economic projections.

Real GDP: From a budgetary perspective, the most important revision to the economic assumptions is to real GDP growth. Incoming data and a revised view of productivity growth have combined to cause a significant increase in projected levels for real GDP. As was noted earlier, the economy expanded at a 7.3 percent annual rate in the fourth quarter of last year and at a 5.4 percent rate in the first quarter of this year. This was much faster than projected in the budget assumptions. The jumping-off point for real GDP in the Mid-Session Review projections was higher than assumed in the budget assumptions. The higher jump-off point alone is responsible for a substantial increase in the projected budget surplus for 2000 and beyond.

The Administration has also modestly raised its projection of labor-productivity growth because of the accumulating evidence of a secular increase since the mid-1990s. The FY 2001 budget assumptions cautiously increased the projected productivity growth rate and the growth of potential and actual GDP, but new data and new research warrant a further increase. Thanks to the increase in productivity growth, real GDP is now assumed to grow 3.0 percent per year on average over the 10 years through 2010, up from 2.7 percent in the budget assumptions. Though the 0.3 percentage point difference may appear to be small, the upward revision significantly raises the level of real GDP and projected budget surpluses when compounded over 10 years.

The Mid-Session Review assumptions take into account the higher productivity growth trend experienced in recent years. Productivity growth in the nonfarm business sector is assumed to be 2.5 percent per year through the fourth quarter of 2002, and thereafter to slow gradually to 2.0 percent per year. This is an upward revision of productivity growth from the FY 2001 budget assumptions by 0.3 percentage points per year through 2002 and by 0.2 percentage points for each year thereafter.

The 2.8 percent rate of labor-productivity growth since 1995 is double the 1.4 percent per year rate experienced over the prior

22 years; it is close to the pace during the quarter-century following World War II, the best period of productivity growth in U.S. history. Of the 1.4 percentage point step up in productivity growth from the 1973–95 average to the 1995–1999 average, research by several economists attributes about half to investment in high-tech equipment and the rapid productivity gains in the production of such equipment; the rest is traced to improvements outside the high-tech sector, some of which may be indirectly due to the increased use of computer and telecommunication technology. Behind the improvement in labor productivity is the extraordinary boom in business investment over the past eight years, which was stimulated by the lower cost of capital allowed by this Administration's policy of fiscal responsibility. The ratio of real investment in business equipment to real GDP is higher than at any time since the end of World War II.

Unemployment: Real GDP growth through 2006 is projected to be slightly below the growth of potential GDP. This would be consistent with a gradual rise in the unemployment rate. Beginning in 2007, the unemployment rate is projected to remain on a plateau of 5.1 percent, the center of the range the Administration now assumes is consistent with stable inflation in the long run. This rate, which is one-tenth of a percentage point lower than assumed in the Budget, reflects the recent experience of historically low unemployment and continued low inflation, excluding fluctuations in the volatile food and energy components. The economy now appears to be able to operate at a slightly lower unemployment rate than previously assumed without experiencing accelerating inflation.

Inflation: The CPI and GDP inflation rates have been raised for the first half of 2000 to reflect actual experience. Thereafter, inflation rates are identical to those in the budget. As in the Budget, the Mid-Session Review projects the CPI, measured on a fourth quarter to fourth quarter basis, to rise 2.6 percent yearly beginning in 2002, and the chain-weighted GDP price index to rise 2.0 percent yearly beginning in 2001. These are slightly higher inflation rates than experienced in recent years.

Interest Rates: The Mid-Session Review interest rate projections have been revised to reflect recent market developments. The 91-day Treasury bill rate is projected to rise slightly in coming quarters, paralleling the rise implied by contracts in the Federal funds futures market. Beginning in 2002, the Treasury bill rate is assumed to decline as the pace of economic activity moderates, and afterwards is projected to remain on a plateau of 5.8 percent. This is about 60 basis points higher than in the budget projection.

The yield on 10-year Treasury notes is projected to be 6.3 percent in 2001 and beyond. This is 20 basis points higher than in the Budget. The higher long-term rate is consistent with the expected improvement in productivity growth, which will raise the return to capital, which in turn should flow through to higher real interest rates.

Taxable Incomes: The Mid-Session Review assumes taxable incomes as a share of nominal GDP that are similar to those assumed in the Budget. The overall taxable income share is assumed to decline through 2010, as a growing depreciation share in a high-investment economy crowds out taxable income, especially the share of corporate profits. The share of wages and salaries in GDP also edges down over the projection period, as untaxed benefits absorb a growing share of labor compensation.

Table 6. ECONOMIC ASSUMPTIONS [1]

(Calendar years; dollar amounts in billions)

	Actual 1999	Projections 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Domestic Product (GDP):												
Levels, dollar amounts in billions:												
Current dollars	9,256	9,886	10,407	10,946	11,494	12,065	12,660	13,283	13,942	14,624	15,335	16,079
Real, chained (1996) dollars	8,848	9,272	9,573	9,873	10,166	10,461	10,760	11,068	11,389	11,712	12,040	12,377
Chained price index (1996 = 100), annual average	104.6	106.6	108.7	110.8	113.0	115.3	117.6	120.0	122.4	124.8	127.3	129.9
Percent change, fourth quarter over fourth quarter:												
Current dollars	6.3	6.0	5.3	5.1	4.9	5.0	4.9	5.0	5.0	4.9	4.9	4.8
Real, chained (1996) dollars	4.6	3.9	3.2	3.1	2.9	2.9	2.8	2.9	2.9	2.8	2.8	2.8
Chained price index (1996 = 100)	1.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Percent change, year over year:												
Current dollars	5.7	6.8	5.3	5.2	5.0	5.0	4.9	4.9	5.0	4.9	4.9	4.9
Real, chained (1996) dollars	4.2	4.8	3.2	3.1	3.0	2.9	2.9	2.9	2.9	2.8	2.8	2.8
Chained price index (1996 = 100)	1.4	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Incomes, billions of current dollars:												
Corporate profits before tax	848	880	858	903	932	957	995	1,036	1,068	1,096	1,128	1,160
Wages and salaries	4,472	4,761	5,034	5,277	5,529	5,791	6,060	6,353	6,663	6,990	7,326	7,669
Other taxable income [2]	2,100	2,222	2,274	2,337	2,409	2,485	2,569	2,662	2,756	2,852	2,952	3,055
Consumer Price Index (all urban): [3]												
Level (1982–84 = 100), annual average	166.7	172.1	176.5	181.0	185.7	190.6	195.5	200.6	205.8	211.2	216.7	222.3
Percent change, fourth quarter over fourth quarter	2.6	3.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Percent change, year over year	2.2	3.3	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unemployment rate, civilian, percent:												
Fourth quarter level	4.1	4.1	4.2	4.4	4.6	4.8	4.9	5.1	5.1	5.1	5.1	5.1
Annual average	4.2	4.1	4.1	4.3	4.5	4.7	4.8	5.0	5.1	5.1	5.1	5.1
Federal pay raises, January, percent:												
Military [4]	3.6	4.8	3.7	3.7	3.2	3.2	3.2	NA	NA	NA	NA	NA
Civilian [5]	3.6	4.8	3.7	3.7	3.2	3.2	3.2	NA	NA	NA	NA	NA
Interest rates, percent:												
91-day Treasury bills [6]	4.7	5.8	6.2	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
10-year Treasury notes	5.6	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3

[1] Based on information available as of late April 2000.
[2] Rent, interest, dividend and proprietor's components of personal income.
[3] Seasonally adjusted CPI for all urban consumers.
[4] Percentages apply to basic pay only; adjustments for housing and subsistence allowances will be determined by the Secretary of Defense.
[5] Overall average increase, including locality pay adjustments.
[6] Average rate (bank discount basis) on new issues within period.

Table 7. COMPARISION OF ECONOMIC ASSUMPTIONS

(Calendar years)

	Projections										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP (chain-weighted): [1]											
2001 Budget	2.9	2.6	2.5	2.5	3.0	3.0	2.9	2.8	2.6	2.6	2.6
CBO March	2.9	3.0	2.7	2.6	2.6	2.7	2.7	2.7	2.8	2.9	2.9
2001 Mid-Session Review	3.9	3.2	3.1	2.9	2.9	2.8	2.9	2.9	2.8	2.8	2.8
Chain-weighted GDP price index: [1]											
2001 Budget	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
CBO March	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
2001 Mid-Session Review	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer Price Index (all-urban): [1]											
2001 Budget	2.3	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
CBO March	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
2001 Mid-Session Review	3.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Unemployment rate: [2]											
2001 Budget	4.2	4.5	5.0	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
CBO March	4.1	4.2	4.4	4.7	4.8	5.0	5.0	5.1	5.2	5.2	5.2
2001 Mid-Session Review	4.1	4.1	4.3	4.5	4.7	4.8	5.0	5.1	5.1	5.1	5.1
Interest rates: [2]											
91-day Treasury bills:											
2001 Budget	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
CBO March	5.4	5.6	5.3	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8
2001 Mid-Session Review	5.8	6.2	5.9	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
10-year Treasury notes:											
2001 Budget	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
CBO March	6.3	6.4	6.1	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7
2001 Mid-Session Review	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3

[1] Percent change, fourth quarter over fourth quarter.
[2] Annual averages, percent.

RECEIPTS

The current estimates of receipts for 2000 and 2001 exceed the February budget estimates by $56.9 billion and $76.9 billion, respectively. Over the 10-year period 2001 to 2010, the estimates have been revised upward by $1,054.1 billion. These changes result primarily from revised economic projections and technical reestimates.

Revised economic projections increase receipts by $19.2 billion in 2000, $43.8 billion in 2001, and increasing amounts in each subsequent year. For the 10-year period 2001 to 2010, revised economic assumptions account for $881.2 billion of the upward revision in receipts. Higher levels of wages and salaries and other sources of personal income increase collections of individual income taxes and payroll taxes in each year by amounts rising annually from $10.9 billion in 2000, to $31.8 billion in 2001, to $59.5 billion in 2005. For the 10-year period 2001 to 2010, higher levels of income increase collections of individual income taxes and payroll taxes by $670.9 billion. Higher corporate profits increase collections of corporation income taxes by $5.5 billion in 2000, $6.8 billion in 2001, and $181.7 billion over the 10 years, 2001 to 2010. Higher levels of nominal and real GDP, which affect excise taxes, and higher interest rates, which affect deposits of earnings by the Federal Reserve, also contribute to the increase in receipts in each year. Beginning in 2003, customs duties are reduced in each year, reflecting lower levels of imports than forecast for the February budget.

Technical adjustments increase receipts by $36.6 billion in 2000, $30.6 billion in 2001, and declining amounts in each subsequent year. For the 10-year period 2001 to 2010, technical adjustments increase receipts by a net $163.1 billion. These net increases are in large part attributable to higher-than-anticipated collections of individual income taxes, which are partially offset by net downward adjustments in other sources of receipts. The technical revisions in individual income taxes, which in large measure reflect continued strength in the stock market and its effects on capital gains realizations and other market sensitive components of income, increase receipts by $36.7 billion in 2000, $31.4 billion in 2001, and $173.7 billion over the 10 years, 2001 to 2010.

Administrative and legislative actions, which include the Civil Asset Forfeiture Reform Act of 2000, the Trade and Development Act of 2000, and the repeal of the Social Security earnings test, increase receipts by a net $1.1 billion in 2000, but have a relatively minor effect in each subsequent year.

Reestimates of the Administration's proposals increase receipts by $2.4 billion in 2001 and by declining amounts in each subsequent year. These revisions result largely from the correction of the distribution of the effects of the proposed earned income tax credit (EITC) between outlays and receipts, enactment of the Administration's initiatives to enhance trade benefits for subsaharan African and Caribbean Basin countries, and the revised economic forecast.

Table 8. CHANGE IN RECEIPTS

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2001–2005	2001–2010
February unified estimate	1,956.3	2,019.0	2,081.2	2,147.5	2,236.1	2,340.9		
Revisions due to:								
Economic assumptions	19.2	43.8	54.3	68.7	80.3	83.3	330.5	881.2
Technical reestimates	36.6	30.6	30.4	26.9	21.2	14.7	123.8	163.1
Administrative action	–0.2	–0.2	–0.2	–0.3	–0.1	–*	–0.9	–1.2
Enacted legislation	1.3	0.4	0.2	0.1	0.1	*	0.8	0.9
Reestimates of proposals	–*	2.4	2.1	2.1	1.6	1.0	9.1	10.1
Total change	56.9	76.9	86.8	97.6	103.1	99.0	463.4	1,054.1
Mid-Session unified estimate	2,013.1	2,096.0	2,168.0	2,245.1	2,339.2	2,439.9		

* $50 million or less.

