800

General Government

Budget function 800 covers the central management and policy responsibilities of both the legislative and executive branches of the federal government. Among the agencies it funds are the General Services Administration and the Internal Revenue Service. CBO estimates that in 2003, total outlays for function 800 will be $17 billion—most of which is discretionary spending.

Federal Spending, Fiscal Years 1990-2003 (In billions of dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Estimate 2003
Budget Authority (Discretionary)	11.5	12.2	11.3	11.6	12.1	11.9	11.5	11.8	12.0	13.5	12.2	14.5	15.6	14.6
Outlays														
Discretionary	9.0	10.4	11.0	11.5	11.7	12.4	11.7	12.0	11.9	12.3	12.2	13.0	14.6	14.6
Mandatory	1.6	1.4	2.0	1.5	-0.3	1.6	0.2	0.8	3.7	3.3	1.0	1.6	2.7	2.5
Total	10.6	11.7	13.0	13.1	11.3	14.0	12.0	12.8	15.6	15.6	13.3	14.6	17.4	17.1
Memorandum: Annual Percentage Change in Discretionary Outlays	n.a.	15.3	6.3	4.8	1.0	6.1	-5.2	2.5	-0.8	2.8	-0.1	6.0	12.9	-0.4

Note: n.a. = not applicable.

800-01—Discretionary

Eliminate General Fiscal Assistance to the District of Columbia

(Millions of dollars)	2004	2005	2006	2007	2008	Total 2004-2008	Total 2004-2013
Savings							
Budget authority	61	62	64	65	66	318	672
Outlays	61	62	64	65	66	318	672

Under the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act), the federal government assumed responsibility for providing certain services to the District of Columbia in exchange for eliminating the annual payment of general assistance to the District. Specifically, the federal government agreed to fund the operations of the District's criminal justice, court, and correctional systems. It also assumed responsibility for paying off more than $5 billion in unfunded liabilities that the city owed to several pension plans, increased the federal share of the city's Medicaid payments, and provided special borrowing authority to the District.

For 1998, the Revitalization Act included slightly more than $200 million in assistance for the District that was not related to the obligations specifically assumed by the federal government. Such funding increased to $232 million in 1999 and then plummeted to $28 million in 2000; it then rose slightly, to $59 million in 2001 and $60 million in 2002. The 2002 amount included funds for tuition assistance to city residents, emergency planning, and security costs (plus $200 million in one-time supplemental appropriations for activities related to September 11). Eliminating that general fiscal assistance to the District would save $61 million in 2004 and $318 million over the 2004-2008 period.

Supporters of this option contend that the federal government already relieved the District of Columbia government of the cost of a substantial, and increasing, portion of its budget—criminal justice, Medicaid, and pensions. The proposed trade-off for assuming responsibility for those functions was ending other assistance, including the annual federal payment. Eliminating general assistance would be consistent with that policy.

Opponents of this option argue that the need for funding assistance continues. The Constitution gives the Congress responsibility for overseeing the District of Columbia (which the Congress has largely delegated to the city government), and the city still has major problems with its public schools, roadways, and other essential services. Moreover, the Congress prevents the District of Columbia from imposing commuter taxes, as many other cities do. Such taxes are levied on nonresidents who work in a city and benefit from its services. Two of three dollars earned in the District of Columbia are earned by nonresidents. Finally, opponents argue that continued assistance is justified because more than 40 percent of city property, including property owned by the federal government or foreign nations, is exempt from local taxes.

800-02—Mandatory

Require the Internal Revenue Service to Deposit Fees from Installment Agreements in the Treasury as Miscellaneous Receipts

(Millions of dollars)	2004	2005	2006	2007	2008	Total 2004-2008	Total 2004-2013
Savings							
Budget authority	83	84	85	86	87	425	875
Outlays	83	84	85	86	87	425	875

The 1996 appropriation act for the Department of the Treasury, the Postal Service, the Executive Office of the President, and certain independent agencies authorized the Internal Revenue Service (IRS) to establish new fees and increase existing ones. Under that law, the IRS can retain and spend receipts collected from those fees, up to an annual limit of $119 million. The IRS has used that authority mainly to charge taxpayers a fee for entering into payment plans with the agency. In 2001, the IRS collected $80 million in fee receipts. Last year, however, it collected only $72 million in fees. The IRS attributes the smaller amount in 2002 to various one-time events, including the terrorist attacks of September 11, the tax rebate, and improvements in its information system.

Requiring the IRS to deposit those receipts in the Treasury would eliminate the agency's ability to spend them. That change would reduce the IRS's direct spending by $83 million in 2004 and $425 million over the 2004-2008 period (assuming that removing the spending authority did not substantially reduce the amount that the IRS collected each year in such fees).

Supporters of this option assert that processing payment plans with taxpayers is an administrative function directly related to the IRS's mission—getting citizens to pay the taxes they owe—and thus is a function for which the agency already receives annual appropriations. (For 2003, the IRS received a total of $8.89 billion in direct appropriations, not counting transfers.) Moreover, the IRS does not directly use the receipts it collects from fees on installment agreements to fund the processing of those agreements. Proponents also contend that the agency's spending authority could create an incentive for the IRS to unnecessarily encourage taxpayers to pay their taxes in installments. Similarly, it could encourage the agency to seek new and unnecessary fees.

Opponents of this option argue that allowing the IRS to generate and use fee receipts helps ensure that the federal government's main revenue collector has sufficient funding to fulfill its mission. Some critics would argue that even an annual decrease of roughly $80 million in funding could negatively affect revenue collection. In addition, eliminating the spending authority could reduce the IRS's incentive to allow installment payments or its ability to provide for them, thus hurting taxpayers who would benefit from such arrangements.

800-03—Discretionary

Eliminate Federal Antidrug Advertising

(Millions of dollars)	2004	2005	2006	2007	2008	Total 2004-2008	Total 2004-2013
Savings							
Budget authority	183	187	191	195	199	955	2,016
Outlays	55	148	187	191	195	776	1,817

Funds provided to the Office of National Drug Control Policy (ONDCP) can be used to test advertising, purchase media time, and evaluate the effects of national antidrug media campaigns. The agency is required to solicit donations from nonfederal sources to pay part of its costs.

For 2002, the appropriation act for the Treasury Department, the Postal Service, the Executive Office of the President, and certain independent agencies provided $180 million for the antidrug media program. Eliminating that program would save $55 million in outlays in 2004 and $776 million over the 2004-2008 period.

Proponents of this option argue that there is no solid empirical evidence that media campaigns are effective in either preventing or reducing the use of illegal drugs. Some analysts claim that media spots do not reduce drug use by minors as effectively as treatment or interdiction do. Furthermore, since nonprofit organizations, such as the Partnership for a Drug-Free America, already conduct educational programs about the dangers of drug use, ONDCP's campaign may duplicate private or local efforts.

Opponents of this option argue that educating young people about the hazards of illegal drug use is a national responsibility. Some point to the "Just Say No" campaign begun by former First Lady Nancy Reagan in the 1980s as an example of the successful use of the national media to raise young people's awareness of the dangers of drugs. They also argue that the cost of drug abuse to the country is so high that it is worthwhile to maintain a program that reduces drug use even slightly.