

TABLE B-5. CONTINUED

Committee	1983 Base	Projections					
		1984	1985	1986	1987	1988	
Select Committee on Indian Affairs	BA	2	2	2	2	2	2
	O	2	2	2	2	2	2
Select Committee on Intelligence	BA	*	*	*	*	*	*
	O	*	*	*	*	*	*
Total Allocations	BA	958	1,054	1,142	1,222	1,298	1,377
	O	934	991	1,074	1,155	1,232	1,312
Unallocated to Committees	BA	-134	-141	-145	-156	-160	-167
	O	-134	-141	-145	-156	-160	-167
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Grand Totals	BA	824	913	997	1,066	1,138	1,210
	O	800	850	929	999	1,072	1,145



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**APPENDIX C. FEDERAL RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS**

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Both the unified budget and the federal sector of the national income accounts (NIA) measure the receipts and expenditures of the federal government. The national income accounts measure current income and production and are the most widely used indicator of current economic activity. As a rule, the unified budget is used for budgetary analysis while the NIA federal sector is more useful for analyzing the economic impact of federal government activity. This appendix explains the differences between the unified budget and the federal sector of the national income accounts and translates the unified budget projections given in the body of the report into NIA terms.

The NIA estimates of federal activity differ somewhat from those of the unified budget. Specifically, they vary in four areas: timing of transactions; netting and grossing of receipts against spending; treatment of financial activities; and coverage.

Timing differences occur because the unified budget records transactions (except interest owed to the public) on a cash-paid or cash-received basis, while the NIA federal sector may use a cash, accrual, or other basis, depending on the type of transaction. On the receipts side, the most important timing difference is the recording of corporate profit taxes in the NIA at the time the tax liability is incurred, which may be months (or years) before the money is deposited in the Treasury. On the expenditure side, the only major timing difference is the recording of some large defense purchases in the NIA at the time of delivery rather than at the time payment is made. Other timing differences are generally small.

Netting and grossing differences arise because the unified budget treats certain types of receipts as offsets to outlays. For example, receipts by the civil service retirement trust fund and other federal employee benefit plans of employer contributions are counted as a negative outlay in the unified budget, exactly offsetting agency expenditures elsewhere in the budget. In the NIA, this amount is added to both receipts and expenditures in order to provide a more accurate measure of social insurance taxes (on the revenue side) and compensation of employees (on the expenditure side). Other netting and grossing adjustments in the NIA are made for funds collected by the government in the course of business-type transactions--

such as veterans' insurance programs, timber sales, and rents and royalties arising from the Outer Continental Shelf leases.

Lending transactions that involve only the transfer of existing assets and liabilities are generally excluded from the NIA federal sector, since they do not reflect current production of goods or services. For example, direct lending by the Small Business Administration is reflected in the unified budget but is excluded from the NIA. Interest paid or received in the course of financial transactions, though, is reflected in the NIA federal sector. The NIA also records nonrecourse agricultural commodity loans as purchases of goods and services rather than loans.

Coverage differences largely reflect the exclusion of Puerto Rico, the Virgin Islands, and other territories from the United States for purposes of computing the gross national product and related data series in the NIA. The national income accounts, on the other hand, include certain foreign currency transactions and spending by certain off-budget federal entities that are excluded from the unified budget.

Estimates of federal-sector receipts and expenditures on an NIA basis, consistent with the CBO baseline budget projections, are shown in Table C-1.

TABLE C-1. PROJECTIONS OF BASELINE REVENUES AND OUTLAYS ON A NATIONAL INCOME ACCOUNTS BASIS (By fiscal year, in billions of dollars)

