

VI. INVESTING IN THE COMMON GOOD: THE MAJOR FUNCTIONS OF THE FEDERAL GOVERNMENT

11. OVERVIEW

The President's determination to balance the budget—a determination that Congress shares—will continue to place a spotlight on every Federal agency and program, forcing each to justify its existence. As part of these efforts, the President will continue his practice of the past four years and work with Congress to eliminate or scale back unnecessary and lower-priority programs.

Balancing the budget goes hand-in-hand with another of the President's major efforts—improving Government's performance. In an era of limited resources, the President wants to make sure that the programs the Government funds do, in fact, accomplish the goals set out for them.

Led by Vice President Gore's National Performance Review (NPR), the Administration has made real progress in creating a Government that, in the words of the NPR, “works better and costs less.” We have eliminated layers of bureaucracy, cut paperwork burdens, scrapped thousands of pages of regulations and, most important, improved service to Government's customers—the American people.

These efforts will continue. Federal departments and agencies are implementing the landmark 1993 Government Performance and Results Act, which will hold them more accountable for what their programs achieve.

The Administration also will continue to look for ways to provide better service. (For a detailed discussion of the Administration's effort to improve performance, see Section IV.)

All too often, however, the focus of political debate revolves almost exclusively around proposals for incremental change: How much more does the President want to spend on program X? How much less on program Y? How do his proposals compare to what Congress proposes to do?

Such proposals capture only a portion of what the Federal Government does from year to year. The base of Federal activity—from Social Security to defense to interest on the Federal debt—does not change much, if at all. Nor does the base of activity include just the estimated \$1.7 trillion that the Federal Government will spend in 1998. The Government provides hundreds of billions of dollars in benefits through the tax code, and it seeks to accomplish other goals through regulation.

If we want to continue improving performance, to ensure that taxpayers get the high-quality Government they deserve, we have to understand the full range of Federal Government activities. This section provides a broad overview, categorizing the activities according to their budget “function.”

Table 11-1. FEDERAL RESOURCES BY FUNCTION

(In billions of dollars)

Function	1996 Actual	Estimate					
		1997	1998	1999	2000	2001	2002
NATIONAL DEFENSE:							
Spending:							
Discretionary Budget Authority	265.0	263.1	266.0	269.8	275.5	282.0	289.8
Mandatory Outlays:							
Existing law	-0.2	-0.8	-0.7	-0.7	-0.5	-0.5	-0.5
Proposed legislation							-0.2
Credit Activity:							
Guaranteed loans	0.3	*	0.2	0.5	0.8	0.8	0.8
Tax Expenditures:							
Existing law	2.1	2.1	2.1	2.1	2.1	2.2	2.2
INTERNATIONAL AFFAIRS:							
Spending:							
Discretionary Budget Authority	18.1	18.1	23.0	20.1	19.1	18.8	18.8
Mandatory Outlays:							
Existing law	-4.8	-4.7	-4.4	-4.0	-3.8	-3.7	-3.5
Proposed legislation			*				
Credit Activity:							
Direct loan disbursements	1.7	2.2	1.9	2.2	2.2	2.0	2.0
Guaranteed loans	8.4	12.7	12.1	13.1	13.7	13.7	14.0
Tax Expenditures:							
Existing law	6.5	7.0	7.6	8.2	8.8	9.4	10.1
Proposed legislation		*	-0.8	-1.4	-1.5	-1.7	-1.8
GENERAL SCIENCE, SPACE, AND TECHNOLOGY:							
Spending:							
Discretionary Budget Authority	16.7	16.6	16.4	16.4	16.2	16.2	16.2
Mandatory Outlays:							
Existing law	*	*	*	*	*	*	*
Tax Expenditures:							
Existing law	0.8	0.9	1.5	0.8	0.8	0.8	0.8
Proposed legislation		0.4	0.8	0.5	0.2	0.1	*
ENERGY:							
Spending:							
Discretionary Budget Authority	4.9	4.3	4.7	4.9	4.6	4.5	4.4
Mandatory Outlays:							
Existing law	-3.1	-2.9	-2.8	-3.7	-2.8	-3.0	-3.7
Proposed legislation				-*	-*	-0.1	-1.2
Credit Activity:							
Direct loan disbursements	1.0	2.5	2.1	1.7	2.7	1.8	1.7
Tax Expenditures:							
Existing law	2.2	2.3	2.2	2.4	2.5	2.5	2.5
Proposed legislation		-*	-0.1	-0.1	-0.1	-0.1	-0.1
NATURAL RESOURCES AND ENVIRONMENT:							
Spending:							
Discretionary Budget Authority	20.7	21.1	22.4	22.4	21.8	21.7	21.8
Mandatory Outlays:							
Existing law	0.7	1.0	1.0	0.9	0.9	0.9	0.8
Proposed legislation			0.1	0.1	0.1	0.1	0.1
Credit Activity:							
Direct loan disbursements	*	*	*	*	*	*	*
Tax Expenditures:							
Existing law	1.6	1.7	1.7	1.7	1.7	1.7	1.7
Proposed legislation		-*	-0.1	-0.1	-0.1	-0.1	-0.1