SPENDING

Current outlay totals for 2000 increase by $12.1 billion relative to the February budget estimates. The higher estimates arise from enactment of the Agriculture Risk Protection Act and the repeal of the Social Security earnings test, and the net effect of revised economic and technical assumptions.

For the 10-year period 2001 through 2010, the Administration now estimates total outlays at $161.0 billion higher than in February. Because of higher estimates of revenues discussed in the previous section, the Administration has revised its proposals, increasing outlays by $380.5 billion over the period. Enacted legislation also increases the 10-year projections. These increases are partially offset by changes due to revised economic and technical assumptions.

Policy changes

The Administration has refined its framework spending proposals in light of the changes in baseline surpluses projected in this Review. These refinements enhance the proposed medicare drug coverage and adjust the February medicare reform proposals. The Administration also proposes to increase the discretionary caps to maintain a program level equal to current services levels over the 10-year period 2001 through 2010, increasing budget authority and outlays beginning in 2003. Minor revisions to Administration discretionary requests for 2000 and 2001, and releases of previously enacted emergency funding, increase outlays by $0.5 billion in both years.

The Agriculture Risk Protection Act provides $5.5 billion in income support to farmers in 2000. The Act also reforms the crop insurance program by increasing federal subsidies for insurance premiums and expanding coverage to more crops, among other changes. The Administration's framework proposal to enhance the farm safety net has been refined to conform to the new policy baseline established by this Act. The Act's crop insurance provisions, as well as its income assistance for the 2000 crop only, have been substituted for the Administration's corresponding proposals. On net, these changes add $4.8 billion in 2000 outlays compared with the Administration's February proposal, and $5.5 billion in outlays for 2001 through 2005. The legislation repealing the Social Security earnings limits increases 2000 and 2001 outlays by $4.4 billion and $4.6 billion, respectively.

Economic assumptions

Revisions in economic assumptions, discussed earlier in this report, increase outlays by $2.4 billion in 2000 and $7.0 billion in 2001. Over the 10-year period 2001 through 2010, however, outlay estimates decrease by a net of $91.1 billion due to revised economic assumptions. Outlays are increased by higher interest rates and slightly higher inflation rates. These increases are more than offset by the impact of lower unemployment rate projections and the debt service impact of higher receipts due to revised economic assumptions.

Technical changes

For 2000, estimated outlays are $0.3 billion lower than in February for technical reasons. For 2001, technical changes reduce outlays by $6.2 billion. The following changes in outlay projections all arise from technical factors.

Commodity credit corporation (CCC) farm price supports.—Spending on farm programs through the Commodity Credit Corporation is projected to increase by $7.3 billion over the five years 2001 through 2005 and $10.0 billion over 10 years, relative to the February budget. These changes largely reflect increases in projected demand for USDA commodity loans and payments due primarily to increased crop production estimates and slower price recovery for certain commodities.

Medicaid.—Projected outlay estimates for medicaid are $1.6 billion above the February estimate for 2001 and $20.5 billion higher for the 10-year period 2001 through 2010. This is the result of higher projections of spending from States on benefits and administration, and increases in vaccines for children.

Medicare.—Current estimates of Medicare outlays are $1.2 billion higher than the February estimate for 2000. The change is partially a result of a $3.4 billion shift in spending from 2001 into 2000, reflecting a correction in the number of managed care payments in those years. Medicare outlays are projected to be $8.2 billion lower in 2001 and $92.2 billion lower over the 10-year period, 2001 through 2010, than the February estimates for technical reasons. These changes reflect (1) lower enrollment projections for managed-care enrollees, which reduces managed-care spending, (2) lower projections for the increase in hospital case-mix (a measure of the intensity of inpatient hospital services), and (3) lower projections for skilled nursing spending. Increases in the projections for spending for physician services and outpatient hospital departments partially offset these decreases. Because the effect of changes in economic assumptions offset the revisions due to technical factors, the total change in the Medicare baseline over the 10-year period is $44.8 billion.

Earned income tax credit (EITC).—Outlays for the refundable portion of the EITC are $17.2 billion more over 10 years than projected in February. This results largely from the correction of the distribution between outlays and receipts of the Administration's proposed changes in the EITC. This change is offset on the receipt side of the budget.

Agency contributions to Civil Service Retirement Trust Fund.—Enhancements to estimating procedures, including more accurate salary history projections for Federal employees, have increased estimates of agency contributions to the Civil Service Retirement Trust Fund by $1.0 billion in 2000 and by $12.4 billion over the 10-year period 2001 through 2010. These contributions appear in the budget as negative mandatory outlays and are offset within appropriations accounts. The effect of increasing the estimated contributions is to reduce mandatory outlays.

Net interest.—Estimates of net interest outlays are $116.3 billion lower than in February over the 10-year period 2001 through 2010, primarily reflecting reduced debt service costs related to technical changes in receipts and outlays.

Table 9. CHANGE IN OUTLAYS

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2001–2005	2001–2010
February estimate	1,789.6	1,835.0	1,895.3	1,962.9	2,041.1	2,125.5	9,859.8	21,682.9
Revisions due to:								
Policy changes:								
Revised proposals:								
Medicare reforms and drug coverage	....	5.7	17.5	19.2	13.4	15.7	71.7	166.4
Discretionary programs	0.5	0.5	0.3	1.9	3.5	5.1	11.2	25.5
Other	....	–*	–0.3	0.1	0.1	0.1	0.1	0.8
Related debt service	*	0.2	1.0	2.2	3.5	4.9	11.9	62.5
Debt service for reserve for America's future	....	0.6	2.1	3.7	5.5	7.4	19.4	125.3
Subtotal, revised policies	0.5	7.1	20.6	27.1	26.1	33.3	114.3	380.5
Enacted legislation:								
Agriculture Risk Protection Act	4.8	–0.1	0.9	1.5	1.6	1.6	5.5	14.7
Social security earnings test	4.4	4.6	3.9	3.8	3.5	3.1	18.9	27.4
Other	....	–0.1	–0.1	–0.1	–0.1	–0.1	–0.5	–1.1
Related debt service	0.2	0.7	1.0	1.3	1.6	2.0	6.5	22.2
Subtotal, policy changes	9.9	12.2	26.2	33.6	32.7	39.9	144.6	443.6
Economic assumptions:								
Mandatory:								
Medicare and Medicaid	*	0.9	2.5	3.6	4.7	5.8	17.5	61.3
Food stamps	–0.6	–1.0	–1.3	–1.6	–1.5	–1.3	–6.7	–11.6
Unemployment insurance	–0.2	–1.4	–3.1	–3.5	–2.2	–1.1	–11.2	–8.1
EITC	0.9	1.2	1.0	1.0	0.8	0.9	4.8	8.4
Social security	–0.1	2.8	3.6	3.5	3.6	3.9	17.5	45.8

Table 9. CHANGE IN OUTLAYS—Continued

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2001–2005	2001–2010
Other mandatory programs	–0.1	0.4	0.6	0.6	0.6	0.6	2.8	6.3
Net interest:								
Interest rates	2.8	6.3	7.0	5.4	5.1	4.7	28.4	36.0
Debt service	–0.5	–2.2	–4.8	–8.1	–12.6	–17.5	–45.2	–229.0
Subtotal, economic assumptions	2.4	7.0	5.4	0.9	–1.4	–4.0	7.9	–91.1
Technical reestimates:								
Discretionary programs	2.3	–1.2	0.6	0.6	0.4	0.1	0.5	1.2
Mandatory:								
CCC	–0.1	–0.3	0.7	1.0	2.9	2.9	7.3	10.0
Medicaid	0.7	1.6	1.6	1.6	1.9	1.9	8.6	20.5
Medicare	1.2	–8.2	–5.2	–6.4	–7.0	–9.2	–36.1	–92.2
EITC	....	2.0	1.6	1.7	1.7	1.7	8.6	17.2
CSRS agency contributions	–1.0	–1.1	–1.1	–1.1	–1.2	–1.2	–5.7	–12.4
Other mandatory programs	–3.0	3.2	–1.3	–2.4	–3.2	–2.1	–5.7	–19.6
Net interest	–0.3	–2.1	–4.7	–7.9	–9.3	–10.6	–34.6	–116.3
Subtotal, technical reestimates	–0.3	–6.2	–7.7	–12.9	–13.8	–16.4	–57.1	–191.6
Total, changes	12.1	13.0	23.9	21.6	17.4	19.5	95.4	161.0
Mid-Session estimate	1,801.6	1,848.0	1,919.2	1,984.4	2,058.6	2,145.0	9,955.2	21,843.8
Memorandum:								
Net discretionary budget authority:								
February estimate	574.7	614.3	625.5	635.5	650.1	665.4	3,190.9	6,791.3
Changes	0.9	–*	0.1	2.9	4.3	6.0	13.3	25.4
Mid-Session estimate	575.5	614.3	625.5	638.4	654.4	671.4	3,204.1	6,816.7

CURRENT STATUS OF ENFORCEMENT PROCEDURES

The Budget Enforcement Act of 1990 (BEA) contains procedures designed to enforce the deficit reduction contained in the Omnibus Budget Reconciliation Act of 1990. The BEA divides the budget into two categories: 1) discretionary programs, and 2) direct spending (also called mandatory spending) and receipts. The BEA established, through 1995, annual limits or "caps" on discretionary spending and a "pay-as-you-go" (PAYGO) requirement that legislation affecting direct spending or receipts not result in a net cost. The BEA has been extended several times, most recently by the Balanced Budget Act of 1997, which extended the caps and PAYGO requirements through 2002. The Transportation Equity Act for the 21st Century further modified the discretionary caps by creating new caps for highway and mass transit outlays.

The BEA requires that OMB issue reports after enactment of individual bills and three times a year on the overall status of discretionary and PAYGO legislation. This section discusses the status of the discretionary limits and enacted legislation subject to PAYGO. The BEA also requires OMB to use the economic and technical assumptions underlying the President's budget submission in scoring PAYGO legislation and appropriations action for the rest of this session of Congress.

Discretionary Spending

Generally, discretionary programs are those whose program levels are established annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits budget authority and outlays available for discretionary programs each year through 2002. OMB monitors compliance with the discretionary limits throughout the fiscal year. Appropriations that would cause either the budget authority or outlay limits to be exceeded would trigger a sequester to eliminate any such breach after Congress has adjourned. The BEA permits certain adjustments to the discretionary limits. Table 10 shows the current status of the discretionary spending limits.

Table 10. CURRENT STATUS OF DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

	FY 2000		FY 2001		FY 2002	
	BA	OL	BA	OL	BA	OL
Violent Crime Reduction Trust Fund Preview Report Spending Limit	**4,500**	**6,344**	**N/A**	**N/A**	**N/A**	**N/A**
No Adjustments	....	....	....	....	....	....
Current Estimate, Violent Crime Reduction Trust Fund Spending Limit	**4,500**	**6,344**	**N/A**	**N/A**	**N/A**	**N/A**
Highway Category Preview Report Spending Limit	....	**24,574**	....	**26,920**	....	**27,925**
No Adjustments	....	....	....	....	....	....
Current Estimate, Highway Category Spending Limit	....	**24,574**	....	**26,920**	....	**27,925**
Mass Transit Category Preview Report Spending Limit	....	**4,117**	....	**4,639**	....	**5,419**
No Adjustments	....	....	....	....	....	....
Current Estimate, Mass Transit Category Spending Limit	....	**4,117**	....	**4,639**	....	**5,419**

Table 10. CURRENT STATUS OF DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

	FY 2000		FY 2001		FY 2002	
	BA	OL	BA	OL	BA	OL
Other Discretionary Preview Report Spending Limit	**566,472**	**564,913**	**541,095**	**547,279**	**550,333**	**537,231**
Release of Contingent Emergency Funding [1]	678	775	....	531	....	184
Current Estimate, Other Discretionary Spending Limit	**567,150**	**565,688**	**541,095**	**547,810**	**550,333**	**537,415**
Anticipated Other Adjustments:						
EITC Tax Compliance	N/A	N/A	145	145	146	146
Continuing Disability Reviews	N/A	N/A	450	405	450	450
Adoption Incentive Payments	N/A	N/A	20	2	20	13
Subtotal, Anticipated Other Adjustments	N/A	N/A	615	552	616	609
Estimate of Other Discretionary Spending Limit, Including Anticipated Other Adjustments	**567,150**	**565,688**	**541,710**	**548,362**	**550,949**	**538,024**
Total Discretionary Preview Report Spending Limit	**570,972**	**599,948**	**541,095**	**578,838**	**550,333**	**570,575**
Release of Contingent Emergency Funding	678	775	....	531	....	184
Current Estimate, Total Discretionary Spending Limit	**571,650**	**600,723**	**541,095**	**579,369**	**550,333**	**570,759**
Anticipated Other Adjustments	N/A	N/A	615	552	616	609
Estimate of Total Discretionary Spending Limit, Including Anticipated Other Adjustments	**571,650**	**600,723**	**541,710**	**579,921**	**550,949**	**571,368**

[1] Includes an adjustment of $277 million in contingent emergency funding released for the Department of Defense on December 16, 1999 that was not included in the Preview Report.