	1983 Base	Projections				
		1984	1985	1986	1987	1988
<b>Receipts</b>						
Personal Tax and Nontax Receipts	302	306	331	355	380	408
Corporate Profits Tax Accruals	52	71	78	90	97	100
Contributions for Social Insurance	228	250	279	303	328	352
Indirect Business Tax and Nontax Accruals	53	59	59	55	54	55
<b>Total</b>	<b>635</b>	<b>686</b>	<b>747</b>	<b>803</b>	<b>860</b>	<b>915</b>
<b>Expenditures</b>						
Purchases of Goods and Services						
Defense	198	226	261	292	314	338
Nondefense	95	89	93	93	99	102
Transfer Payments	346	361	385	412	443	475
Grants-in-Aid to State and Local Governments	89	94	100	105	111	116
Net Interest Paid	88	95	107	116	126	133
Subsidies less Current Surplus of Government Enterprises	13	13	14	16	17	18
<b>Total</b>	<b>827</b>	<b>877</b>	<b>958</b>	<b>1,033</b>	<b>1,107</b>	<b>1,179</b>



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## APPENDIX D. BASELINE SPENDING CONCEPTS AND ASSUMPTIONS

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Baseline spending projections are designed to show what federal government budget authority and outlays would be in future years if current policies were continued without change. The basic methodology for projecting the different types of spending--direct spending programs and discretionary appropriations--is summarized in the first section of this appendix. The second section is a detailed description of the defense baseline. The third section discusses the special assumptions made for nondefense spending programs in cases where those assumptions differ from the basic methodology or require further details.

### OVERVIEW OF BASELINE SPENDING CONCEPTS

Federal spending can be divided essentially into two categories. A large part of federal spending is mandated by existing law. The remainder is subject to annual review through the appropriation process.

#### Direct Spending

The term direct spending refers to four types of spending that are, in effect, mandatory under existing law: permanent appropriations and trust funds; appropriated entitlements; permanent revolving funds; and offsetting receipts.

Permanent Appropriations and Trust Funds. In some instances, authority to spend may be provided directly in the legislation that authorizes a program, without the need for subsequent annual appropriations. Examples of such direct spending programs include Social Security, unemployment insurance, foreign military sales, farm price supports, and various housing assistance programs. To affect spending in these programs, the basic substantive law usually must be changed. The baseline spending projections for these programs assume that existing law at the close of the last session of the Congress will continue unchanged, and that future spending will respond to assumed economic and population changes in essentially the same way as in the past. Temporary cost-saving provisions enacted in omnibus reconciliation legislation in 1981 and 1982 are assumed to expire as scheduled in law; the major examples of such provisions are listed in Table D-1. (Of course, the Congress may not actually allow these provisions to expire.)

TABLE D-1. MAJOR TEMPORARY COST-SAVING PROVISIONS

Budget Account (and Subfunction)	Provision	Expiration Date
Small Business Administration Disaster Loan Fund (453)	Limitation of access by farmers	Sept. 30, 1983
Medicaid (551)	Reduction in payments to states	Sept. 30, 1984
Medicare (551)	Delay of periodic interim payments	Sept. 30, 1984
	Change in calculating Part B premiums	June 30, 1985
	Increase in funding for audits	Sept. 30, 1985
	Target reimbursement system for hospitals; hospice benefits	Sept. 30, 1986
Military Retirement (051), Civil Service, and Foreign Service Retirement (602)	Limitation on cost-of- living adjustments for retirees under age 62	Sept. 30, 1985
Food Stamps (609)	One-percent reduction in maximum allotment	Sept. 30, 1985
Veterans Administration Housing Loan Programs (704)	Loan processing fee	Sept. 30, 1985

Appropriated Entitlements and Other Mandatory Appropriations. Some benefit programs, called appropriated entitlements, have their budget authority provided in annual appropriations. Examples of appropriated entitlements include Medicaid, Supplemental Security Income, Aid to Families with Dependent Children, and the veterans' compensation and pensions programs. The basic legislation for these programs requires the payment of benefits to any person or government meeting the eligibility requirements. The level of annual appropriations is mandated in these cases by existing law and cannot be altered through the appropriation process. Baseline spending projections for appropriated entitlements, like those for other entitlements, assume that the programs will respond to changes in the economy and in projected program caseload.

