

United States Government Stewardship Information for the Year Ended September 30, 1998 (Unaudited)

Stewardship Assets

The Federal Government holds “Stewardship assets” for the benefit of the Nation. Because the Government has been entrusted with, and made accountable for, these resources and responsibilities, they are recognized in the *Financial Report of the United States Government*.

When acquired, “Stewardship assets” are treated as expenses in the financial statements. This section provides more detailed stewardship information on these resources to highlight their long-term benefit and to demonstrate accountability. This information facilitates the understanding of the operations and financial condition of the Government.

National Defense Assets

The Department of Defense (DOD) owns and uses “National defense assets” to accomplish military missions, such as war, operations short of war, training, peacekeeping and supporting civilian authorities during civil emergencies.

These assets divide into two categories: weapons systems and support principal end items. Weapon systems refer to military equipment that launch, release, carry, or fire ordnance; and/or equipment that carries weapon systems related property, equipment, material or personnel. Support principal end items consist of items acquired to support weapon systems that ultimately may be incorporated into weapon systems. Examples of these items include aircraft engines, tank engines, aircraft radar, ship sonar, uninstalled missile motors, missile control panels, gun mounts, gun turrets and guidance systems.

“The Department of Defense (DOD) owns and uses ‘National defense assets’ to accomplish military missions, such as war, operations short of war, training, peacekeeping and supporting civilian authorities during civil emergencies.”

National Defense Assets, cont.

The DOD's property systems information, listed in the National Defense Assets table, does not capture and/or retain addition and deletion data; therefore, DOD could not report separately such amounts. The report reflects the net amount between the opening and closing balances. As DOD's property systems are modi-

fied or upgraded, appropriate modifications will be made to report additions and deletions separately.

The quantities of national defense assets presented reflect the sum of the quantities reported by the Army, Navy, Air Force and the Marine Corps. National defense assets do not include Coast Guard ships and other

assets. At times of war, Coast Guard assets are under the direction of DOD, but in times of peace, they are under the Department of Transportation (Transportation). Each of the military services' financial statements presents additional information on national defense assets.

National Defense Assets as of September 30

(In number of systems or items)	Balance as of October 1, 1997	Additions/ (Deletions)	Balance as of September 30, 1998
Aircraft:			
Combat	9,047	(434)	8,613
Airlift	2,380	(62)	2,318
Other aircraft	8,916	(857)	8,059
Ships:			
Submarines	137	(14)	123
Aircraft carriers	16	2	18
Surface combatants	229	2	231
Amphibious warfare ships	78	5	83
Mine warfare ships	34	4	38
Support ships	238	(10)	228
Other ships	1,209	(62)	1,147
Small boats	3,237	(684)	2,553
Missiles:			
Ballistic missiles	3,905	(652)	3,253
Other missiles	*	*	725,346
Combat Vehicles:			
Tanks	10,889	(827)	10,062
Other combat vehicles	43,844	(6,360)	37,484
Space Systems:			
Satellites	69	9	78
Other Weapon Systems:			
Torpedoes	7,436	1,050	8,486
Other weapons	13,490	(1,696)	11,794

* The beginning of the year amount and additions and deletions were not available from all sources.

National Defense Assets, cont.

“Mission support assets” include various types of military equipment, such as ordnance support equipment, vehicular equipment, electronics

equipment and communications equipment. Weapon systems support real property includes ammunition bunkers and missile silos in active use.

Recently, the requirements were modified for reporting acquisition costs of national defense assets to require the full cost in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) Number 4. DOD currently does not

have cost accounting systems that capture the full cost required by SFFAS Number 4 and will not for many years. Therefore, the amounts reported in this report represent the DOD’s annual disbursements for each category of National Defense Assets.

The investment amounts in National Defense Assets presented in this report reflect the sum of invest-

Investments in National Defense Assets for the Period Ended September 30

(In millions of dollars)

Aircraft:	
Combat	\$5,269
Airlift	3,727
Other aircraft	1,512
Aircraft support principal end items	3,340
Ships:	
Submarines	1,090
Aircraft carriers	1,301
Surface combatants	2,879
Amphibious warfare ships	753
Mine warfare ships	89
Other support ships	575
Ship support principal end items	851
Missiles:	
Ballistic missiles	587
Other missiles	1,271
Missile support principal end items	1,339
Combat Vehicles:¹	
Tanks	38
Other combat vehicles	489
Combat vehicle support principal end items	842
Space Systems:	
Satellites	517
Satellite support principal end items	667
Other Weapon Systems:	
Torpedoes	125
Other weapons	132
Other weapons support principal end items	135
Mission support assets²	4,968
Weapons systems support real property	<u>28</u>
Total investments in national defense assets for fiscal year ended September 30	<u>\$32,524</u>

¹ Air Force investments in combat vehicles are not included in amounts reported.