PAYGO Legislation

PAYGO enforcement covers all direct spending and receipts legislation. The BEA defines direct spending as entitlement authority, the food stamp program, and budget authority provided by law other than in appropriations acts.

The BEA requires that, in total, receipts and direct spending legislation not result in a net cost in any year. If such legislation yields a net cost, and if the President and Congress do not fully offset it by other legislative savings, the law requires that a sequester of non-exempt direct spending programs offset the net cost after Congress has adjourned.

The BEA requires that OMB submit a report to Congress that estimates the resulting change in outlays or receipts for the current year, the budget year, and the following four fiscal years. The estimates, which must rely on the economic and technical assumptions underlying the most recent President's Budget, determine whether the PAYGO requirement is met. The PAYGO process requires that OMB maintain a "scorecard" that shows the cumulative net cost of such legislation. On January 3, 2000, the PAYGO scorecard for all years was reset to zero as required by the Consolidated Appropriations Act of 2000.

Table 11 presents estimates of PAYGO legislation reported by OMB as of June 20, 2000. At the end of this session of Congress, OMB will determine the need for sequestration. The 2000 impact of legislation enacted this year will be added to the year 2001 balances in the end-of-session report that OMB is to issue after the second session of the 106th Congress adjourns sine die. Under current estimates, a sequester of $563 million is projected for 2001. The Agricultural Risk Protection Act, for which OMB has not yet issued an official PAYGO report as of June 20, 2000, will increase the sequester amount to $1,302 million. The Administration looks forward to working with the Congress to ensure that an unintended sequester does not occur.

The table does not include the cost of repealing the Social Security earnings test, because it was exempt from PAYGO procedures. The act increased Social Security benefits by $22 billion over 2000–2005. The table also excludes agricultural assistance and other spending under Title II of the Agricultural Risk Protection Act, because the act exempts all spending under this title from PAYGO. OMB estimates this spending to be $5.5 billion in 2000, $1.7 billion in 2001, and less than $25 million in each year thereafter.

Maintaining Strong Budget Enforcement Rules

As proposed in the BEA Preview report, the Administration will continue its emphasis on BEA budget restraint and discipline by recommending an extension of caps and PAYGO. In order to maintain the positive fiscal policy that produced the surplus, decisions on how to allocate the surplus should be made in the context of budget enforcement mechanisms designed to monitor and control aggregate spending and receipt policies. The Administration proposes to strengthen and protect Social Security and Medicare, reduce the debt held by the public, and make additional resources available for other high priority national needs. The Administration will work with the Congress to ensure that the framework proposals complement the BEA procedures. Beginning in 2001, the Administration proposes to revise the discretionary caps to reflect the cost of maintaining the operation of the Federal Government at currently enacted levels through 2010. The proposed changes would increase discretionary spending at about the same pace as inflation. The Administration also proposes to extend the PAYGO enforcement system to 2010. The Administration would like to work with Congress to design appropriate budget rules that protect medicare surpluses for medicare and debt reduction.

Table 11. NET COST OF PAY–AS–YOU–GO LEGISLATION REPORTED ON BY OMB AS OF JUNE 20, 2000

(In millions of dollars)

Report Number	Act Number	Act Title	2000	2001	2002	2003	2004	2005	2000–05
Legislation enacted since the Balanced Budget Act of 1997:									
		Balances shown in FY2000 Preview Report (also FY1999 End of Session report) [1]							
		OMB estimate	0	0	0	0	0	0	0
		CBO estimate	0	0	0	0	0	0	0
Legislation enacted in the 2nd session of the 106th Congress:									
502	P.L. 106–171	Electronic Benefit Transfer Interoperability and Portability Act							
	S. 1733	OMB estimate	0	1	1	1	1	1	5
		CBO estimate	0	1	1	1	1	1	5
503	P.L. 106–176	Omnibus Parks Technical Corrections Act							
	H.R. 149	OMB estimate	2	3	1	0	0	0	6
		CBO estimate	3	6	4	2	0	0	15
504	P.L. 106–181	Wendell H. Ford Aviation Investment and Reform Act							
	H.R. 1000	OMB estimate	*	*	*	*	*	*	*
		CBO estimate	0	2	5	7	9	11	34
505	P.L. 106–180	Open-market Reorganization for the Betterment of International Telecommunications Act							
	S. 376	OMB estimate	0	0	0	0	0	0	0
		CBO estimate	0	0	0	5	5	5	15
506	P.L. 106–185	Civil Asset Forfeiture Reform Act							
	H.R. 1658	OMB estimate	0	40	8	1	1	1	51
		CBO estimate	0	40	8	1	1	1	51
507	P.L. 106–200	Trade and Development Act of 2000							
	H.R. 434	OMB estimate	40	477	588	636	671	657	3,069
		CBO estimate	60	395	512	546	578	561	2,652
		Subtotal, legislation reported on by OMB as of June 20, 2000							
		OMB estimate	42	521	598	638	673	659	3,131
		CBO estimate	63	444	530	562	594	579	2,772

Table 11. NET COST OF PAY–AS–YOU–GO LEGISLATION REPORTED ON BY OMB AS OF JUNE 20, 2000—Continued

(In millions of dollars)

Report Number	Act Number	Act Title	2000	2001	2002	2003	2004	2005	2000–05
		Total, Current balances							
		OMB estimate	42	521	598	638	673	659	3,131
		CBO estimate	63	444	530	562	594	579	2,772
		Current balance for sequester	....	**563**					
Legislation for which OMB has not issued an official PAYGO report as of June 20, 2000:									
	H.R. 2559	Agricultural Risk Protection Act							
		OMB estimate	0	739	1,408	1,480	1,565	1,633	6,825
		CBO estimate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Total, balances including the Agricultural Risk Protection Act							
		OMB estimate	42	1,260	2,006	2,118	2,238	2,292	9,956
		CBO estimate	63	444	530	562	594	579	2,772
		Total balance for sequester	....	**1,302**					

* Net costs or savings of $500,000 or less.

[1] The Consolidated Appropriations Act set the scorecard to zero for all years as of January 3, 2000.

Note: OMB also scored the following bills as PAYGO bills that had an impact of $500,000 or less in all years: Hillory J. Farias and Samantha Reid Date-Rape Drug Prohibition Act (P.L. 106–172, H.R. 2130), Congressional gold medal to John Cardinal O'Connor (P.L. 106–175, H.R. 3557), Child Abuse Prevention and Enforcement Act (P.L. 106–177, H.R. 764), Senior Citizens' Freedom to Work Act (P.L. 106–182, H.R. 5), Private relief for Belinda McGregor (Pvt. L. 106–4, S. 452), Worker Economic Opportunity Act (P.L. 106–202, S. 2323), To establish a fee system for commercial filming activities on Federal land (P.L. 106–206, H.R. 154), Hmong Veterans' Naturalization Act (P.L. 106–207, H.R. 371), and Muhammad Ali Boxing Reform Act (P.L. 106–210, H.R. 1832).

SUMMARY TABLES

Table 12. PROPOSED DISCRETIONARY SPENDING LIMITS, MID-SESSION REVIEW

(Dollars in millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Original Balanced Budget Act Limits:													
BA	**526.9**	**533.0**	**537.2**	**542.0**	**551.1**	....	....	....	....	....	....	....	....
OL	**553.3**	**559.3**	**564.3**	**564.4**	**560.8**	....	....	....	....	....	....	....	....
Spending Funded by Alternative Mechanisms:.													
BA	8.5	37.0	50.9	....	....	....	....	....	....	....	....	....	....
OL	3.6	19.2	30.0	....	....	....	....	....	....	....	....	....	....
Adjustments for Reestimates and Changes in Concepts: [1].													
BA	–1.1	1.5	4.3	....	....	....	....	....	....	....	....	....	....
OL	–2.2	–3.4	26.1	....	....	....	....	....	....	....	....	....	....
Enacted Program Levels/Current Services: [2].													
BA	534.2	571.5	592.4	607.0	624.8	640.7	656.8	673.4	690.0	709.1	727.1	745.1	763.5
OL	554.7	575.1	620.4	634.7	649.9	666.5	683.9	699.6	713.0	731.0	749.2	766.9	785.5
Proposed Discretionary Spending:													
Defense Military:.													
BA	....	....	....	292.2	295.9	302.0	309.2	317.3	325.6	334.1	342.8	351.7	360.8
OL	....	....	....	278.6	285.3	294.1	302.8	316.7	318.1	322.4	332.4	340.8	349.2
Non-Defense:.													
BA	....	....	....	322.2	329.7	336.5	345.2	354.1	359.8	369.5	379.4	389.5	399.5
OL	....	....	....	347.1	364.4	371.7	379.8	387.7	394.7	403.6	413.6	423.5	433.8
Total Discretionary:													
BA	....	....	....	**614.3**	**625.5**	**638.4**	**654.4**	**671.4**	**685.4**	**703.6**	**722.2**	**741.2**	**760.3**
OL	....	....	....	**625.7**	**649.7**	**665.7**	**682.6**	**704.4**	**712.8**	**726.0**	**746.0**	**764.3**	**782.9**
Additional Spending Offset by Mandatory Savings:													
BA	....	....	....	**7.9**	**2.3**	**2.0**	**2.0**	**2.0**	**1.7**	**1.3**	**0.8**	**0.4**	**0.4**
OL	....	....	....	**7.5**	**2.3**	**2.0**	**2.0**	**2.0**	**1.7**	**1.3**	**0.8**	**0.4**	**0.4**
Difference—Program Level from Current Services: [3]													
Defense Military:													
BA	....	....	....	4.5	0.8	–0.2	–0.4	0.1	0.4	–0.3	0.1	0.4	0.8
OL	....	....	....	–3.4	–1.5	–1.9	–1.4	4.9	2.0	–1.6	0.4	0.5	0.3
Non-Defense:													
BA	....	....	....	10.7	2.1	0.0	0.0	0.0	–3.4	–4.0	–4.2	–3.9	–3.6
OL	....	....	....	4.4	3.6	3.1	2.2	1.9	–0.6	–2.2	–2.7	–2.6	–2.4
Total Discretionary:													
BA	....	....	....	**15.2**	**3.0**	**–0.2**	**–0.4**	**0.0**	**–2.9**	**–4.3**	**–4.1**	**–3.5**	**–2.8**
OL	....	....	....	**4.5**	**2.1**	**1.2**	**0.7**	**6.8**	**1.4**	**–3.8**	**–2.4**	**–2.1**	**–2.1**

[1] This line includes reestimates , second and third year effects of emergency appropriations, and changes in concepts and definitions that are not included in the original BBA limits, or in the alternative funding mechanisms.

[2] Enacted program levels are shown for 1998 and 1999, proposed program level for 2000, and current services for 2001–2010.

[3] Program level includes additional spending offset by mandatory savings and excludes timing shifts.

Table 13. ESTIMATED SPENDING FROM 2001 BALANCES OF BUDGET AUTHORITY: DISCRETIONARY PROGRAMS [1]

(In billions of dollars)

	Total
Total balances, end of 2001	731.5
Spending from 2001 balances:	
2002	260.1
2003	159.5
2004	99.2
2005	67.9
Expiring balances, 2002 through 2005	....
Unexpended balances at the end of 2005	145.0

[1] This table is required by section 221(b) of the Legislative Reorganization Act of 1970.