In addition, certain appropriated accounts are treated as mandatory for projections purposes, even though they are not considered as entitlements by both the House and the Senate Budget Committees. The list of mandatory items is that used in the so-called bipartisan baseline, which served as the basis for developing the 1983 budget resolution. The projections for the food stamp program, for example, are computed as if the program were mandatory, since the Congress has always appropriated enough money to cover all benefit payments to eligible recipients. Other programs treated as mandatory include child nutrition, child support enforcement, unemployment trust fund outlays for training and employment and for administrative expenses, payments to air carriers, Maritime Administration operating differential subsidies, rehabilitation services, government payments for annuitants' health benefits, payments in lieu of taxes, and certain miscellaneous trust funds. Federal payments to civil service retirement and other trust funds, while considered mandatory, are exactly offset by corresponding intragovernmental receipts and have no effect on total outlays.

Revolving Loan Funds. The federal government administers many lending programs through revolving funds. Such funds disburse loans and accept repayments of principal and interest. CBO calculates a baseline for such programs by first developing a lending level for each year of the projection. For fiscal years in which the Congress has set a lending limit, CBO uses that limit as a base for projections. If no limit has been set, CBO estimates the base-year lending level to be equal to average program experience over the past few years, adjusted for inflation. For subsequent years in which the Congress has yet to set a ceiling, CBO projects a baseline lending level by inflating the base-year level. Net budget authority and outlays are estimated using these lending levels, projected loan repayments, and established government accounting practices for revolving funds.

Offsetting Receipts. Certain federal government receipts from the public and certain intragovernmental receipts are automatically credited to

special receipt accounts and are treated as negative spending. They are deducted from other budget authority and outlays in computing budget totals rather than being counted as revenues. Examples of such receipts include those from the sale of timber in national forests and those from rents and royalties from Outer Continental Shelf (OCS) lands. In the baseline projections, the amount of these receipts is estimated on the assumption that current government policies regarding the extent of timber sales, the scope and timing of offshore leasing activities, and so forth, will be continued, and that actual receipts will respond to underlying economic and demographic conditions, such as the price of lumber and the expected lease value of particular OCS parcels.

### Annual Appropriations

The rest of federal spending requires annual action through the appropriation process. The fiscal year 1983 spending level assumed for these programs is that enacted by the Congress through December 1982. The 1984-1988 projections for the appropriated accounts represent a continuation of the policies and program levels embodied in the 1983 appropriation action. Sometimes it is possible to relate these programmatic assumptions to specific Congressional decisions--for example, a production schedule for space shuttles. In these cases, the baseline figures are the projected budget authority and outlays required to achieve the specified programmatic objectives. The baseline totals for the national defense function are CBO's extrapolation of the fiscal year 1983 Congressional budget resolution.

For the largest number of appropriated accounts, current spending policy cannot be so clearly defined. Future budget authority for these accounts is generally assumed to stay constant in real terms--that is, to keep pace with a measure of inflation appropriate to the particular budget account. In cases where 1982 funds were deferred until 1983, the 1983 projections base is assumed to be the 1983 program level--that is, 1983 budget authority plus the 1982 deferral. This treatment of deferrals has a negligible effect on the current projections, because only 16 budget accounts are involved. The amount of the deferrals totals \$84 million, with no individual item exceeding \$12 million.

Although statutory authority for most discretionary programs will expire during the five-year projections period, authorizations are assumed to be routinely renewed except for programs that are clearly of a one-time nature, such as temporary study commissions. The projected growth in budget authority is limited by any authorization limit that may have been set by the Congress; if the limit ceases to apply in some future year, budget authority is assumed to rise with inflation thereafter. In three budget

accounts, the base-year appropriation exceeds the authorization; in these cases, the projections also ignore the authorization limit. <sup>1/</sup> It is further assumed that budget authority will result in outlays according to the observed historical pattern for the particular account.

## DEFENSE BASELINE

The defense baseline projections for 1984 and 1985 are the budget authority and outlay figures specified in the fiscal year 1983 budget resolution. The numbers are the budget resolution assumptions for the national defense function (function 050), less assumed absorption of 50 percent of future pay raises for both military and civilian employees of the Department of Defense, which was contained in the allowances function (function 920).

The 1986-1988 projections are an extrapolation by CBO of the budget resolution figures. They represent a two-percentage-point reduction from the annual rate of growth of budget authority assumed in the Reagan Administration's fiscal year 1983 budget request.