² The amount reported does not include Air Force investments.

Stewardship Land



"Stewardship land" refers to federally owned land that is not used, or held for use, in "General Government" operations. This category excludes lands administered by the Bureau of Indian Affairs and held in trust. Also, excluded from stewardship land are military bases, land used by the Tennessee Valley Authority

and other lands used as part of "General Government" operations.

Most stewardship land is "public domain." Between 1781 and 1867, the Government acquired land equal to 79.4 percent of the current acreage of the United States, spending a total of \$85.1 million.

United States Government Stewardship Land as of September 30

(In millions of acres)

Predominate Land Use	U.S. Forest Service	National Park Service	U.S. Fish and Wildlife Service	Bureau of Land Management	Totals	
					Total by Type of Use	Percent of Total
Bureau of Land Management land	-	-	-	263.6	263.6	42.4
National wildlife refuge	-	-	87.5	-	87.5	14.1
National parks	-	50.2	-	-	50.2	8.1
National forest	153.3	-	-	-	153.3	24.7
National grassland	3.8	-	-	-	3.8	0.6
Wilderness and other areas	34.8	27.2	0.9	-	62.9	10.1
Total acres.	191.9	77.4	88.4	263.6	621.3	100.0

Bureau of Land Management

The Bureau of Land Management (BLM) manages a variety of land types. BLM subdivides its management responsibility into five primary categories: rangeland, forestland, riparian and wetlands, aquatic areas, and other habitat and wastelands.

Rangeland consists of land where the native vegetation is predominately grasses, grass-like plants, forbs, or shrubs suitable for grazing or browsing. This includes lands that are revegetated naturally or artificially to provide forage cover and are managed like native vegetation. Rangeland includes natural grasslands, savannas, shrublands, most deserts, tundra, alpine communities, coastal marshes and wet meadows. Rangeland totals 165 million acres, including 5 million acres in the Alaska Reindeer Range.

Forestland encompasses approximately 11 million acres. Alaska forestland numbers about 7 million acres, while Western States boast another 4 million. Forested lands are of great variety. They include:

- The black and white spruce in Alaska.
- The aspen, lodgepole pine, ponderosa pine, interior Douglas fir, and associated species of the Inter-Mountain West.
- The pinyon-juniper woodlands of the Great Basin and Southwest.

- The Douglas fir, hemlock and cedar forests of western Oregon and northern California.

Wetlands are inundated or saturated by surface or ground water at a frequency and duration sufficient to support vegetation adapted for life in saturated soil. Wetlands include bogs, marshes, shallows, muskegs, wet meadows, estuaries and riparian areas. Wetlands total 16 million acres.

Riparian lands adjacent to creeks, streams, lakes and rivers total 18,300 miles in length and 7 million acres in area. These areas contain water and vegetation in the otherwise arid western United States. They are important to fish and wildlife species, as well as livestock. Since they filter water flowing through them, riparian-wetland areas can affect the health of the entire water-shed.

Aquatic areas have flowing or standing water. They include about 4 million acres of lakes, reservoirs and streams. These waters contain a wide variety of aquatic species ranging from rare resident species, such as the desert pupfish, to endangered and threatened anadromous species, such as steelhead and chinook salmon.

BLM designates wasteland areas as those that generally do not provide forage in sufficient amounts to sustain wildlife or grazing animals. This land category includes mountain tops, glaciers, barren mountains, sand dunes, playas, hot-dry deserts and other similar areas totaling 20 million acres.

U.S. Fish and Wildlife Service

The U.S. Fish and Wildlife Service manages 88.4 million acres of federally owned lands held primarily for wildlife conservation. It has five goals:

- Preserve, restore and enhance, in their natural ecosystems, all species of animals and plants endangered or threatened.
- Perpetuate the migratory bird resource.
- Preserve a natural diversity and abundance of flora and fauna.
- Provide an understanding and appreciation of fish and wildlife ecology.
- Provide refuge visitors a safe, wholesome and enjoyable recreational experience oriented toward wildlife.

The Fish and Wildlife Service subdivides its management responsibility into the following categories:

- "National wildlife refuges" (516 sites on 87.5 million acres).
- "Refuge coordination areas" (50 sites on 197,000 acres).
- "Waterfowl production areas" (199 sites on 704,000 acres).
- "Fisheries research centers" (83 sites on 14,000 acres).
- "Wild and scenic rivers" (six rivers totaling 1,416 miles in length).