Table 14. OUTLAYS FOR MANDATORY PROGRAMS UNDER CURRENT LAW[1]

(In billions of dollars)

	1999 Actual	Estimate										
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Human resources programs:												
Education, training, employment and social services	11.3	9.6	16.0	14.3	15.9	16.5	17.4	18.4	19.6	21.0	22.4	24.0
Health	114.1	124.1	133.9	145.1	157.1	170.3	184.4	199.6	216.7	234.6	253.5	274.2
Medicare	187.7	200.6	210.9	220.7	238.6	252.3	272.9	281.6	305.1	325.2	346.6	369.0
Income security	197.8	207.4	217.3	227.3	237.4	248.3	262.0	271.0	280.1	293.2	304.6	315.8
Social security	387.0	406.4	429.1	449.6	471.9	496.1	522.4	550.6	581.1	614.1	651.0	691.4
Veterans' benefits and services	23.8	25.1	25.9	27.1	29.0	30.2	33.3	32.7	31.9	35.4	36.9	38.4
Subtotal, human resources programs	921.7	973.1	1,033.0	1,084.0	1,149.9	1,213.6	1,292.4	1,353.9	1,434.4	1,523.5	1,614.8	1,712.8
Other mandatory programs:												
International affairs	–4.3	–5.0	–4.1	–3.7	–3.7	–3.7	–3.7	–3.7	–3.6	–3.6	–3.5	–3.5
Energy	–2.2	–4.5	–3.3	–3.9	–3.7	–4.0	–4.0	–4.1	–4.3	–3.0	–2.8	–2.7
Agriculture	18.4	31.5	16.1	11.8	11.9	11.9	11.0	9.4	9.1	9.2	9.5	9.5
Commerce and housing credit	–0.9	–3.3	1.0	–1.6	–1.6	–0.8	–0.3	0.4	0.6	0.7	–0.2	1.1
Transportation	1.9	2.4	2.1	1.6	2.0	1.9	1.9	1.9	1.9	1.9	2.0	2.0
Undistributed offsetting receipts	–40.4	–43.1	–46.8	–50.6	–50.1	–50.6	–50.9	–52.5	–54.3	–56.4	–58.0	–60.2
Other functions	4.0	3.6	2.1	1.1	1.1	2.8	2.5	2.4	2.5	2.7	2.5	2.5
Subtotal, other mandatory programs	–23.4	–18.3	–33.0	–45.4	–44.1	–42.6	–43.6	–46.3	–48.2	–48.4	–50.7	–51.4
Total, outlays for mandatory programs under current law	898.3	954.8	1,000.0	1,038.7	1,105.8	1,171.1	1,248.8	1,307.6	1,386.2	1,475.1	1,564.1	1,661.4

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

Table 15. MANDATORY PROPOSALS BY AGENCY

(In millions of dollars; minus means savings)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–05	2001–10
Health initiatives:													
Medicare:													
Prescription Drug Benefit and other reforms	....	1,386	10,790	18,952	19,763	21,588	23,805	26,755	29,751	33,354	37,417	72,479	223,561
Provider payment adjustments [1]	....	3,650	4,890	4,232	3,833	4,099	4,180	4,030	3,868	3,757	3,742	20,704	40,281
Subtotal, Medicare	....	5,036	15,680	23,184	23,596	25,687	27,985	30,785	33,619	37,111	41,159	93,183	263,842
Medicaid/SCHIP:													
Family coverage Medicaid/SCHIP initiative	....	800	1,600	2,600	3,800	5,000	8,900	12,000	12,800	13,700	14,800	13,800	76,000
Benefits for legal immigrant children, pregnant women, and the disabled	....	63	123	229	332	461	623	808	1,070	1,276	1,482	1,208	6,467
Other initiatives (accelerating SCHIP/Medicaid, children, etc.)	....	372	968	1,038	1,229	1,174	1,365	1,585	1,661	1,867	1,962	4,781	13,221
Other offsets (cost allocation, generic drugs, etc.)	....	–122	–278	–578	–734	–680	–665	–668	–725	–714	–411	–2,392	–5,575
Subtotal, Medicaid/SCHIP	....	1,113	2,413	3,289	4,627	5,955	10,223	13,725	14,806	16,129	17,833	17,397	90,113
Subtotal, Medicare and Medicaid/SCHIP	....	6,149	18,093	26,473	28,223	31,642	38,208	44,510	48,425	53,240	58,992	110,580	353,955
Total, health initiatives:													
On-budget	....	3,814	13,129	26,670	26,894	30,619	37,602	44,284	48,536	53,683	59,646	101,126	344,877
Off-budget (Social Security and Medicare, HI effects)	....	2,335	4,964	–197	1,329	1,023	606	226	–111	–443	–654	9,454	9,078
Total, health initiatives	....	6,149	18,093	26,473	28,223	31,642	38,208	44,510	48,425	53,240	58,992	110,580	353,955
Other proposals:													
Department of Agriculture													
Farm safety net programs	....	1,654	3,757	578	646	711	714	720	725	730	726	7,346	10,961
Food Stamps:													
Restore Food Stamp benefits for legal immigrants	....	25	95	140	160	145	140	125	120	110	115	565	1,175
State option on vehicle policy	....	1	30	120	250	260	270	280	290	300	310	661	2,111
Conforming Food Stamp and Medicaid income definition	....	5	5	5	5	5	5	5	5	5	5	25	50
Payments to states stabilization:													
Collections to offset payments	....	–270	–270	–270	–270	–270	–270	–270	–270	–270	–270	–1,350	–2,700
Payments	....	270	270	270	270	270	270	270	270	270	270	1,350	2,700
Healthy Investments in Rural Environments:													
Collections to offset payments	....	–315	–320	–317	–315	–314	–331	–331	–331	–331	–331	–1,581	–3,236
Payments	....	315	320	317	315	314	331	331	331	331	331	1,581	3,236
Forest Service proposals:													
Fair Market Value fees for ski resorts and timber	....	–8	–28	–47	–56	–62	–62	–62	–62	–62	–62	–201	–511
Make Recreation Fee Permanent	....	....	–17	–12	–7	–2	....	10	10	10	8	–38	....
Fair Market Value fees for concessions and land uses	....	–6	....	....	....	....	....	....	....	....	....	–6	–6

Table 15. MANDATORY PROPOSALS BY AGENCY—Continued

(In millions of dollars; minus means savings)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–05	2001–10
Road and Trail Fund:													
Increased receipts	....	–25	–25	–25	–25	–25	–25	–25	–25	–25	–25	–125	–250
Increased spending	....	25	25	25	25	25	25	25	25	25	25	125	250
Selected program offsets from FS permanent, trust, and owl payments:													
Spending under new proposals	....	596	570	553	547	545	564	574	574	574	572	2,811	5,669
Reduction of existing program spending	....	–596	–570	–553	–547	–545	–564	–574	–574	–574	–572	–2,811	–5,669
Facilities Acquisition and Enhancement Fund:													
Increased receipts	....	–2	–5	–5	–10	–10	–10	–10	–13	–15	–15	–32	–95
Increased spending	....	2	5	5	10	10	10	10	13	15	15	32	95
Land Acquisition Reinvestment Fund:													
Increased receipts	....	–1	–1	–2	–3	–3	–5	–5	–8	–11	–11	–10	–50
Increased spending	....	1	1	2	3	3	5	5	8	11	11	10	50
Department of Education													
Offsets designated for mandatory:													
Reduce default retention to 12% for consolidating loans	....	....	–56	–59	–63	–66	–71	–75	–80	–84	–89	–244	–643
Reduce GA retention rate to 18.5%	....	....	–27	–28	–30	–31	–34	–35	–37	–39	–42	–116	–303
Eliminate tax-exempt lenders' interest special allowance	....	....	–149	–164	–187	–204	–214	–227	–242	–257	–271	–704	–1,915
Reduce lender subsidy by 11 basis pts for comm. paper rates	....	....	–131	–89	–23	....	....	....	....	....	....	–243	–243
Reduce lender subsidy by 20 basis pts for basis risk transfer	....	....	–239	–165	–43	....	....	....	....	....	....	–447	–447
Accelerate BBA recall from Restricted Account	....	....	194	....	....	....	....	....	....	....	....	194	194
Accelerate Federal fund reserve recall	....	....	....	....	....	....	83	83	....	....	....	....	166
Offsets designated for discretionary:													
Reduce default retention to 12% for consolidating loans	....	–428	....	....	....	....	....	....	....	....	....	–428	–428
Reduce GA retention rate to 18.5%	....	–220	....	....	....	....	....	....	....	....	....	–220	–220
Recall excess federal fund reserves	....	–950	....	....	....	....	....	....	....	....	....	–950	–950
Eliminate tax-exempt lenders' interest special allowance	....	–94	....	....	....	....	....	....	....	....	....	–94	–94
Reduce lender subsidy by 11 basis pts for comm. paper rates	....	–83	....	....	....	....	....	....	....	....	....	–83	–83
Reduce lender subsidy by 20 basis pts for basis risk transfer	....	–152	....	....	....	....	....	....	....	....	....	–152	–152
Accelerate Federal fund reserve recall	....	–165	....	....	....	....	....	....	....	....	....	–165	–165

Table 15. MANDATORY PROPOSALS BY AGENCY—Continued

(In millions of dollars; minus means savings)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–05	2001–10
Department of Health and Human Services													
Child Care: Establish early learning fund		402	588	606	606	600	180	18				2,802	3,000
Child support:													
State option on simplified distribution			49	102	124	121	127	132	140	147	154	396	1,096
Federal match on pass-through		5	23	23	23	23	24	26	26	28	28	97	229
Reduce paternity match		–8	–8	–8	–8	–9	–9	–9	–10	–10	–11	–41	–90
Mandatory review and adjustment		29	–7	–44	–63	–66	–69	–71	–73	–76	–76	–151	–516
Expanded enforcement measures		–25	–91	–92	–92	–91	–94	–93	–96	–99	–101	–391	–874
Reduction in offset savings due to initiatives		1	8	8	8	8	8	8	8	7	7	33	71
Social Services Block Grant		66	9									75	75
Tribal Child Welfare Pilot		1	1	1	1	1						5	5
TANF/Reduce supplemental grants to 1998 levels:													
Offsets designated for mandatory			–53	–41	–24							–118	–118
Offsets designated for discretionary		–122										–122	–122
Department of Housing and Urban Development													
Fund Round II Urban Empowerment Zones		3	51	114	138	144	150	150	150	150	147	450	1,197
Department of the Interior													
BLM timber payments to States delinkage		11	14	17	19	20	22	23	25	26	27	81	204
Recreation/entrance fees			–40	7	49	87	87	86	86	85	85	103	532
Hardrock mining production fee on public lands			–8	–26	–26	–26	–26	–26	–26	–26	–26	–86	–216
Finance land purchases with sales of surplus land:													
Surplus land sales receipts		–2	–4	–11	–11	–11	–11	–11	–11	–11	–11	–39	–94
Land purchases		2	4	11	11	11	11	11	11	11	11	39	94
Filming and photography on public lands:													
Filming fee receipts		–3	–3	–4	–4	–5	–5	–5	–5	–5	–5	–18	–43
Increased spending		3	3	4	4	5	5	5	5	5	5	18	43
Department of Labor													
Extend Welfare-to-Work	–100	–450	170	304	76							100	100
Trade Adjustment Assistance reforms		31	77	110	119	122	49	12				459	520
Implement alien labor certification fees:													
Fee receipts		–138	–122	–122	–122	–122	–122	–122	–122	–122	–122	–626	–1,236
Spending		36	73	110	122	122	122	122	122	122	122	463	1,073
PBGC: Raise guarantee cap for multi-employer pensions		1	1	2	3	3	3	3	3	3	2	10	24

