32. UNDISTRIBUTED OFFSETTING RECEIPTS

Table 32–1. UNDISTRIBUTED OFFSETTING RECEIPTS
(In millions of dollars)

Function 950	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	2004
Spending:							
Discretionary Budget Authority	....	....	–2,800	1,100	1,100	–200	–200
Mandatory Outlays:							
Existing law	–47,194	–40,028	–42,271	–45,330	–51,278	–45,865	–46,673
Proposed legislation	....	....	–585	–787	–898	–971	–1,009

Offsetting receipts, totaling $45.7 billion in 2000, fall into two categories: (1) the Government's receipts from performing business-like activities, such as proceeds from the sale of Outer Continental Shelf leases or a Federal asset; and (2) the amounts that the Government shifts from one account to another, such as agency payments to retirement funds.

Rents and Royalties on the Outer Continental Shelf (OCS)

The Interior Department's Outer Continental Shelf Lands leasing program, which it began in 1954, currently generates about 20 percent and 27 percent of U.S. domestic oil and natural gas production, respectively. Since its inception, it has held 126 lease sales, covering areas three to 200 miles offshore and generating over $117 billion in rents, bonuses, and royalties—mainly for the Treasury.

OCS revenues help to reduce the deficit, but they also provide most funding for the Land and Water Conservation Fund and Historic Preservation Fund programs. The OCS program will generate more than $3 billion in receipts in 1999. In 2000, the Administration will continue the leasing moratoria for the environmentally sensitive areas—offshore California, Oregon, and Washington; the Eastern Seaboard; the southwestern coastline of Florida, including the Everglades; and certain parts of Alaska.

Asset Sales

The United States Enrichment Corporation (USEC): USEC, which began operations in July, 1993, sells enriched uranium globally to utilities as fuel for nuclear power plants. Congress created USEC as a wholly-owned Government corporation—the first step in a series of actions designed to lead to privatization. On July 28, 1998, the sale of USEC common stock in connection with an initial public offering was completed, resulting in proceeds to the Government of $1,385 million and a payment of an additional $500 million exit dividend.

Naval Petroleum Reserve 1 (Elk Hills): The Defense Authorization Act of 1996 required the sale of Naval Petroleum Reserve 1 in California, commonly known as Elk Hills, by February 10, 1998. The sale of Elk Hills to Occidental Petroleum for $3.5 billion was completed on February 5, 1998. This sale was the largest privatization in the history of the U.S. Government.

Alaska Power Administration: The Administration completed the sale of the power plants at Anchorage and Juneau to current customers, as authorized under a 1995 law. The sale, which raised an estimated $88 million in Federal revenues, was completed in August 1998.

Employee Retirement

In 2000, Federal agencies will pay an estimated $37.5 billion on behalf of their employees to the Federal retirement funds,[1] the Medicare health insurance trust fund, and the Social Security trust funds. As civilian employee pay rises, agencies must make commensurate increases in their payments to recognize the rising cost of retirement.

[1] The major programs are the Military retirement System, the Civil Service Retirement System, and the Federal Employee Retirement System.

Other Undistributed Offsetting Receipts

Beginning in 1993, the President and Congress gave the Federal Communications Commission authority to assign spectrum licenses through competitive bidding, which has proven an extremely efficient and effective way to allocate this scarce public resource. The budget reflects the continued policy of assigning licenses by auction, as authorized by the 1997 Balanced Budget Act. The Government will auction spectrum made available from the transition to digital broadcast technology as well as 120 MHZ of reallocated spectrum—raising an estimated $21 billion over the next 10 years, and helping to balance the budget while compensating the public for the use of this valuable resource.