U.S. Forest Service

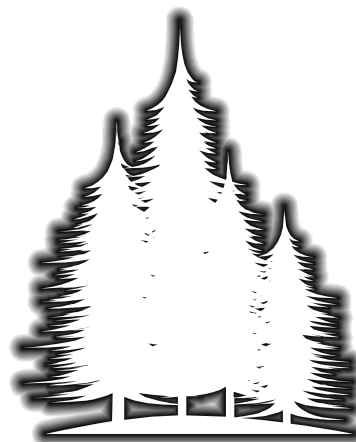
The Forest Service manages 191.9 million acres of federally owned lands for the sustained use of outdoor recreation, range, timber, watershed, wildlife and fish.

Forest land contains 155 named National Forests totaling 153.3 million acres. Within the National Forests, livestock grazing for cattle, horses, sheep and goats was permitted on over 92.4 million acres of

rangeland. The Forest Service harvested 3.3 billion board feet of timber, sold 3.0 billion board feet, and reforested 287,905 acres, primarily with genetically improved seedlings in fiscal 1998.

Wilderness land contains 34.7 million acres in 38 States and is served by 33,000 miles of trails.

The Forest Service also manages 20 named grasslands on 3.8 million acres and about 4,348 miles of the wild and scenic river system.



National Park Service

The National Park Service manages 77.4 million acres of federally owned lands. These lands are set aside to conserve the scenery, nature, historic objects and wildlife so they can be enjoyed by current and future generations of Americans

Other types of park areas include: national rivers, parkways, national lakeshores, historic parks, scenic trails, wild and scenic rivers, military parks, reserves, battlefields and other parks.

Heritage Assets

The Federal Government holds vast numbers of heritage assets. These assets encompass many of the Nation's most precious historic, natural and cultural resources. Heritage assets are unique property, plant and equipment with:

- Historic or natural significance.
- Cultural, educational or artistic importance.
- Significant architectural characteristics.

The Government has been entrusted with, and is accountable for, these assets which are held for the long-term benefit of the Nation. Examples of heritage assets are the Washington Monument, Declaration of Independence, Yosemite National Park and museum objects on display at the Smithsonian Institution.

The following discussion of the Federal Government's heritage assets is not all-inclusive. Rather, it is intended to highlight significant heritage assets reported by Federal agencies.

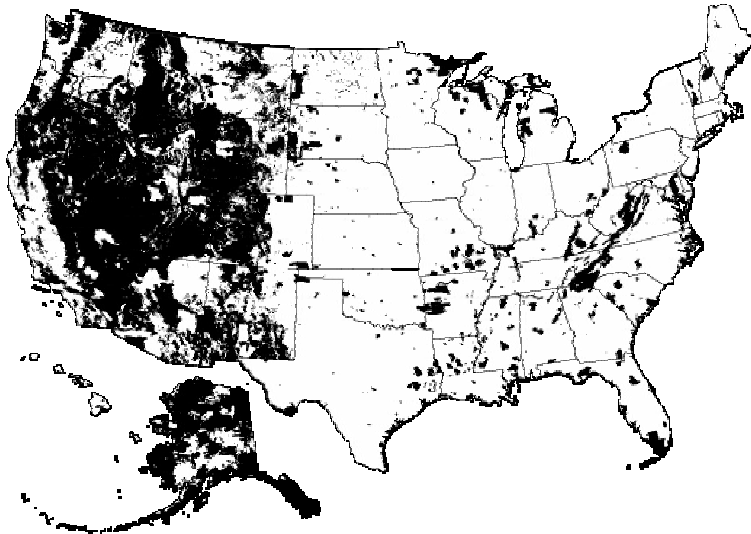
The Government's heritage assets can be classified into three broad categories: collection type, natural and cultural. Collection-type heritage assets include objects gathered and maintained for exhibition such as museum collections and library collec-

Summary of Acreage

(In millions of acres)

Type of Park Area	Acreage
National parks	50.2
National preserves	21.4
National recreation areas	3.4
National monuments	1.9
National seashores	0.5
Total acres	<u>77.4</u>

Federal Stewardship Land



Source: National Atlas of the United States of America, U.S. Geological Survey

tions. Natural heritage assets include properties such as national wilderness areas, wild and scenic rivers, natural landmarks, forests and grasslands. The Stewardship Land section lists the total acres of land area for some

natural heritage assets such as national forests. Cultural heritage assets include historic places and structures, memorials and monuments, national cemeteries, and archeological sites.

Collection-type Heritage Assets

Prominent among Federal museum collections are those of the Smithsonian Institution, numbering approximately 140 million individual objects. The Smithsonian acquires, protects and preserves these objects for public exhibition, education and research.

The Library of Congress holds the world's largest library collection. More than 115 million items comprise that collection which is held for use by the Congress and the public. The Library contains two copies of every book, pamphlet, map, print, photograph and piece of music registered for copyright in the United States.