Table 15. MANDATORY PROPOSALS BY AGENCY—Continued

(In millions of dollars; minus means savings)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–05	2001–10
Department of Transportation													
Shift St. Lawrence Sea way to mandatory	....	13	13	14	15	15	15	16	16	17	17	70	151
Department of Treasury													
Extend customs user fees:													
Conveyance/passenger fee	....	....	....	....	–424	–465	–511	–562	–617	–678	–746	–889	–4,003
Merchandise processing fee	....	....	....	....	–1,036	–1,059	–1,082	–1,106	–1,130	–1,155	–1,181	–2,095	–7,749
Department of Veterans Affairs													
Increase veterans' education benefits	....	238	238	240	246	256	265	274	284	296	308	1,218	2,645
Pay full benefits for Filipino veterans residing in the U.S.	....	5	5	5	5	5	4	4	4	4	4	25	45
Extend expiring OBRA VA provisions:													
Limit pension benefits to Medicaid eligible beneficiaries in nursing homes (includes Medicaid offset)	....	....	....	–105	–111	–122	–125	–135	–149	–162	–176	–338	–1,085
Round down to the next lower dollar COLAs for disability compensation and DIC	....	....	....	–14	–33	–52	–69	–94	–120	–144	–157	–99	–683
Verify income of beneficiaries with the IRS	....	....	....	–6	....	....	....	....	....	....	....	–6	–6
Retain current loan fees and obtain authority to reduce resale losses	....	....	....	–228	–226	–237	–246	–254	–260	–264	–271	–691	–1,986
Corps of Engineers													
Harbor services fees	....	–966	–963	–960	–996	–1,014	–1,040	–1,067	–1,095	–1,124	–1,153	–4,899	–10,378
Environmental Protection Agency													
Fund Superfund orphan shares	....	39	84	108	122	129	134	138	143	147	150	482	1,194
Federal Deposit Insurance Corporation													
State bank exam fees	....	–92	–96	–102	–106	–111	–117	–123	–129	–136	–143	–507	–1,155
Federal Emergency Management Agency													
Flood Map Modernization:													
Fee receipts	....	–104	–107	–109	–112	–114	–116	–118	–118	–118	–118	–546	–1,134
Spending	....	47	95	108	110	112	115	117	118	117	117	472	1,056
Office of Personnel Management													
Contract separately for dental benefits:													
Paygo savings	....	–195	–281	–302	–326	–352	–380	–409	–443	–474	–492	–1,456	–3,654
Nonpaygo costs	....	122	177	189	203	218	235	251	271	287	311	909	2,264
Omnibus human resources improvements	....	–7	–10	–14	–18	–22	–27	–32	–37	–43	–49	–71	–259
Government-wide voluntary separation incentives (nonpaygo):													
Increased CSRDF outlays	....	27	64	49	11	–3	–3	–4	–4	–4	–4	148	129
Increased CSRDF agency contributions	....	–35	–38	–4	....	....	....	....	....	....	....	–77	–77
Correction of retirement coverage errors:													
Increased CSRDF outlays	....	4	1	1	2	3	3	4	4	5	5	11	32

Table 15. MANDATORY PROPOSALS BY AGENCY—Continued

(In millions of dollars; minus means savings)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001–05	2001–10
Reduced CSRDF agency contributions (nonpaygo)	....	69	16	21	24	26	27	30	32	34	37	156	316
Eliminate retirement inequities	....	1	1	1	1	1	1	1	1	1	1	5	10
Children's coverage under FEHBP:													
Paygo costs	....	1	1	2	3	3	4	4	5	6	6	10	35
Nonpaygo savings	....	–1	–2	–3	–4	–5	–7	–8	–9	–10	–11	–15	–60
Social Security Administration													
Restore SSI benefits for disabled legal immigrants	....	....	23	99	208	377	523	651	953	1,122	1,272	707	5,228
OASI and DI, payment for military service credit (off-budget)	....	271	321	285	289	291	296	300	304	308	308	1,457	2,973
SSI State supplemental timing shift:.													
Offsets designated for mandatory	....	....	....	–10	–13	–7	–7	–13	–10	377	–9	–30	308
Offsets designated for discretionary	....	....	–311	....	....	....	....	....	....	....	....	–311	–311
United Mine Workers of America													
Payment to UMWA CBF to maintain current benefits	....	49	47	46	45	43	42	41	40	40	39	230	432
Other													
Indirect impact of other proposals	....	4	15	8	8	5	–1	1	....	....	....	40	40
Timing shifts													
Medicare+choice payment timing shift	....	....	4,500	–4,500	....	....	....	....	....	....	....	....	....
Repeal the delay of the Oct. 2000 benefit payment date:													
VA compensation benefits	1,800	–1,800	....	....	....	....	....	....	....	....	....	–1,800	–1,800
SSI benefits	2,190	–2,190	....	....	....	....	....	....	....	....	....	–2,190	–2,190
Total, other proposals:													
On-budget	3,890	–5,558	7,621	–4,131	–796	–677	–1,080	–1,311	–1,288	–911	–1,307	–3,541	–9,438
Off-budget	....	271	321	285	289	291	296	300	304	308	308	1,457	2,973
Total, other proposals	3,890	–5,287	7,942	–3,846	–507	–386	–784	–1,011	–984	–603	–999	–2,084	–6,465
Recap, other proposals:													
Initiatives	–100	2,436	5,605	2,889	3,076	3,263	2,953	2,900	3,198	3,392	3,560	17,269	33,272
Offsets	....	–3,733	–2,163	–2,235	–3,583	–3,649	–3,737	–3,911	–4,182	–3,995	–4,559	–15,363	–35,747
Timing shifts	3,990	–3,990	4,500	–4,500	....	....	....	....	....	....	....	–3,990	–3,990

[1] Includes Medicaid and other health policy changes.

Table 16. EFFECT OF PROPOSALS ON RECEIPTS

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Provide tax relief:												
Expand educational opportunities:												
Provide College Opportunity tax cut	....	–365	–1,851	–2,256	–3,480	–3,758	–4,255	–4,612	–5,077	–5,054	–5,260	–35,968
Provide incentives for public school construction and modernization	....	–36	–174	–419	–739	–1,020	–1,127	–1,127	–1,127	–1,127	–1,127	–8,023
Expand exclusion for employer-provided educational assistance to include graduate education	–66	–275	–90	....	....	....	....	....	....	....	....	–365
Eliminate 60-month limit on student loan interest deduction	....	–23	–80	–87	–89	–93	–103	–105	–109	–112	–113	–914
Eliminate tax when forgiving student loans subject to income contingent repayment	....	....	....	....	....	....	....	....	....	....	....	....
Provide tax relief for participants in certain Federal education programs	....	–3	–7	–7	–7	–6	–6	–6	–6	–7	–7	–62
Subtotal, expand educational opportunities	–66	–702	–2,202	–2,769	–4,315	–4,877	–5,491	–5,850	–6,319	–6,300	–6,507	–45,332
Provide poverty relief and revitalize communities:												
Increase and simplify the Earned Income Tax Credit (EITC) [1]	....	–325	–317	–320	–338	–341	–344	–361	–384	–416	–431	–3,577
Increase and index low-income housing tax credit per-capita cap	....	–6	–55	–168	–306	–448	–591	–736	–906	–1,114	–1,336	–5,666
Provide New Markets Tax Credit	....	–30	–222	–515	–743	–940	–960	–768	–474	–247	–197	–5,096
Extend Empowerment Zone (EZ) tax incentives and authorize additional EZs	....	–36	–167	–333	–452	–568	–629	–618	–618	–610	–345	–4,376
Bridge the Digital Divide	....	–107	–272	–344	–289	–207	–169	–170	–171	–172	–173	–2,074
Provide Better America Bonds to improve the environment	....	–8	–41	–112	–214	–315	–410	–479	–511	–512	–513	–3,115
Permanently extend the expensing of brownfields remediation costs	....	....	–98	–152	–146	–140	–133	–125	–116	–104	–93	–1,107
Expand tax incentives for specialized small business investment companies (SSBICs)	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*	–*
Subtotal, provide poverty relief and revitalize communities [1]	....	–512	–1,172	–1,944	–2,488	–2,959	–3,236	–3,257	–3,180	–3,175	–3,088	–25,011
Make health care more affordable:												
Assist taxpayers with long-term care needs [1]	....	–109	–1,150	–1,681	–2,427	–3,028	–3,344	–3,420	–3,461	–3,448	–3,376	–25,444
Encourage COBRA continuation coverage	....	....	–41	–858	–1,149	–1,286	–1,323	–1,370	–1,393	–1,412	–1,434	–10,266
Provide tax credit for Medicare buy-in program	....	....	–5	–105	–140	–164	–196	–224	–246	–261	–270	–1,611
Provide tax relief for workers with disabilities [1]	....	–18	–128	–143	–158	–165	–168	–168	–169	–169	–171	–1,457
Provide tax relief to encourage small business health plans	....	–1	–9	–22	–35	–38	–35	–35	–40	–46	–52	–313
Encourage development of vaccines for targeted diseases	....	....	....	....	....	....	–25	–175	–176	–264	–360	–1,000
Subtotal, make health care more affordable [1]	....	–128	–1,333	–2,809	–3,909	–4,681	–5,091	–5,392	–5,485	–5,600	–5,663	–40,091

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Strengthen families and improve work incentives:												
Provide marriage penalty relief and increase standard deduction	....	–289	–859	–1,471	–2,061	–4,540	–6,661	–6,570	–6,730	–6,893	–7,285	–43,359
Increase, expand and simplify child and dependent care tax credit [1]	....	–125	–608	–954	–1,369	–1,778	–2,271	–2,467	–2,701	–2,629	–2,902	–17,804
Provide tax incentives for employer-provided child-care facilities	....	–42	–88	–121	–140	–148	–157	–167	–177	–187	–198	–1,425
Subtotal, strengthen families and improve work incentives [1]	....	–456	–1,555	–2,546	–3,570	–6,466	–9,089	–9,204	–9,608	–9,709	–10,385	–62,588
Promote expanded retirement savings, security, and portability:												
Establish Retirement Savings Accounts	....	....	–657	–2,185	–2,290	–4,034	–8,097	–8,679	–9,010	–9,309	–9,586	–53,847
Provide small business tax credit for automatic contributions for non-highly compensated employees	....	....	–157	–648	–1,878	–3,074	–3,116	–2,135	–1,294	–1,496	–1,560	–15,358
Provide tax credit for plan start up and administrative expenses; provide for payroll deduction IRAs	–1	–16	–35	–61	–92	–135	–164	–180	–192	–198	–203	–1,276
Provide for the SMART plan	....	–44	–65	–66	–68	–70	–55	–49	–50	–51	–53	–571
Enhance the 401(k) SIMPLE plan	....	–25	–61	–108	–161	–236	–264	–266	–266	–264	–261	–1,912
Accelerate vesting for qualified plans	....	214	137	104	66	29	–10	–48	–88	–127	–167	110
Other changes affecting retirement savings, security and portability	....	–55	–207	–288	–377	–450	–519	–566	–604	–649	–687	–4,402
Subtotal, promote expanded retirement savings, security and portability	–1	74	–1,045	–3,252	–4,800	–7,970	–12,225	–11,923	–11,504	–12,094	–12,517	–77,256
Provide AMT relief for families and simplify the tax laws:												
Provide adjustments for personal exemptions and the standard deduction in the individual alternative minimum tax (AMT)	–73	–386	–587	–1,122	–1,448	–1,885	–2,295	–2,852	–4,388	–8,888	–12,031	–35,882
Simplify and increase standard deduction for dependent filers	–7	–42	–29	–33	–51	–37	–38	–37	–39	–44	–46	–396
Replace support test with residency test (limited to children)	....	–66	–97	–102	–107	–112	–116	–122	–128	–134	–141	–1,125
Provide tax credit to encourage electronic filing of individual income tax returns [1]	....	....	–192	–207	–208	–209	–213	–218	....	....	....	–1,247
Simplify, retarget and expand expensing for small business	....	–217	–206	–19	–86	–135	–178	–222	–259	–292	–410	–2,024
Simplify the foreign tax credit limitation for dividends from 10/50 companies	–80	–168	–102	–46	10	27	28	22	18	15	12	–184
Other simplification	–1	–17	–23	–27	–30	–35	–41	–52	–66	–90	–126	–507
Subtotal, provide AMT relief for families and simplify the tax laws [1]	–161	–896	–1,236	–1,556	–1,920	–2,386	–2,853	–3,481	–4,862	–9,433	–12,742	–41,365