The baseline projections may be divided into two parts: (1) funding for an explicit defense force structure and procurement program that, CBO assumes, were approved during the second session of the 97th Congress; and (2) an additional funding increment to cover cost increases and other program additions not specified to the public. Table D-2 shows these two components of the defense baseline.

The remainder of this section describes the assumed force structure and procurement programs that constitute the programmatic component of the baseline. The outyear force structure reflects announced changes in force level, including the introduction of new weapon systems purchased in the current and previous years and the planned deactivation of obsolete or worn-out systems. The outyear programs are those announced by the Administration through December 1982, adjusted to reflect Congressional action. Other reasons for differences between the President's program and the programmatic component of the CBO defense baseline are (1) repricing of programs by the Administration, and (2) the addition of previously unannounced programs.

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1. The three cases are geothermal resources development (function 270), school assistance in federally affected areas (500), and energy and emergency assistance (600).

TABLE D-2. BASELINE PROJECTIONS FOR NATIONAL DEFENSE (By fiscal year, in billions of dollars)

	1983 Base	Projections				
		1984	1985	1986	1987	1988
<b>Programmatic Component of Baseline</b>						
Budget Authority	243.9	267.5	286.7	304.1	322.0	352.7
Outlays	213.5	236.8	259.6	280.5	300.0	320.7
<b>Unspecified Increment</b>						
Budget Authority	---	10.8	35.7	45.9	51.0	45.3
Outlays	---	5.3	18.1	29.5	33.0	37.3
<b>Total (1983 Budget Resolution Extrapolated)</b>						
Budget Authority	243.9	278.3	322.4	350.0	373.0	398.0
Outlays	213.5	242.1	277.7	310.0	333.0	358.0

The programmatic element of the baseline is costed in 1983 dollars, assuming the same per unit level of force activity in the outyears as approved by the Congress in the 1983 continuing resolution and the same level of efficiency over the six-year period. The outyear costs in 1983 dollars are adjusted for inflation using CBO economic assumptions.

Table D-3 shows the programmatic element of baseline budget authority by Defense Planning and Programming Category in current dollars; Table D-4 shows the same data in constant 1983 dollars. The current-dollar amounts are those required to keep the approved 1983 program on track by including full adjustment for projected inflation.

Higher force levels in the projection period require increasing military and civilian personnel under the CBO costing assumptions. Table D-5 shows personnel requirements for each fiscal year.

TABLE D-3. PROGRAMMATIC COMPONENT OF THE DEFENSE BASELINE BY DEFENSE PLANNING AND PROGRAMMING CATEGORY (By fiscal year, budget authority in billions of current dollars)

Category	1983 Base	Projections				
		1984	1985	1986	1987	1988
Strategic Forces	23.5	35.3	37.3	36.4	36.8	41.0
Tactical/Mobility Forces						
Land forces	31.8	35.1	37.0	38.8	40.1	40.2
Air Force Tac Air	17.9	18.9	21.6	24.0	26.4	28.2
Navy Tac Air	16.9	10.8	12.0	12.1	13.3	21.3
Marine Corps Tac Air	2.8	2.8	3.3	3.3	3.3	3.3
Naval forces	26.4	31.1	33.3	38.4	43.9	50.0
Mobility forces	4.2	5.9	6.2	6.8	5.3	5.7
Auxiliary Forces	24.3	25.0	26.6	27.6	28.3	29.2
Mission Support Forces	17.3	17.9	18.5	19.2	20.0	21.0
Central Support Forces	52.6	54.3	56.0	57.8	60.1	62.8
Miscellaneous	20.0	24.0	28.0	32.4	37.0	42.0
Subtotal, DoD-Military	237.8	261.2	279.9	296.9	314.4	344.8
Other National Defense	6.1	6.3	6.8	7.2	7.6	7.9
Total <u>a/</u>	243.9	267.5	286.7	304.1	322.0	352.7

a. Details may not add to totals because of rounding.