Additionally, the National Archives holds over 2 million cubic feet of records. These records ensure ready access to essential evidence documenting the rights of citizens, the actions of Federal officials and the effects of those actions on the national experience. These records include: textual and legislative records; cartographic and architectural records; motion picture, sound, and video records, and still pictures and graphics. The Archives maintains such historically important documents as the U. S. Constitution and the Louisiana Purchase Treaty.

Natural Heritage Assets

A "Wilderness area" is an area designated by Congress that is protected and managed so as to preserve its natural conditions. The Department of the Interior manages 255 wilderness areas comprising 66.5 percent of the Nation's 103.7 million acres of wilderness. One of those is the Cebolla Wilderness in New Mexico.

The "National wild and scenic rivers system" includes free-flowing rivers that are valued for their fish and wildlife or their scenic, recreational, geologic historic, cultural, or other value. The Department of the Interior manages 54 percent of the 10,831 river miles in the "National and wild scenic rivers sys-

tem, including the Bluestone National Scenic River in West Virginia.

National natural landmarks have national significance because they exemplify a natural region's characteristic features. The National Park Service has identified 578 national natural landmarks, such as the Garden of the Gods in Colorado.

The U.S. Forest Service manages 155 national forests and 20 national grasslands on over 192 million acres of public land. These areas encompass significant heritage resources. Examples included in this category are the White Mountain National Forest in New Hampshire and the Thunder Basin National Grassland in Wyoming.

Cultural Heritage Assets

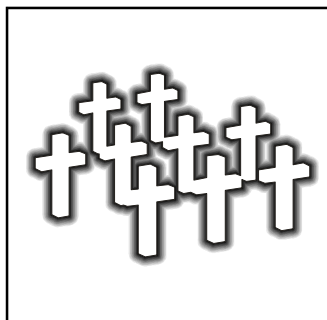
The National Register of Historic Places lists historic places and structures. This is America's official listing of important historical sites. Properties listed include districts, sites, buildings, structures and objects significant to American history, architecture, archaeology, engineering and culture. Forest Service lands contain 887 such properties. The National Register estimates that another 109,000 properties are eligible for this designation.

The Nation's monuments and memorials include the Washington Monument, Vietnam Veteran's Memorial and Jefferson Memorial in Washington, DC. The National Park Service manages these

sites. Also, the American Battle Monuments Commission manages 27 memorials, monuments and markers around the world, such as the Belleau Wood Marine Monument in France.

Archeological sites contain the remains of past human activity. The Department of the Interior manages over 290,000 archeological sites. The ancient earthen mounds at the Hopewell Culture National Historic Site in Ohio is a notable example.

National cemeteries include the Arlington National Cemetery in Virginia and the Fort Logan National Cemetery in Colorado. The VA manages those and 58 other cemeteries.



Stewardship Responsibilities

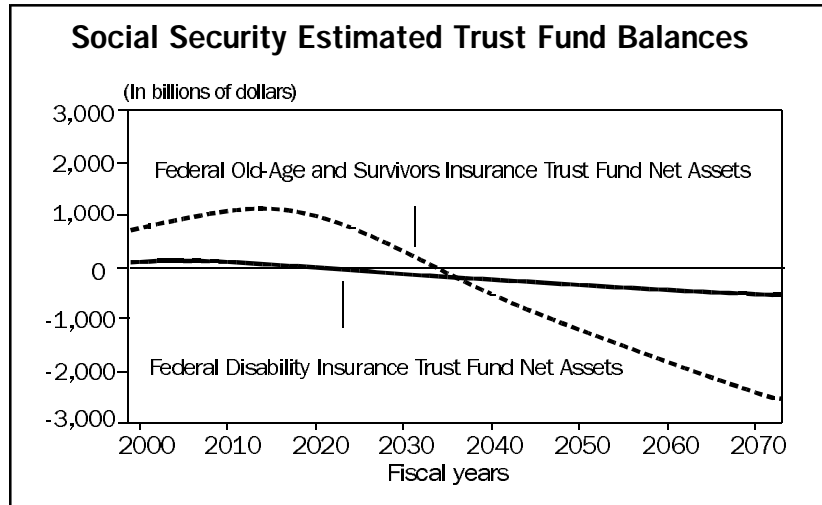
Social Security

Congress passed the Social Security Act in 1935. The Act, as subsequently amended, includes programs providing retirement and disability benefits.

Congress established two trust funds for Social Security: The Federal Old-Age and Survivors Insurance (OASI) and the Federal Disability Insurance (DI) Trust Funds (OASDI). OASI pays retirement and survivors benefits and DI pays benefits to disabled workers.

Revenue to OASDI consists of taxes on earnings paid by employees, their employers and the self-employed. OASDI also receives revenue from the income taxes on Social Security and from interest on its investments in Treasury securities. Social Security revenues not needed to pay current benefits or administrative expenses are invested in special-issue Government securities. Those securities are guaranteed as to both principal and interest and backed by the full faith and credit of the Government.