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Encourage philanthropy:												
Allow deduction for charitable contributions by non-itemizing taxpayers	....	–537	–1,115	–797	–860	–944	–1,353	–1,891	–1,989	–2,105	–2,225	–13,816
Simplify and reduce the excise tax on foundation investment income	....	–49	–70	–71	–73	–75	–78	–81	–84	–87	–90	–758
Increase limit on charitable donations of appreciated property	....	–7	–47	–29	–20	–12	–8	–8	–9	–9	–10	–159
Clarify public charity status of donor advised funds	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal, encourage philanthropy	....	–593	–1,232	–897	–953	–1,031	–1,439	–1,980	–2,082	–2,201	–2,325	–14,733
Promote energy efficiency and improve the environment:												
Provide tax credit for energy-efficient building equipment	....	–18	–35	–49	–71	–28	–3	1	1	1	....	–201
Provide tax credit for new energy-efficient homes	....	–82	–150	–194	–134	–73	–28	....	....	....	....	–661
Extend electric vehicle tax credit and provide tax credit for hybrid vehicles	....	....	–4	–182	–700	–1,192	–1,930	–1,863	–125	12	49	–5,935
Provide 15-year depreciable life for distributed power property	....	–1	–1	–2	–3	–3	–4	–5	–5	–6	–7	–37
Extend and modify the tax credit for producing electricity from certain sources	....	–91	–173	–220	–231	–261	–245	–218	–225	–230	–237	–2,131
Provide tax credit for solar energy systems	....	–9	–19	–25	–34	–45	–78	–116	–51	....	....	–377
Subtotal, promote energy efficiency and improve the environment	....	–201	–382	–672	–1,173	–1,602	–2,288	–2,201	–405	–223	–195	–9,342
Electricity restructuring	....	3	11	20	30	41	51	61	72	84	95	468
Modify international trade provisions:												
Extend and modify Puerto Rico economic-activity tax credit	....	–35	–67	–101	–134	–166	–974	–1,544	–1,620	–937	....	–5,578
Extend GSP and modify other trade provisions [2]	–10	–18	–395	–429	–330	–9	–9	–9	–8	–8	–7	–1,222
Levy tariff on certain textiles/apparel produced in the CNMI [2]	....	....	169	169	169	169	169	169	169	169	169	1,521
Subtotal, modify international trade provisions [2]	–10	–53	–293	–361	–295	–6	–814	–1,384	–1,459	–776	162	–5,279
Miscellaneous provisions:												
Make first $2,000 of severence pay exempt from income tax	....	–43	–174	–180	–138	....	....	....	....	....	....	–535
Exempt Holocaust reparations from Federal income tax	–4	–17	–18	–19	–15	....	....	....	....	....	....	–69
Subtotal, miscellaneous provisions	–4	–60	–192	–199	–153	....	....	....	....	....	....	–604
Subtotal, provide tax relief [1 2]	**–242**	**–3,524**	**–10,631**	**–16,985**	**–23,546**	**–31,937**	**–42,475**	**–44,611**	**–44,832**	**–49,427**	**–53,165**	**–321,133**
Refundable credits	....	**–2,116**	**–2,417**	**–2,460**	**–3,913**	**–4,012**	**–4,635**	**–4,700**	**–4,431**	**–4,468**	**–4,507**	**–37,659**
Total gross tax relief including refundable credits [2]	**–242**	**–5,640**	**–13,048**	**–19,445**	**–27,459**	**–35,949**	**–47,110**	**–49,311**	**–49,263**	**–53,895**	**–57,672**	**–358,792**

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Eliminate unwarranted benefits and adopt other revenue measures:												
Limit benefits of corporate tax shelter transactions:												
Increase disclosure of certain transactions; modify substantial understatement penalty for corporate tax shelters; codify the economic substance doctrine; tax income from shelters involving tax-indifferent parties; and impose a penalty excise tax on certain fees received by promotors and advisors	....	1,872	1,392	1,357	1,351	1,374	1,402	1,425	1,437	1,443	1,444	14,497
Require accrual of income on forward sale of corporate stock	1	5	10	15	21	26	32	37	40	42	44	272
Modify treatment of ESOP as S corporation shareholder	....	15	47	67	88	104	111	117	123	128	133	933
Limit dividend treatment for payments on certain self-amortizing stock	....	22	37	39	40	42	44	45	47	49	51	416
Prevent serial liquidation of U.S. subsidiaries of foreign corporations	12	20	19	19	19	18	18	17	18	18	18	184
Prevent capital gains avoidance through basis shift transactions involving foreign shareholders	71	328	121	65	45	26	17	16	14	9	3	644
Prevent mismatching of deductions and income in transactions with related foreign persons	....	62	108	112	117	122	127	132	137	142	147	1,206
Prevent duplication or acceleration of loss through assumption of certain liabilities	4	34	36	37	38	40	41	43	44	46	48	407
Amend 80/20 company rules	....	21	46	53	54	56	57	58	60	61	63	529
Modify corporate-owned life insurance (COLI) rules	....	176	340	417	489	548	593	631	664	695	726	5,279
Require lessors of tax-exempt-use property to include service contract options in lease term	....	6	11	17	24	30	38	45	53	62	71	357
Interaction	–42	–239	–175	–157	–157	–160	–167	–176	–188	–198	–205	–1,822
Subtotal, limit benefits of corporate tax shelter transactions	46	2,322	1,992	2,041	2,129	2,226	2,313	2,390	2,449	2,497	2,543	22,902
Other proposals:												
Require banks to accrue interest on short-term obligations	6	63	21	4	5	5	5	5	6	6	6	126
Require current accrual of market discount by accrual method taxpayers	1	7	13	19	25	31	38	45	52	60	68	358
Modify and clarify certain rules in debt-for-debt exchanges	9	73	74	71	70	70	69	69	69	68	68	701
Modify and clarify the straddle rules	14	30	34	33	34	35	35	36	38	40	41	356
Provide generalized rules for all stripping transactions	7	18	22	21	19	18	17	15	14	12	10	166
Require ordinary treatment for certain dealers of commodities and equity options	16	29	31	31	31	31	32	32	33	34	36	320
Prohibit tax deferral on contributions of appreciated property to swap funds	....	2	5	8	10	11	12	13	14	16	17	108
Conform control test for tax-free incorporations, distributions, and reorganizations	13	34	41	39	38	39	39	39	39	39	39	386

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Treat receipt of tracking stock in certain distributions and exchanges as the receipt of property	28	108	158	153	149	151	155	158	159	160	161	1,512
Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	1	41	51	53	55	57	61	64	66	69	72	589
Modify tax treatment of certain reorganizations involving portfolio stock	17	49	66	71	77	83	90	96	103	110	117	862
Modify definition of nonqualified preferred stock	11	53	61	64	67	54	27	17	18	19	20	400
Modify estimated tax provision for deemed asset sales	....	314	90	–23	–15	–8	–3	1	4	7	9	376
Modify treatment of transfers to creditors in devisive reorganizations	3	15	18	19	20	21	22	23	24	25	26	213
Provide mandatory basis adjustments for partners that have a significant net built-in loss in partnership property	–41	50	52	55	60	58	57	55	53	50	48	538
Modify treatment of closely held REITs	....	1	4	8	12	17	24	32	41	53	68	260
Apply RIC excise tax to undistributed profits of REITs	....	....	1	1	1	1	1	1	1	1	1	9
Allow RICs a dividends paid deduction for redemptions only in cases where the redemption represents a contraction in the RIC	....	99	489	457	429	405	384	368	356	349	346	3,682
Require REMICs to be secondarily liable for the tax liability of REMIC residual interest holders	....	5	17	29	42	55	69	83	98	114	130	642
Deny change in method treatment to tax-free formations	3	59	59	59	61	63	66	69	72	75	78	661
Deny deduction for punitive damages	16	92	130	137	144	151	158	166	175	183	193	1,529
Repeal lower-of-cost-or-market inventory accounting method	....	459	447	371	372	154	57	59	61	62	64	2,106
Disallow interest on debt allocable to tax-exempt obligations	4	11	18	24	30	35	39	43	46	47	48	341
Require capitalization of mutual fund commissions	....	23	111	98	83	64	43	24	26	29	32	533
Provide consistent amortization periods for intangibles	....	–216	–220	34	259	445	464	387	308	222	132	1,815
Clarify recovery period of utility grading costs	12	40	65	82	91	99	108	112	108	101	93	899
Apply rules generally applicable to acquisitions of tangible assets to acquisitions of professional sports franchises	2	43	73	113	141	139	124	106	88	68	46	941
Require recapture of policyholder surplus accounts	....	65	174	285	522	782	374	23	....	–9	–13	2,203
Modify rules for capitalizing policy acquisition costs of life insurance companies	....	536	1,820	2,191	2,413	1,328	606	675	722	755	773	11,819
Increase the proration percentage for P&C insurance companies	....	48	82	98	115	133	150	169	188	210	232	1,425
Modify rules that apply to sales of life insurance contracts	....	13	35	39	43	48	55	63	72	80	89	537
Modify rules that apply to tax-exempt property casualty insurance companies	....	12	22	23	24	25	26	26	27	28	28	241
Subject investment income of trade associations to tax	....	180	309	325	341	358	376	395	414	435	457	3,590
Impose penalty for failure to file an annual information return	....	....	24	23	22	21	19	17	15	13	10	164
Restore phaseout of unified credit for large estates	....	33	70	78	83	106	125	139	148	157	166	1,105

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Require consistent valuation for estate and income tax purposes	1	5	10	14	18	21	23	26	29	32	35	213
Require basis allocation for part sale, part gift transactions	....	2	3	4	5	5	6	6	7	8	9	55
Conform tratement of surviving spouses in community property States	3	19	42	59	75	92	110	130	151	174	199	1,051
Include QTIP trust assets in surviving spouse's estate	....	....	2	2	2	2	2	2	2	2	2	18
Eliminate non-business valuation discounts	....	271	575	600	636	618	621	644	683	725	767	6,140
Eliminate gift tax exemption for personal residence trusts	....	–1	–1	....	5	14	30	51	75	102	133	408
Modify requirements for annual exclusion for gifts	....	....	20	20	22	20	21	23	26	27	29	208
Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	....	....	47	3	3	3	4	4	4	4	4	76
Increase excise tax for excess IRA contributions	....	1	12	13	14	14	15	16	17	17	18	137
Limit pre-funding of welfare benefits for 10 or more employer plans	....	92	156	159	151	150	148	145	132	121	105	1,359
Subject signing bonuses to employment taxes	....	5	3	3	3	2	2	2	2	3	3	28
Clarify employment tax treatment of choreworkers	....	48	64	64	63	63	62	62	61	61	61	609
Prohibit IRAs from investing in foreign sales corporations	3	16	29	30	32	33	35	37	39	41	43	335
Tighten the substantial understatement penalty for large corporations	....	26	44	45	41	37	27	28	29	30	31	338
Require withholding on certain gambling winnings	....	20	1	1	1	1	1	1	1	1	1	29
Require information reporting for private separate accounts	....	5	10	14	18	21	24	28	31	35	39	225
Increase penalties for failure to file correct information returns	....	6	15	15	9	10	10	10	10	10	11	106
Modify deposit requirement for FUTA [2]	....	....	....	....	....	1,583	79	72	12	53	63	1,862
Reinstate Oil Spill Liability Trust Fund taxes [2]	....	....	253	261	264	266	269	272	274	277	278	2,414
Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	....	94	96	97	99	101	103	105	107	109	111	1,022
Impose excise tax on purchase of structured settlements	6	7	5	2	....	–2	–3	–3	–3	–4	–5	–6
Require taxpayers to include rental income of residence in income without regard to the period of rental	....	4	11	12	12	13	14	14	15	16	17	128
Eliminate installment payment of heavy vehicle use tax [2]	....	....	378	27	30	32	35	34	37	39	42	654
Require recognition of gain on sale of principal residence if acquired in a tax-free exchange within five years of the sale	....	10	13	11	11	11	11	11	12	12	12	114
Limit benefits of transactions with "Identified Tax Havens"	....	36	52	40	36	35	35	33	32	29	27	355
Modify treatment of built-in losses and other attributes trafficking	1	78	136	143	151	161	170	179	189	198	209	1,614
Simplify taxation of property that no longer produces income effectively connected with a U.S. trade or business	*	*	*	*	*	*	*	*	*	*	*	*
Prevent avoidance of tax on U.S.-accrued gains (expatriation)	3	28	58	107	155	212	281	367	469	579	694	2,950