Table 11-1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Function	1996 Actual	Estimate					
		1997	1998	1999	2000	2001	2002
AGRICULTURE:							
Spending:							
Discretionary Budget Authority	4.2	4.1	4.1	4.0	3.9	3.9	3.9
Mandatory Outlays:							
Existing law	5.0	6.1	8.2	7.6	7.2	6.1	5.9
Proposed legislation			*	*	*	*	*
Credit Activity:							
Direct loan disbursements	6.2	7.1	8.7	8.6	8.3	7.7	7.2
Guaranteed loans	5.1	7.9	8.1	8.0	8.0	8.0	8.0
Tax Expenditures:							
Existing law	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Proposed legislation		—*	—0.1	—0.1	—0.1	—0.1	—0.1
COMMERCE AND HOUSING CREDIT:							
Spending:							
Discretionary Budget Authority	3.7	2.4	3.3	3.8	5.2	3.2	3.2
Mandatory Outlays:							
Existing law	—13.8	—11.4	0.7	2.5	6.9	5.7	6.8
Proposed legislation			—0.7	0.1	0.3	—1.7	—1.9
Credit Activity:							
Direct loan disbursements	1.6	8.8	5.0	1.7	1.9	2.3	2.4
Guaranteed loans	181.3	169.0	161.6	161.5	163.4	166.2	169.2
Tax Expenditures:							
Existing law	182.4	188.9	195.9	204.8	213.5	222.0	229.7
Proposed legislation		0.1	0.2	0.2	0.2	0.2	0.1
TRANSPORTATION:							
Spending:							
Discretionary Budget Authority	13.6	13.8	13.5	14.6	14.7	15.0	15.2
Mandatory Outlays:							
Existing law	2.5	2.4	2.4	2.3	2.2	2.0	2.0
Proposed legislation			*	*	*	—0.1	—0.7
Credit Activity:							
Direct loan disbursements	*	0.2	0.6	0.8	0.9	0.9	0.9
Guaranteed loans	0.8	1.1	0.5	0.5	0.5	0.5	0.5
Tax Expenditures:							
Existing law	1.3	1.4	1.4	1.5	1.5	1.6	1.6
COMMUNITY AND REGIONAL DEVELOPMENT:							
Spending:							
Discretionary Budget Authority	11.6	9.3	10.9	8.3	7.7	7.8	7.9
Mandatory Outlays:							
Existing law	0.3	0.3	—0.1	0.1	0.1	0.3	0.1
Proposed legislation		0.2	*	*		—*	—*
Credit Activity:							
Direct loan disbursements	2.0	2.3	2.5	1.9	2.1	2.2	2.1
Guaranteed loans	0.8	1.5	1.9	2.1	2.1	2.2	2.0
Tax Expenditures:							
Existing law	2.6	2.7	2.7	2.7	2.7	2.6	2.4
Proposed legislation		*	0.4	0.6	0.6	0.5	0.5
EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:							
Spending:							
Discretionary Budget Authority	36.1	42.4	46.4	47.4	48.5	49.5	50.3
Mandatory Outlays:							
Existing law	13.9	10.5	10.8	10.5	10.6	10.8	11.3
Proposed legislation		—0.3	2.8	4.6	5.0	4.5	1.9