The Board of Trustees of the OASI and DI trust funds provides the President and Congress with short-range (10 years) and long-range (75 years) actuarial estimates of each trust fund in its annual report. Because of the inherent uncertainty in estimates for as long as 75 years into the future, the Board of Trustees uses three alternative sets of economic and demo-



graphic assumptions to show the range of possibilities. Assumptions are made about many economic, demographic and programmatic factors, including gross domestic product, earnings, the Consumer Price Index, unemployment, birth rate, immigration, mortality, and disability incidents and termination. The assumptions used in the table below, generally referred to as the "intermediate assumptions," reflects the best estimate of expected future experience.

The present values of actuarial estimates were computed as of the beginning of the valuation period, September 30, 1998. The expenditures consist of the sum of the present value of all estimated payments during the valuation period. The contributions consist of the sum of the present value of all estimated non-interest income during the period. The estimates were prepared on the basis of the financing method regarded as being the most appropriate by both

Congress and the Board of Trustees. These estimates assume future workers will be covered by the program as they enter the labor force.

Under current legislation and using intermediate assumptions, the DI and OASI trust funds are projected to be exhausted in 2019 and 2034, respectively. Combined OASDI expenditures will exceed current tax income beginning in 2013, and will exceed total current income (including current interest income) for calendar years 2021 and later. Thus, current tax income plus a portion of annual interest income will be needed to meet expenditures for year 2013 through 2020. Thereafter, in addition to current tax income and current interest income, a portion of the principal (combined OASDI assets) will be needed each year until trust fund assets are totally exhausted in 2032. At that point, current tax income will be sufficient to pay approximately 75 percent of the benefits due.

Social Security Present Value Estimates for the Period of 75 Years into the Future, Beginning September 30, 1998

(In billions of dollars)	OASI	DI	OASDI
Present value of actuarial contributions to December 31, 2073	16,383.3	2,689.0	19,072.3
Present value of actuarial expenditures to December 31, 2073	19,567.3	3,307.2	22,874.5
Present value of future resources needed	3,184.0	618.2	3,802.2
Assets of Social Security as of September 30 (Note 17)	664.5	78.2	742.7

Medicare

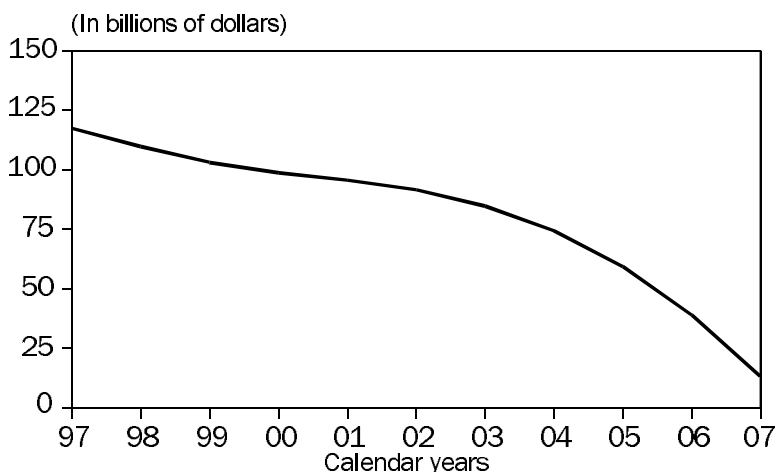
Federal Hospital Insurance Trust Fund revenue consists of taxes on earnings paid by employees, their employers and the self-employed. The fund also receives revenue from the taxation of Social Security benefits and from interest on its investments in Treasury securities. Revenues not needed to pay current benefits of the Federal Hospital Insurance Program (Medicare Part A) or administrative expenses are invested in special issue Treasury securities. These securities bear a market rate of interest, and are guaranteed both as to principal and interest. In addition, the securities are backed by the full faith and credit of the U.S. Government.

As computed 75 years into the future (to calendar year 2073), Medicare Part A has an actuarial deficit of \$4,042.7 billion. This estimate includes the book value of assets as of September 30, 1998, and the present value of various program income items expected to be received through the year 2073. Subtracted from those amounts are: the present value of outlays through the year 2073, claims incurred through September 30, 1998, that were unpaid as of that date, and administrative expenses related to those claims. Under current legislation and using intermediate assumptions from the 1998 Trustees Report, which incorporated changes from the Balanced Budget Act, the fund is projected to be exhausted in 2008.

The benefits and administrative expenses of the Federal Supplementary Medical Insurance program (Medicare Part B) are financed by premiums paid by Medicare beneficiaries as well as Government contributions. The monthly premium in calendar year 1998 covered 25 percent of the Medicare Part B program's estimated 1998 cost.