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Expand ECI rules to include certain foreign source income	....	22	38	39	41	42	44	45	47	48	50	416
Limit basis step-up for imported pensions	2	26	33	34	36	38	40	42	44	46	48	387
Replace sales-source rules	....	320	570	600	630	660	690	725	800	840	880	6,715
Modify rules relating to foreign oil and gas extraction income	....	5	69	112	118	124	130	136	143	150	158	1,145
Recapture overall foreign losses when CFC stock is disposed	1	1	*	*	*	*	*	*	*	*	*	1
Modify foreign office material participation exception applicable to inventory sales attributable to nonresident's U.S. office	1	7	10	11	11	11	12	12	13	13	14	114
Subtotal, other proposals [2]	143	3,542	7,221	7,635	8,565	9,478	6,975	6,884	7,148	7,486	7,799	72,733
Subtotal, eliminate unwarranted benefits and adopt other revenue measures [2]	**189**	**5,864**	**9,213**	**9,676**	**10,694**	**11,704**	**9,288**	**9,274**	**9,597**	**9,983**	**10,342**	**95,635**
Net tax relief including refundable credits [2]	**–53**	**224**	**–3,835**	**–9,769**	**–16,765**	**–24,245**	**–37,822**	**–40,037**	**–39,666**	**–43,912**	**–47,330**	**–263,157**
Other provisions that affect receipts:												
Reinstate environmental tax on corporate taxable income [3]	....	725	432	438	434	437	470	494	496	495	508	4,929
Reinstate Superfund excise taxes [2]	152	707	762	772	785	797	810	824	838	850	864	8,009
Convert Airport and Airway Trust Fund taxes to a cost-based user fee system [2]	....	724	1,399	1,500	1,522	1,522	1,170	797	385	....	....	9,019
Increase excise tax on tobacco products and levy a youth smoking assessment on tobacco manufacturers [2]	446	4,084	3,738	3,532	10,140	9,700	9,789	9,410	9,233	3,138	3,103	65,867
Recover State bank supervision and regulation expenses (receipt effect) [2]	....	78	82	86	90	95	99	104	109	113	119	975
Maintain Federal Reserve surplus transfer to the Treasury	....	3,752	....	....	....	....	....	....	....	....	....	3,752
Restore premiums for United Mine Workers of America Combined Benefit Fund	....	11	10	10	9	9	8	8	7	7	7	86
Extend abandoned mine reclamation fees [2]	....	....	....	....	....	218	220	221	222	223	224	1,328
Replace Harbor Maintenance tax with the Harbor Services User Fee (receipt effect) [2]	....	–549	–602	–647	–681	–718	–767	–823	–880	–934	–988	–7,589
Revise Army Corps of Engineers regulatory program fees [2]	....	5	5	5	5	5	5	5	5	5	5	50
Roll back Federal employee retirement contributions	....	–427	–619	–160	....	....	....	....	....	....	....	–1,206
Provide Government-wide buyout authority (receipt effect)	....	–9	–18	–9	....	....	....	....	....	....	....	–36
Total, other provisions [2 3]	**598**	**9,101**	**5,189**	**5,527**	**12,304**	**12,065**	**11,804**	**11,040**	**10,415**	**3,897**	**3,842**	**85,184**
ADDENDUM												
Total effect of proposals with refundable credits:												
Increase and simplify the Earned Income Tax Credit (EITC)	....	–2,433	–2,359	–2,358	–2,404	–2,432	–2,475	–2,497	–2,526	–2,561	–2,594	–24,639
Increase, expand and simplify child and dependent care tax credit	....	–125	–608	–954	–2,751	–3,196	–4,246	–4,484	–4,800	–4,760	–5,055	–30,979
Assist taxpayers with long-term care needs	....	–114	–1,199	–1,753	–2,532	–3,161	–3,492	–3,573	–3,618	–3,606	–3,532	–26,580

Table 16. EFFECT OF PROPOSALS ON RECEIPTS—Continued

(In millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total 2001–2010
Provide tax relief for workers with disabilities	....	–21	–151	–169	–187	–196	–199	–200	–202	–203	–206	–1,734
Provide tax credit to encourage electronic filing of individual income tax returns	....	....	–495	–531	–539	–548	–563	–580	....	....	....	–3,256
Total, proposals with refundable credits	....	–2,693	–4,812	–5,765	–8,413	–9,533	–10,975	–11,334	–11,146	–11,130	–11,387	–87,188

* $500,000 or less.

[1] Amounts shown are the effect on receipts.

[2] Net of income offsets.

[3] Net of deductibility for income tax purposes.

Table 17. OUTLAYS BY CATEGORY

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
February estimates:											
Discretionary:											
Department of Defense	278.2	278.6	285.3	294.1	302.8	316.7	318.1	322.4	332.4	340.8	349.2
Non-defense	339.3	355.3	365.8	371.2	378.0	384.4	392.6	401.9	411.6	421.2	431.4
Subtotal, discretionary	617.5	633.9	651.1	665.3	680.7	701.2	710.7	724.3	744.0	762.0	780.6
Mandatory:											
Social security	403.3	422.2	443.0	465.4	489.8	516.4	544.8	575.3	608.2	644.6	684.5
Medicare	199.5	217.6	226.3	239.2	261.9	283.5	292.1	318.2	340.1	363.8	387.8
Medicaid	116.1	124.8	135.8	149.4	163.6	178.2	196.9	216.4	234.1	253.3	273.3
Other	232.8	228.3	240.4	254.3	267.5	282.4	290.4	298.6	317.7	331.9	347.0
Subtotal, mandatory	951.7	992.8	1,045.6	1,108.3	1,182.9	1,260.5	1,324.1	1,408.4	1,500.1	1,593.7	1,692.6
Net interest	220.3	208.3	198.6	189.3	177.5	163.8	149.8	134.3	117.8	100.5	80.2
Total, outlays	1,789.6	1,835.0	1,895.3	1,962.9	2,041.1	2,125.5	2,184.7	2,267.0	2,361.9	2,456.1	2,553.4
Mid-Session estimates:											
Discretionary:											
Department of Defense	278.2	278.6	285.3	294.0	302.8	316.7	318.1	322.4	332.4	340.8	349.2
Non-defense	342.1	354.6	366.6	373.7	381.8	389.7	396.4	404.9	414.4	423.9	434.2
Subtotal, discretionary	620.3	633.1	652.0	667.8	684.6	706.4	714.4	727.2	746.8	764.7	783.4
Mandatory:											
Social security	406.4	429.1	449.7	472.0	496.2	522.5	550.7	581.2	614.2	651.1	691.5
Medicare	200.6	215.7	239.6	255.3	273.7	296.3	307.1	333.2	356.1	380.8	407.0
Medicaid	116.9	126.7	139.0	151.7	165.3	180.0	198.9	218.7	236.8	256.5	277.1
Other	234.8	231.6	238.9	251.8	267.4	285.1	292.9	301.1	319.7	332.7	348.0
Subtotal, mandatory	958.6	1,003.0	1,067.1	1,130.8	1,202.6	1,283.9	1,349.5	1,434.2	1,526.8	1,621.1	1,723.7
Net interest	222.7	211.8	200.2	185.9	171.4	154.7	138.0	120.2	101.3	81.0	56.3
Total, outlays	1,801.6	1,848.0	1,919.2	1,984.4	2,058.6	2,145.0	2,202.0	2,281.7	2,374.9	2,466.8	2,563.3
Difference:											
Discretionary:											
Department of Defense	....	–*	–*	–*	–*	–*	–*	....	....	....	....
Non-defense	2.8	–0.7	0.8	2.5	3.9	5.2	3.7	3.0	2.8	2.7	2.8
Subtotal, discretionary	2.8	–0.7	0.8	2.5	3.9	5.2	3.7	3.0	2.8	2.7	2.8
Mandatory:											
Social security	3.0	6.9	6.6	6.6	6.4	6.2	6.0	5.9	6.0	6.4	7.0
Medicare	1.2	–1.9	13.3	16.1	11.7	12.8	15.0	15.1	16.0	16.9	19.3
Medicaid	0.7	1.9	3.2	2.3	1.7	1.8	2.0	2.3	2.7	3.2	3.8
Other	2.0	3.3	–1.6	–2.5	–*	2.7	2.5	2.5	2.0	0.8	1.1
Subtotal, mandatory	6.9	10.2	21.5	22.5	19.7	23.4	25.4	25.8	26.7	27.4	31.1
Net interest	2.3	3.5	1.5	–3.4	–6.1	–9.1	–11.8	–14.0	–16.5	–19.5	–23.9
Total, outlays	12.1	13.0	23.9	21.6	17.4	19.5	17.3	14.8	12.9	10.6	9.9

* $500 million or less.

Table 18. RECEIPTS BY SOURCE

(In billions of dollars)

	1999 Actual	Estimates 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
February estimates:												
Individual income taxes	879.5	951.6	972.4	995.2	1,025.6	1,066.1	1,116.8	1,172.9	1,234.5	1,298.1	1,359.7	1,425.0
Corporation income taxes	184.7	192.4	194.8	195.4	195.7	200.0	205.9	211.3	221.5	230.2	238.6	249.5
Social insurance and retirement receipts	611.8	650.0	682.1	712.2	741.7	771.3	815.3	847.2	886.9	922.9	959.9	1,005.5
Excise taxes	70.4	68.4	76.7	79.8	80.8	81.8	83.4	84.4	85.9	87.8	89.4	91.6
Estate and gift taxes	27.8	30.5	32.3	34.9	36.3	38.7	37.0	37.6	39.4	42.2	44.7	47.3
Customs duties	18.3	20.9	20.9	22.6	24.3	25.7	27.9	29.8	31.9	34.1	36.3	38.3
Miscellaneous receipts	34.9	42.5	39.9	41.2	43.2	52.6	54.5	57.0	58.7	60.7	56.7	59.4
Total	**1,827.5**	**1,956.3**	**2,019.0**	**2,081.2**	**2,147.5**	**2,236.1**	**2,340.9**	**2,440.3**	**2,558.8**	**2,676.0**	**2,785.2**	**2,916.7**
Mid-Session estimates:												
Individual income taxes	879.5	998.9	1,028.0	1,052.5	1,082.9	1,124.0	1,171.0	1,225.8	1,292.3	1,364.4	1,436.7	1,513.2
Corporation income taxes	184.7	202.7	202.9	208.2	216.6	223.0	228.5	233.1	241.3	249.5	257.2	267.7
Social insurance and retirement receipts	611.8	648.7	689.9	723.3	755.8	788.1	832.5	864.6	908.0	948.3	990.9	1,042.8
Excise taxes	70.4	70.1	79.0	82.8	84.4	85.8	87.7	89.1	91.4	93.9	96.3	99.3
Estate and gift taxes	27.8	30.1	33.3	35.9	37.3	39.7	38.1	38.7	40.5	43.3	45.9	48.6
Customs duties	18.3	19.6	20.0	21.5	22.6	23.2	24.2	25.1	25.9	26.8	29.1	30.5
Miscellaneous receipts	34.9	43.1	42.8	43.8	45.5	55.5	57.8	60.6	61.3	63.5	59.7	62.6
Total	**1,827.5**	**2,013.1**	**2,096.0**	**2,168.0**	**2,245.1**	**2,339.2**	**2,439.9**	**2,536.9**	**2,660.6**	**2,789.8**	**2,915.8**	**3,064.7**
Difference:												
Individual income taxes	....	47.3	55.6	57.3	57.3	57.9	54.1	52.9	57.8	66.3	77.0	88.2
Corporation income taxes	....	10.3	8.2	12.8	20.9	22.9	22.6	21.7	19.8	19.3	18.6	18.3
Social insurance and retirement receipts	....	–1.3	7.8	11.2	14.1	16.7	17.2	17.4	21.1	25.4	31.0	37.2
Excise taxes	....	1.7	2.3	3.0	3.6	4.0	4.3	4.7	5.4	6.1	6.8	7.7
Estate and gift taxes	....	–0.4	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3
Customs duties	....	–1.3	–0.8	–1.1	–1.8	–2.5	–3.7	–4.8	–6.0	–7.3	–7.2	–7.8
Miscellaneous receipts	....	0.6	2.9	2.6	2.4	2.9	3.3	3.5	2.6	2.8	3.0	3.2
Total	....	**56.9**	**76.9**	**86.8**	**97.6**	**103.1**	**99.0**	**96.6**	**101.8**	**113.8**	**130.5**	**148.0**

Table 19. OUTLAYS BY AGENCY

(In billions of dollars)