TABLE D-4. PROGRAMMATIC COMPONENT OF THE DEFENSE BASELINE BY DEFENSE PLANNING AND PROGRAMMING CATEGORY (By fiscal year, budget authority in billions of constant 1983 dollars)

Category	1983 Base	Projections				
		1984	1985	1986	1987	1988
Strategic Forces	23.5	33.3	33.1	30.5	29.2	30.6
Tactical/Mobility Forces						
Land forces	31.8	33.6	34.0	34.2	33.9	32.8
Air Force Tac Air	17.9	17.9	19.2	20.1	20.8	21.0
Navy Tac Air	16.9	10.2	10.7	10.2	10.5	15.5
Marine Corps Tac Air	2.8	2.6	3.0	2.8	2.6	2.4
Naval forces	26.4	29.5	29.9	32.4	34.8	37.0
Mobility forces	4.2	5.6	5.6	5.8	4.4	4.5
Auxiliary Forces	24.3	23.9	24.2	24.1	23.7	23.4
Mission Support Forces	17.3	17.4	17.4	17.6	17.8	18.1
Central Support Forces	52.6	52.7	52.9	53.1	53.5	54.3
Miscellaneous	<u>20.0</u>	<u>20.3</u>	<u>20.6</u>	<u>20.9</u>	<u>21.2</u>	<u>21.6</u>
Subtotal, DoD-Military	237.8	247.0	250.6	251.7	252.4	261.3
Other National Defense	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>
Total <u>a/</u>	243.9	253.1	256.7	257.8	258.5	267.4

a. Details may not add to totals because of rounding.

TABLE D-5. ACTIVE MILITARY AND CIVILIAN PERSONNEL IN THE PROGRAMMATIC COMPONENT OF THE DEFENSE BASELINE (By fiscal year, end-strengths in thousands)

Type of Personnel	1983 Base	Projections				
		1984	1985	1986	1987	1988
Active Officers	297.8	298.7	299.6	299.9	304.9	312.0
Active Enlisted	1,832.2	1,838.4	1,849.3	1,851.4	1,884.4	1,936.4
Civilians	1,050.0	1,051.9	1,057.2	1,059.7	1,071.4	1,082.2

The major results of the baseline projections by Defense Planning and Programming Category are discussed below. Tables D-6 and D-7 show the force levels and major procurement programs, respectively, contained in the projection.

#### Strategic Forces

The baseline provides significant real dollar growth in strategic forces over the projection period. Budget authority in 1988 is about 30 percent higher in real terms than in 1983. New system orders account for most of the growth as major funding increases are made for the MX missile, Trident II missile, KC-135 reengining, and the B-1B bomber. Changes to deployed forces are also significant, with 7 new Trident submarines, 89 B-1B bombers, and 55 MX missiles being the major additions; offsetting changes include deactivation of all Titan missiles and 31 B-52 bombers.

#### Tactical/Mobility Forces

Land Forces. Budget authority for land forces increases by only 3 percent in real dollar terms over the projections period. However, important force modernization for Army forces will take place throughout the five-year period. Among the new systems to be ordered are the M-1 tank, Bradley fighting vehicle, and Pershing II missile, with production rates peaking in 1987. Introduction of these new systems should lead to noticeably higher operating costs per unit. The addition of one infantry division in 1988 is the only significant force structure change expected.

Air Force Tac Air. The Air Force tactical aircraft budget rises by about 17 percent in real terms by 1988, driven largely by a nearly 40 percent increase in the budget for aircraft acquisition. Orders for F-15s increase from 39 per year in 1983 to 96 per year in 1988. As these aircraft enter the tactical force, older F-15s will move to fill four strategic air defense squadrons. Orders for F-16s increase from 120 per year in 1983 to 180 in 1986. While some of these aircraft will be used to replace F-4s for force modernization, the remainder will be used to increase the number of active air wings by two. Overall, the number of deployed combat aircraft is 13 percent higher in 1988 than in 1983, causing budget authority for force operations to increase by about \$1.0 billion in constant dollars.