Table 11-1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Function	1996 Actual	Estimate					
		1997	1998	1999	2000	2001	2002
Credit Activity:							
Direct loan disbursements	9.1	12.0	14.5	17.6	20.2	21.7	23.1
Guaranteed loans	19.8	21.0	21.3	20.5	20.5	21.5	22.9
Tax Expenditures:							
Existing law	25.2	27.0	27.9	29.2	30.5	31.9	33.3
Proposed legislation		0.2	4.9	7.2	8.9	9.0	9.5
HEALTH:							
Spending:							
Discretionary Budget Authority	23.3	25.0	25.1	25.1	25.1	25.2	25.2
Mandatory Outlays:							
Existing law	96.8	103.5	109.6	116.3	124.8	134.6	145.1
Proposed legislation		*	3.9	3.7	2.1	-0.2	-5.0
Credit Activity:							
Direct loan disbursements	*	*					
Guaranteed loans	0.2	0.3	0.1	*			
Tax Expenditures:							
Existing law	72.7	79.2	85.1	91.2	97.3	103.7	110.4
Proposed legislation		*	*	*	*	*	*
MEDICARE:							
Spending:							
Discretionary Budget Authority	2.9	2.6	2.8	2.8	2.7	2.7	2.7
Mandatory Outlays:							
Existing law	171.3	191.6	208.6	228.2	248.8	271.1	295.1
Proposed legislation			-4.3	-11.4	-22.2	-27.8	-34.6
INCOME SECURITY:							
Spending:							
Discretionary Budget Authority	27.8	26.0	32.6	36.1	38.9	40.4	41.8
Mandatory Outlays:							
Existing law	188.0	197.4	203.6	212.4	222.2	225.6	235.4
Proposed legislation		0.6	2.3	2.2	2.3	1.9	2.6
Credit Activity:							
Direct loan disbursements	0.1	0.1	0.1	*			
Guaranteed loans	*	*	*	*	*	*	*
Tax Expenditures:							
Existing law	83.0	84.8	86.3	87.9	89.5	91.3	93.0
Proposed legislation		0.7	11.3	7.3	9.3	11.5	12.0
SOCIAL SECURITY:							
Spending:							
Discretionary Budget Authority	3.1	3.5	3.3	3.3	3.2	3.2	3.3
Mandatory Outlays:							
Existing law	347.1	364.2	380.9	398.6	417.7	438.0	459.7
Proposed legislation				—*	*	*	*
Tax Expenditures:							
Existing law	22.9	24.2	25.3	26.5	27.8	28.9	29.9
VETERANS BENEFITS AND SERVICES:							
Spending:							
Discretionary Budget Authority ¹	18.4	18.9	18.8	18.7	18.7	18.7	18.7
Mandatory Outlays:							
Existing law	18.8	20.6	21.7	22.8	24.4	21.5	23.2
Proposed legislation			0.6	0.3	0.7	1.1	1.5
Credit Activity:							
Direct loan disbursements	1.4	1.9	2.2	2.2	2.3	2.3	2.3
Guaranteed loans	28.7	30.2	28.9	25.5	25.0	24.6	24.1

Table 11-1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Function	1996 Actual	Estimate					
		1997	1998	1999	2000	2001	2002
Tax Expenditures:							
Existing law	2.8	2.9	3.1	3.3	3.5	3.7	3.9
ADMINISTRATION OF JUSTICE:							
Spending:							
Discretionary Budget Authority	20.7	22.8	24.4	25.2	24.4	24.8	25.5
Mandatory Outlays:							
Existing law	—*	0.8	0.6	0.5	0.4	0.4	0.4
GENERAL GOVERNMENT:							
Spending:							
Discretionary Budget Authority	11.5	11.8	12.8	12.5	12.1	11.8	11.8
Mandatory Outlays:							
Existing law	0.1	0.9	0.8	0.8	0.9	0.7	0.7
Proposed legislation			—*	0.1	0.2	0.3	0.4
Credit Activity:							
Direct loan disbursements	0.4	0.5					
Tax Expenditures:							
Existing law	46.7	48.1	49.5	50.8	52.1	53.6	55.1
Proposed legislation			*	*	*	0.1	0.1
NET INTEREST:							
Spending:							
Mandatory Outlays:							
Existing law	241.1	247.5	249.8	251.8	248.1	244.9	238.6
Proposed legislation		—0.2	*	0.1	0.1	0.1	0.1
Tax Expenditures:							
Existing law	1.3	1.3	1.3	1.3	1.2	1.2	1.2
UNDISTRIBUTED OFFSETTING RECEIPTS:							
Spending:							
Mandatory Outlays:							
Existing law	—37.6	—46.5	—52.9	—41.1	—41.6	—43.2	—45.3
Proposed legislation			—2.7	—2.4	—4.4	—6.9	—22.7
FEDERAL GOVERNMENT TOTAL:							
Spending:							
Discretionary Budget Authority	502.5	505.8	530.5	535.4	542.5	549.4	560.6
Mandatory Outlays:							
Existing law	1,026.0	1,080.7	1,137.9	1,205.9	1,266.5	1,312.2	1,372.0
Proposed legislation		0.3	2.1	—2.7	—16.0	—28.7	—59.5
Credit Activity:							
Direct loan disbursements	23.6	37.6	37.5	36.8	40.5	40.9	41.7
Guaranteed loans	245.4	243.6	234.7	231.7	234.0	237.5	241.5

Notes:

Revenue estimates for proposed legislation affecting tax expenditures are not directly comparable to estimates for current law tax expenditures, because the current law estimates do not reflect behavioral effects.

* \$50 million or less.

¹ Proposed legislation will supplement budget authority with receipts (estimated at \$0.5 billion in 1998).