Medicare Part B has a surplus of \$29.1 billion, representing the amount of the estimated book value of the Federal Supplementary Medical Insurance Trust Fund assets as of September 30, 1998, less unpaid benefits and related administrative expenses.

Estimated Balances of Federal Hospital Insurance Trust Fund (Medicare Part A) Under Intermediate Assumptions



Medicare Part A (Hospital Insurance) Present Value Estimates for the Period of 75 Years into the Future, Beginning September 30, 1998

(In billions of dollars)

Present value of actuarial contributions to the year 2073	6,325.3
Present value of actuarial expenditures to the year 2073	10,368.0
Present value of future resources needed	4,042.7
Assets in Federal Hospital Insurance Trust Fund as of September 30 (Note 17)	120.5

Note: the estimates for this program are significantly different than those of prior years due to a change in the valuation period from 25 to 75 years.

Medicare Part B (Supplementary Medical Insurance) Balances as of September 30, 1998

(In billions of dollars)

Total Federal Supplemental Medical Insurance Trust Fund assets (Note 17)	40.1
Total unpaid benefits	11.0
Excess of trust fund assets over unpaid benefits	29.1

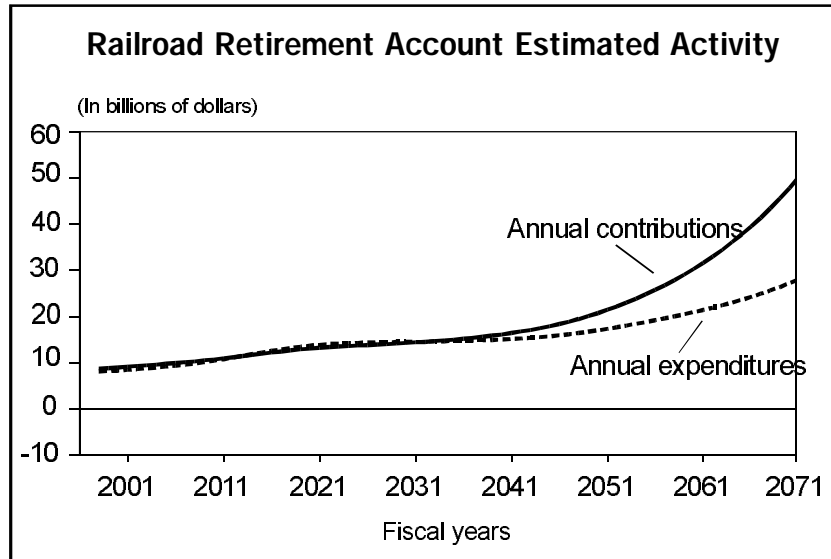
Railroad Retirement

Railroad retirement pays full-age annuities when eligible persons reach age 65 (if they have 10 years of service) or age 62 (if they have 30 years of service). It pays reduced age annuities to eligible beneficiaries who are age 62 (with 10 to 29 years of service), or age 60 (with 30 years of service). The railroad retirement program pays disability annuities on the basis of total or occupational disability. It also pays annuities to di-



divorced spouses, remarried widow(er)s, surviving divorced spouses, children and parents of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by Medicare in the same way as Social Security beneficiaries.

The Railroad Retirement Board (RRB) and the Social Security Administration (SSA) share jurisdiction over the payment of retirement and survivors benefits. RRB has jurisdic-



tion over the payment of retirement benefits if the employee had at least 10 years of railroad service. For survivor benefits, there is an additional requirement that the employee's last regular employment before retirement or death was in the railroad industry. If a railroad employee or his or her survivors do not qualify for railroad retirement benefits, the RRB transfers the employee's railroad retirement credits to SSA, where they are treated as Social Security credits.

Payroll taxes paid by railroad employers and their employees provide the primary source of income for the railroad retirement-survivor benefit program. By law, railroad retirement taxes are coordinated with Social Security taxes. Employees and employers pay tier I taxes at the same rate as

Social Security taxes. Tier II taxes finance railroad retirement benefit payments that are higher than Social Security levels.

Other sources of program income include the financial interchanges with the Social Security trust funds, interest on investments, revenue resulting from Federal income taxes and railroad retirement benefits, and appropriations from general Treasury revenues (provided after 1974 as part of a phaseout of certain vested dual benefits).

The net book value of assets in the Railroad Retirement Account at September 30, 1998, was \$14.6 billion. The holdings within this account include notes and bonds that, if sold at market value, would equal \$15.3 billion due to their higher yields.

Railroad Retirement Account Present Value Estimates for the Period of 75 Years into the Future, Beginning September 30, 1998*

(In billions of dollars)

Present value of actuarial contributions to December 31, 2073	61.9
Present value of actuarial expenditures to December 31, 2073	<u>73.1</u>
Present value of future resources needed	<u>11.2</u>
Assets in the Railroad Retirement Account as of September 30, 1998	<u>14.6</u>

*These figures take into account future entrants as well as former and present employees.