	1999 Actual	February estimates		Mid-Session estimates	
		2000	2001	2000	2001
Legislative Branch	2.6	3.2	3.0	3.2	3.0
Judicial Branch	3.8	4.4	4.6	4.4	4.6
Agriculture	62.8	71.1	64.9	75.3	63.7
Commerce	5.0	8.1	5.4	8.1	5.4
Defense—Military	261.4	277.5	277.5	277.5	277.5
Education	32.4	36.4	38.2	35.0	38.5
Energy	16.0	15.3	16.4	15.3	16.4
Health and Human Services	359.7	387.3	421.4	390.0	422.0
Housing and Urban Development	32.7	30.1	32.3	32.2	32.3
Interior	7.8	8.4	8.5	8.4	8.5
Justice	18.3	18.5	22.4	19.9	20.9
Labor	32.5	34.0	38.6	33.2	37.5
State	6.5	8.4	8.8	8.4	8.8
Transportation	41.8	45.9	49.0	46.0	49.0
Treasury	386.7	388.4	388.4	392.9	394.4
Veterans Affairs	43.2	46.7	46.4	46.7	46.7
Corps of Engineers	4.2	4.5	2.9	4.5	2.9
Other Defense Civil Programs	32.0	33.0	34.0	33.0	34.2
Environmental Protection Agency	6.8	7.0	7.5	7.0	7.5
Executive Office of the President	0.4	0.3	0.3	0.3	0.3
Federal Emergency Management Agency	4.0	3.2	2.2	3.4	2.5
General Services Administration	–*	0.5	0.5	0.5	0.5
International Assistance Programs	10.1	10.5	12.2	10.5	12.3
National Aeronautics and Space Administration	13.7	13.4	13.7	13.4	13.7
National Science Foundation	3.3	3.6	4.0	3.6	4.0
Office of Personnel Management	47.5	49.4	51.8	49.4	52.1
Small Business Administration	0.1	0.1	0.7	–0.4	0.7
Social Security Administration	419.8	439.5	455.6	442.3	462.5
Other Independent Agencies	7.1	14.0	14.2	10.9	16.1
Allowances	....	0.8	–1.0	0.8	–1.0
Undistributed Offsetting Receipts	–159.1	–174.1	–189.2	–174.0	–189.4
Total	**1,703.0**	**1,789.6**	**1,835.0**	**1,801.6**	**1,848.0**

* $50 million or less.

Table 20. OUTLAYS BY FUNCTION

(In billions of dollars)

	1999 Actual	February estimates		Mid-Session estimates	
		2000	2001	2000	2001
National defense	274.9	290.6	291.2	290.6	291.2
International affairs	15.2	17.1	19.6	17.1	19.7
General science, space, and technology	18.1	18.9	19.6	18.9	19.6
Energy	0.9	–1.6	–0.7	–1.6	–0.2
Natural resources and environment	24.0	24.5	25.0	24.5	25.0
Agriculture	23.0	32.0	22.4	36.8	21.7
Commerce and housing credit	2.6	5.6	2.9	3.7	4.7
Transportation	42.5	46.7	49.5	46.8	49.5
Community and regional development	11.9	11.1	10.2	10.8	10.7
Education, training, employment, and social services	56.4	63.4	67.5	61.7	68.2
Health	141.1	154.2	166.7	155.0	168.6
Medicare	190.4	202.5	220.5	203.7	218.6
Income security	237.7	251.3	259.7	252.5	261.8
Social Security	390.0	406.6	425.7	409.7	432.7
Veterans benefits and services	43.2	46.8	46.4	46.8	46.7
Administration of justice	25.9	26.8	31.4	28.2	30.0
General government	15.8	15.0	15.4	16.3	15.4
Net interest	229.7	220.3	208.3	222.7	211.8
Allowances	....	0.8	–1.0	0.8	–1.0
Undistributed offsetting receipts	–40.4	–43.1	–45.6	–43.1	–46.7
Total	**1,703.0**	**1,789.6**	**1,835.0**	**1,801.6**	**1,848.0**

Table 21. DISCRETIONARY BUDGET AUTHORITY BY AGENCY

(In billions of dollars)

	1999 Actual	February estimates		Mid-Session estimates	
		2000	2001	2000	2001
Legislative Branch	2.6	2.5	2.8	2.5	2.8
Judicial Branch	3.4	3.7	4.1	3.7	4.1
Agriculture	16.4	16.3	16.7	16.4	16.6
Commerce	5.4	8.6	5.4	8.6	5.4
Defense—Military	274.6	280.9	292.2	280.9	292.2
Education	28.8	29.3	40.1	29.3	40.1
Energy	17.9	17.3	18.9	17.4	18.9
Health and Human Services	41.5	44.9	49.7	45.4	49.7
Housing and Urban Development	25.2	22.0	32.0	22.0	32.2
Interior	8.0	8.3	9.1	8.3	9.1
Justice	18.4	18.5	19.6	18.5	19.6
Labor	11.0	8.8	12.3	8.8	12.3
State	8.3	7.9	7.6	7.9	7.6
Transportation	12.9	12.6	14.0	12.7	14.0
Treasury	12.8	12.4	14.0	12.4	14.0
Veterans Affairs	19.2	20.9	22.0	20.9	22.0
Corps of Engineers	4.1	4.1	4.1	4.1	4.1
Other Defense Civil Programs	0.1	0.1	0.1	0.1	0.1
Environmental Protection Agency	7.6	7.6	7.3	7.6	7.3
Executive Office of the President	0.4	0.3	0.3	0.3	0.3
Federal Emergency Management Agency	2.9	3.3	3.6	3.3	3.6
General Services Administration	0.5	0.1	0.9	0.1	0.9
International Assistance Programs	31.0	14.0	12.8	14.2	12.8
National Aeronautics and Space Administration	13.7	13.6	14.0	13.6	14.0
National Science Foundation	3.7	3.9	4.6	3.9	4.6
Office of Personnel Management	0.2	0.2	0.2	0.2	0.2
Small Business Administration	0.8	0.9	1.1	0.9	1.1
Social Security Administration	5.5	5.5	6.0	5.6	6.0
Other Independent Agencies	6.2	6.0	7.0	5.9	6.8
Allowances	....	....	–0.2	....	–0.2
Undistributed Offsetting Receipts	....	....	–0.2	....	–0.2
Total	**583.1**	**574.7**	**622.2**	**575.5**	**622.2**

Table 22. DISCRETIONARY BUDGET AUTHORITY BY FUNCTION

(In billions of dollars)

	1999 Actual	February estimates		Mid-Session estimates	
		2000	2001	2000	2001
National defense	288.1	294.1	306.3	294.1	306.3
International affairs	41.5	23.9	22.8	24.1	22.8
General science, space, and technology	18.8	19.2	20.8	19.2	20.8
Energy	2.9	2.6	2.9	2.6	2.9
Natural resources and environment	23.8	24.0	24.9	24.1	24.9
Agriculture	4.5	4.5	4.6	4.5	4.6
Commerce and housing credit	3.8	7.2	3.5	7.1	3.4
Transportation	13.7	13.3	14.5	13.3	14.5
Community and regional development	11.0	11.5	12.3	11.5	12.3
Education, training, employment, and social services	46.6	44.4	61.5	44.4	61.5
Health	30.2	33.8	35.0	33.7	35.0
Medicare	2.8	3.1	3.0	3.1	3.0
Income security	32.7	29.8	41.3	30.4	41.3
Social Security	3.2	3.2	3.5	3.2	3.5
Veterans benefits and services	19.3	20.9	22.1	20.9	22.1
Administration of justice	26.5	26.6	29.0	26.6	29.1
General government	13.7	12.6	14.7	12.6	14.6
Allowances	....	....	–0.2	....	–0.2
Undistributed offsetting receipts	....	....	–0.2	....	–0.2
Total	**583.1**	**574.7**	**622.2**	**575.5**	**622.2**

Table 23. FEDERAL GOVERNMENT FINANCING AND DEBT[1]

(In billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Financing:													
Unified surplus or deficit (–)	211	228	224	236	255	268	286	304	332	364	416	500	547
Off-budget surplus:													
Social Security solvency lock-box:													
Social Security solvency transfers	....	....	....	....	....	....	....	....	....	....	....	123	147
Other Social Security surplus (including Postal)	148	160	176	191	204	226	239	256	273	288	306	316	335
Medicare HI solvency lock-box:													
Medicare solvency transfers	....	31	14	....	....	....	....	....	9	21	40	2	4
Other Medicare HI surplus	24	29	33	39	40	41	47	46	48	51	57	58	60
On-budget surplus	39	9	1	6	10	1	1	1	2	4	14	1	1
Means of financing other than borrowing from the public:													
Premiums paid (–) on buybacks of Treasury securities[2]	–5	–2	....	....	....	....	....	....	....	....	....	....	....
Changes in:[3]													
Treasury operating cash balance	6	10	....	....	....	....	....	....	....	....	....	....	....
Checks outstanding, deposit funds, etc.[4]	–4	–*	....	....	....	....	....	....	....	....	....	....	....
Seigniorage on coins	2	2	2	2	2	2	2	2	2	2	2	2	2
Less: Equity purchases by Social Security trust fund	....	....	....	....	....	....	....	....	....	....	....	–63	–82
Less: Net financing disbursements:													
Direct loan financing accounts	–27	–14	–18	–17	–16	–15	–15	–15	–15	–15	–15	–15	–15
Guaranteed loan financing accounts	*	1	1	1	2	2	2	2	2	2	2	3	3
Total, means of financing other than borrowing from the public	–27	–3	–14	–14	–12	–11	–12	–11	–11	–11	–11	–74	–93
Total, repayment of debt held by the public	185	225	210	222	243	257	274	293	321	353	406	426	454
Change in debt held by the public[5]	–184	–225	–210	–222	–243	–257	–274	–293	–321	–353	–406	–426	–454
Debt Subject to Statutory Limitation, End of Year:													
Debt issued by Treasury	5,629	5,683	5,748	5,809	5,861	5,921	5,982	6,040	6,094	6,146	6,189	6,240	6,525
Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation[6]	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15	–15
Adjustment for discount and premium[7]	5	5	5	5	4	4	4	4	3	3	2	2	2
Total, debt subject to statutory limitation[8]	5,619	5,673	5,737	5,798	5,850	5,910	5,971	6,028	6,082	6,134	6,176	6,227	6,511
Debt Outstanding, End of Year:													
Gross Federal debt:													
Debt issued by Treasury	5,629	5,683	5,748	5,809	5,861	5,921	5,982	6,040	6,094	6,146	6,189	6,240	6,525
Debt issued by other agencies	28	28	27	26	24	22	21	19	19	19	18	18	18
Total, gross Federal debt	5,657	5,711	5,774	5,834	5,885	5,943	6,003	6,060	6,113	6,165	6,208	6,259	6,543
Held by:													
Debt securities held as assets by Government accounts	2,208	2,487	2,760	3,042	3,335	3,651	3,985	4,334	4,708	5,113	5,561	6,038	6,543
Social Security	1,005	1,165	1,341	1,532	1,737	1,963	2,201	2,457	2,729	3,014	3,318	3,692	4,090
Federal employee retirement	681	718	756	792	828	864	899	932	965	997	1,027	1,056	1,085
Other	522	604	663	718	770	823	885	944	1,014	1,102	1,216	1,290	1,368
Debt securities held as assets by the public[9]	3,449	3,224	3,014	2,792	2,550	2,293	2,018	1,726	1,405	1,052	646	220	[10]

* $500 million or less.

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

[2] Treasury buybacks of outstanding securities are expected to continue into the future, but this table includes estimates for only those buybacks announced to date—$30 billion (face value) during calendar year 2000. The remaining buybacks in calendar year 2000 are assumed to occur evenly over the course of the year. The premiums paid on buybacks have averaged about 25 percent of the face value of securities purchased to date, and the average premium is assumed for future buybacks.

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

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

[5] Includes a $355 million reclassification of debt in 2000. Indian tribal funds that are owned by the Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf were reclassified from trust funds to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public.

[6] Consists primarily of Federal Financing Bank debt.

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

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

[9] At the end of 1999, the Federal Reserve Banks held $497 billion of Federal securities and the rest of the public held $3,136 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

[10] Total debt held by the public is fully redeemed in 2012. Policy decisions will be required on the use of the surplus once the debt has been redeemed.