Navy and Marine Corps Tac Air. The Navy will operate about 11 percent more combat aircraft and one more aircraft carrier in 1988 than in 1983. Some A-7 and all F-4 aircraft will be phased out in favor of F/A-18 aircraft. To support these force changes, orders for new systems include two nuclear aircraft carriers in 1983, one in 1988, and a carrier entering the service-life extension program in each of 1983, 1985, and 1987. Orders for F-18s rise from 84 in 1983 to 200 in 1988, with 24 F-14s in 1983 and 30 thereafter through 1988. Budget authority for these aircraft rises 55 percent in real terms over this period. Procurement of tactical missiles increases significantly by 1988, especially for the Laser Maverick and Sparrow.

The defense baseline shows that the Marine Corps replaces F-4s with F-18s as deployed aircraft, while AV-8Bs replace A-4s. The AV-8B orders continue, with 18 aircraft in 1983, rising to 60 aircraft per year in 1986. Overall, the Marine Corps tactical aircraft budget declines slightly as new aircraft orders decline.

Naval Forces. Deployed major combatants increase almost 10 percent by 1988 over 1983. Cruisers and frigates show the largest increases, while the number of deployed destroyers is expected to decline nearly 15 percent by 1988 because of retirements. Two of the four battleships being modernized are to be operational by 1985. Between 1983 and 1988, the baseline contains orders for 21 attack submarines, 21 AEGIS cruisers and 12 FFG-7 frigates.

Mobility Forces. Procurement funding for the C-5B strategic airlifter reaches a total of \$8.8 billion for 1983 to 1988. Altogether 50 aircraft will be procured, while 42 existing C-5As will undergo wing modifications.

Auxiliary Forces. Funding for the basic research, communications and intelligence, and geophysical activities included in auxiliary forces is essentially constant in real terms.

TABLE D-6. MAJOR ACTIVE FORCE LEVELS USED IN THE PROGRAMMATIC COMPONENT OF THE DEFENSE BASELINE (By fiscal year, in units of equipment)

	1983 Base	Projections				
		1984	1985	1986	1987	1988
<b>Strategic Forces</b>						
Offensive						
Titan	47	35	23	11	0	0
Minuteman	1,000	1,000	1,000	1,000	1,000	1,000
SSBN	3	5	6	8	9	10
B-52	272	272	255	241	241	241
FB-111	58	58	58	58	58	58
B-1B	0	0	2	17	59	89
MX	0	0	0	0	20	55
FBMs	31	31	31	31	31	31
Defensive						
F-106	72	54	36	18	0	0
F-15	18	36	54	72	90	90
<b>Tactical/Mobility Forces</b>						
Land forces						
Army divisions	16	16	16	16	16	17
Marine Corps divisions	3	3	3	3	3	3
Air Force Tac Air						
A-10	300	309	309	309	309	309
F-4	510	479	430	382	329	275
F-15	408	408	408	408	408	408
F-16	372	435	532	627	734	841
F-111	222	222	222	222	222	222
E-3A	26	29	29	29	31	37
Navy Tac Air						
Aircraft carriers	13	13	13	13	13	14
A-6/KA-6	182	182	182	182	182	196
F-14	240	264	264	264	264	288
A-18	20	40	60	80	100	170
F-18	4	8	12	16	44	82
A-7	288	264	240	216	192	132
Marine Corps Tac Air						
AV-8	45	45	45	45	69	104
F-18	42	66	90	114	138	150
A-6	65	65	65	65	65	65
A-4	95	95	95	95	71	36
F-4	108	84	60	36	12	0
Naval forces						
Attack submarines	98	103	106	109	108	108
Destroyers	85	85	85	82	77	73
Frigates	91	97	102	105	107	109
Cruisers	27	28	29	31	35	38
Battleships	1	1	2	3	4	4
Mobility forces						
C-130	234	234	234	234	234	234
C-5A/B	70	70	72	76	82	92

TABLE D-7. MAJOR PROCUREMENT PROGRAMS CONTAINED IN THE PROGRAMMATIC COMPONENT OF THE DEFENSE BASELINE (By fiscal year, in billions of current dollars)