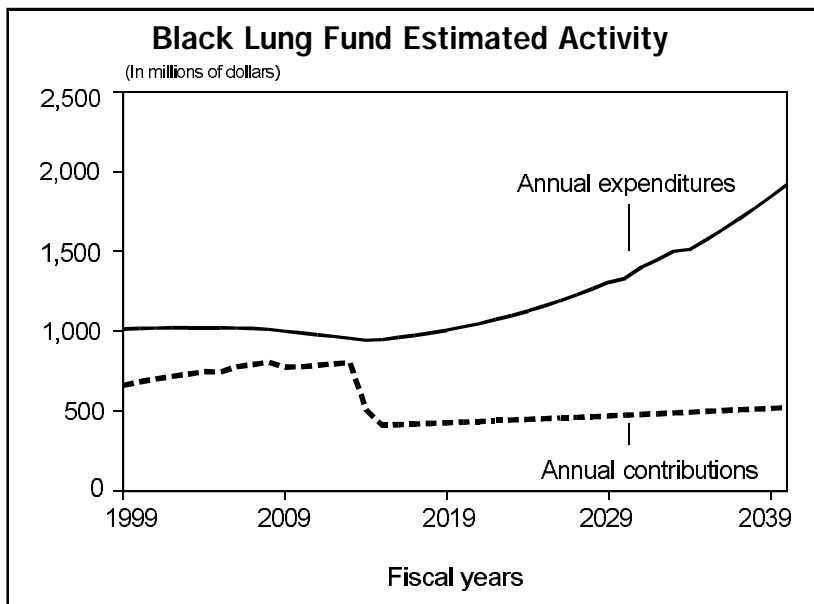
Black Lung Benefits

The Black Lung Disability Benefits program provides for compensation as well as medical and survivor benefits for eligible coal miners disabled due to employment-related pneumoconiosis (black lung disease). The Department of Labor (Labor) operates Part C of the Black Lung Disability Benefits Program. Under Part



C, the Black Lung Disability Trust Fund provides benefit payments to eligible disabled miners when no responsible mine operator can be assigned the liability.

Excise taxes from coal mine operators, based on the sale of coal, fund



black lung disability payments and related costs.

The projected decrease in cash inflows in the year 2014 and thereafter is the result of a scheduled reduction in the tax on the sale of coal. This rate reduction is projected to result in a 49-percent decrease in the amount of excise taxes collected between the years 2013 and 2015. The cumulative effect of this change is estimated to be

in excess of \$12.6 billion by the year 2040.

The total liabilities of the Black Lung Disability Trust Fund exceed assets by \$5.9 billion. This deficit fund balance represents the accumulated shortfall of excise taxes that are necessary to meet benefit payments and interest expenses. This shortfall was funded by advances to the Black Lung Disability Trust Fund that must be repaid with interest.

Black Lung Disability Trust Fund Present Value Estimates for the Period of 42 Years into the Future, Beginning September 30, 1998

(In billions of dollars)

Present value of actuarial contributions to September 30, 2040	23.9
Present value of actuarial expenditures to September 30, 2040	<u>50.4</u>
Present value of future resources needed	<u>26.5</u>
Excess of liabilities over assets in the Black Lung Disability Trust Fund as of September 30, 1998	<u>(5.9)</u>

Unemployment Insurance

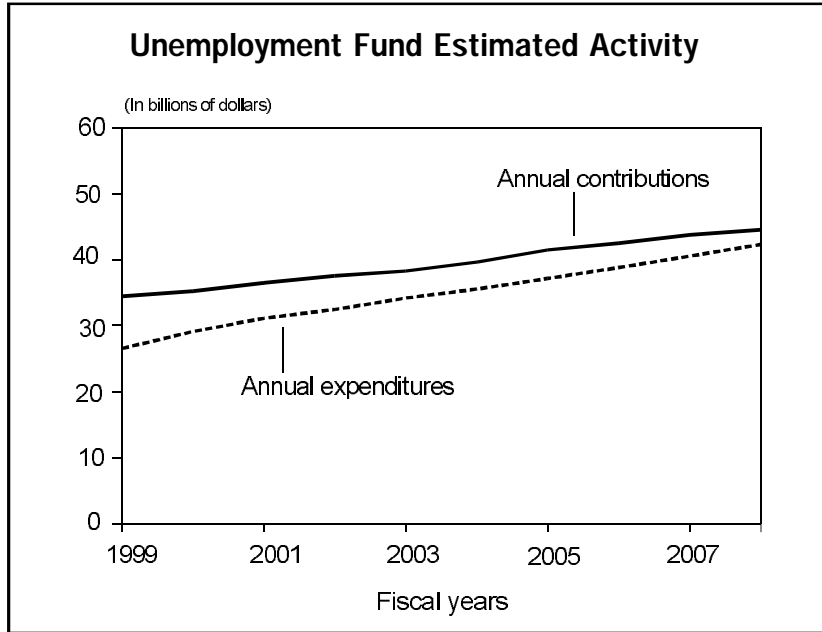
Congress created the Unemployment Trust Fund in 1935 to provide income assistance to unemployed workers who have lost their jobs through no fault of their own. A unique system of Federal and State partnerships administers the unemployment insurance program. Although established in Federal law, State officials execute the program through conforming State laws. The Federal Government provides broad policy guidance and pro-

