

31. ALLOWANCES

Table 31-1. ALLOWANCES

(In millions of dollars)

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|-------------------------------------|----------------|----------|-------|---------|---------|---------|---------|
| (In millions of dollars) | | | | | | | |
| Function 920 | 1998 Actual | Estimate | | | | | |
| | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| Spending: | | | | | | | |
| Discretionary Budget Authority | | 7,577 | -307 | -47,652 | -41,599 | -20,491 | -22,452 |
| Mandatory Outlays: | | | | | | | |
| Proposed legislation | | | | -2,824 | -3,917 | -4,553 | -4,688 |

Resources Contingent upon Social Security Reform

The budget assumes that Social Security will be reformed and that the surplus will be reserved until Social Security is reformed. Once Social Security has been reformed, additional resources would be made available for defense and non-defense discretionary spending. The budget request for the Department of Defense (DOD) provides for substantial program expansion to ensure adequate funding levels for national security. Increases in non-DOD programs ensure continuity for critical functions of core Government, and provide for a discretionary Reserve for Priority Initiatives for funding initiatives such as increasing funding for the National Institutes of Health by nearly 50 percent, and investments that raise student achievement and that protect Americans at home and abroad. If Social Security reform is not enacted, allowances reduce the defense and non-defense top lines to levels consistent with the discretionary caps for 2001 through 2004.

Natural Disasters and Other Emergencies

This allowance will provide funding for unanticipated emergencies such as the re-

sponse to the devastating damage caused to Central America by Hurricane Mitch.

Expected Release of Contingent Emergency Funding

This allowance provides funding for the release of amounts already appropriated as contingent emergencies that are expected to be, but have not been released at the time of transmittal of the budget.

Tobacco Recoupment Policy

U.S. taxpayers paid a substantial portion of the Medicaid costs that were the basis for much of the State settlement with the tobacco companies, and Federal law requires that the Federal Government recoup its share. This allowance recognizes that the Administration will again support legislation to waive direct Federal recoupment, if States agree to use a portion of funds from the settlement to support shared national and State priorities.

Adjustments to Certain Accounts

This allowance provides for growth in the budgets of certain agencies at rates closer to historical levels.