“A unique system of Federal and State partnerships administers the unemployment insurance program.”

gram direction through the oversight of the Department of Labor. Meanwhile, State unemployment insurance statutes administered by State agencies establish program details.

Federal and State unemployment taxes levied on subject employers finance the Unemployment Trust Fund. Those funds are deposited in the Unemployment Trust Fund and reported as Federal tax revenue.

The total assets within the Unemployment Trust Fund exceeded liabilities by \$72.1 billion. This fund balance approximates the accumulated surplus of tax revenues and earnings on these revenues over benefit payment expenses. It is available to finance benefit payments in the future when tax revenues may be insufficient. Treasury invests this accumulated surplus in Federal securities. The net value of these securities as of September 30, 1998, was \$70.6 billion.



Unemployment Trust Fund Present Value Estimates in Nominal Dollars for the Period of 10 Years into the Future, Beginning September 30, 1998

(In billions of dollars)

Present value of actuarial contributions to September 30, 2008.	393.7
Present value of actuarial expenditures to September 30, 2008.	<u>347.6</u>
Excess of contributions over expenditures	<u>46.1</u>
Assets in the Unemployment Trust Fund as of September 30, 1998 (Note 17)	<u>72.1</u>

Current Services Assessment

The Current Services Assessment table shows the Office of Management and Budget's estimated receipts, outlays, and surplus or deficit in the budget if no changes are made to laws already enacted. Receipts and mandatory outlays, such as Social Security benefits and net interest, involve on-

going activities that generally operate under permanent legal authority authorized by legislation. The current services estimates of receipts and mandatory spending assume that receipts and mandatory spending continue in the future as specified by current laws. The current services

estimates for discretionary spending assume discretionary funding for fiscal 1999 equals appropriations enacted by Congress. It also assumes that discretionary funding for subsequent years holds constant in real terms. Because laws already enacted provide the basis for the current services estimates, they do not constitute a proposed budget, nor do they predict the most likely budget outcomes.

The current services estimates may be used to assess the sustainability of

Current Services Assessment Receipt and Outlay Estimates as Presented in the President's Budget

(In billions of dollars)

Fiscal Year	Base Year 1998	1999	2000	2001	2002	2003	2004
Receipts:							
Individual income taxes	828	869	902	918	948	975	1,023
Corporate income taxes	189	182	187	193	199	208	217
Social insurance and retirement receipts	572	609	636	660	686	712	739
Excise taxes	58	68	65	67	69	71	73
Other receipts	75	78	82	87	96	100	105
Total receipts	1,722	1,806	1,872	1,925	1,998	2,066	2,157
Outlays:							
National defense	269	277	278	289	296	305	313
Social Security	379	393	409	427	447	469	491
Medicare	193	205	218	232	237	255	269
Income security	233	243	257	268	278	287	299
Health	132	143	153	162	173	186	198
Veterans benefits and services	42	43	45	46	48	50	52
Education, training, employment and social services	55	60	65	66	66	69	71
Transportation	40	43	46	49	50	51	53
Other programmatic functions	114	129	130	136	140	143	149
Net interest	243	227	215	208	199	192	185
Undistributed offsetting receipts	(47)	(40)	(42)	(45)	(51)	(46)	(47)
Total outlays	1,653	1,723	1,774	1,838	1,883	1,961	2,033
Unified surplus	69	83	98	87	115	105	124

programs under current law. That is, they may be used to project if future resources can sustain public services and meet obligations as they come due. In this way, they can warn of future problems inherent in current law. They also can provide a benchmark against which tax and spending programs can be compared. Current services estimates are useful in assessing the magnitude of proposed changes. Also, they can provide an analytical perspective of Government by showing the short- and medium-term direction of current programs.

The preceding schedule presents the actual budget results for fiscal 1998 and the current services estimates for all Federal taxes and spending programs for the subsequent 6 years. It shows receipts by source and outlays by function. The estimates for these years are identical to the current services estimates in the President's budget for fiscal 2000. The following estimates use the same economic, programmatic and other technical assumptions as that document.