	1983 Base	Projections				
		1984	1985	1986	1987	1988
<b>Strategic Forces</b>						
MX	0.0	3.8	4.0	3.8	3.2	2.8
Trident I missile	0.7	0.8	0.5	0.2	0.1	0.1
Trident II missile	---	---	0.2	0.8	1.9	3.9
Trident submarine	1.8	1.8	2.1	1.9	1.9	2.3
B-52 modifications	0.4	0.7	0.4	0.1	0.1	0.1
Cruise missiles <u>a/</u>	0.8	1.5	1.8	2.0	2.1	2.0
B-1 <u>b/</u>	4.0	6.2	7.7	7.6	7.3	8.7
KC-135 reengining	0.5	1.4	1.4	1.5	1.4	1.5
<b>Tactical/Mobility Forces</b>						
<b>Land forces</b>						
Army aircraft	1.9	2.6	2.7	2.6	4.2	4.6
M-1 tanks	1.9	2.3	2.6	2.9	2.5	0.9
Other tracked vehicles	1.9	2.1	2.5	2.6	2.4	2.6
Missiles	2.0	2.9	3.2	3.4	2.6	2.7
<b>Air Force Tac Air</b>						
A-10	0.4	---	---	---	---	---
F-15	1.5	1.5	1.7	2.5	4.4	5.0
F-16	2.2	2.6	3.3	3.8	4.5	4.7
KC-10A	0.8	0.6	0.6	0.7	0.7	0.8
E-3A (AWACS)	0.2	0.2	0.5	0.6	0.5	0.5
Ground-launched cruise missiles	0.5	0.5	0.5	0.4	0.1	0.1
<b>Navy/Marine Corps Tac Air</b>						
CVN	6.6	---	*	*	*	5.4
CVN-SLEP	0.7	0.2	0.8	0.1	0.8	0.2
F-14	1.1	1.4	1.5	1.7	1.8	2.0
F-18	2.5	2.9	3.0	3.5	3.6	6.1
AV-8B	1.0	1.0	1.6	1.5	1.4	1.3
<b>Naval forces</b>						
SSN-688	1.7	2.1	3.1	2.9	3.0	0.8
CG-47	2.9	3.4	3.7	5.2	5.6	4.6
FFG-7	0.7	0.9	0.9	1.4	1.5	1.0
<b>Mobility forces</b>						
Strategic airlift	1.1	2.4	2.4	2.7	0.8	0.9

\* Less than \$50 million.

a. Air Force ALCM and Navy Tomahawk.

b. 1987-1988 totals represent continued B-1 investment or introduction of Stealth investment.

Mission and Central Support Forces. Higher force and personnel levels will require relatively small real funding increases for various base operations, training, medical support, personnel support, command, and logistic functions.

Miscellaneous. Military retired pay, the largest part of this category, increases with the cost of living and a larger population of military retirees.

Other National Defense. Defense programs of the Department of Energy, the General Services Administration, the Selective Service System, and the Intelligence Oversight Staff are held constant in real terms.

### SPECIAL ASSUMPTIONS

Most other spending is projected using the baseline concepts and approaches detailed in the first section of this appendix. This section provides further information for those nondefense budget accounts requiring specialized assumptions or methodology. Accounts projected using the standard techniques are not discussed.

#### International Affairs (Function 150)

This function consists primarily of nondefense discretionary spending. It also includes the foreign military sales trust fund, the special defense acquisition fund (a revolving fund), and various offsetting receipts. Two accounts--the Export-Import Bank and the Exchange Stabilization Fund--are sensitivity to interest rates. The projections incorporate special assumptions in five areas.

Contributions to Multilateral Development Banks. Periodically, the United States and other donor countries enter into agreements providing additional resources for the multilateral development banks. The replenishment agreement, as it is called, may extend over a number of years, with annual appropriations as partial payments. Once signed, the agreement is treated as binding. If one year's appropriation is less than the scheduled contribution, the difference is included in subsequent budget requests until the full amount is provided.

The replenishments may take the form of subscriptions of paid-in or callable capital or contributions to the concessional lending facilities of the banks. Paid-in capital and contributions to the concessional lending windows require appropriations, while callable capital subscriptions may be provided by limitations in appropriation acts. The projections assume that future

replenishments of paid-in capital and contributions to the concessional lending windows of the regional banks will be negotiated with the same terms and conditions as are in the current replenishments, but with no real growth in funding levels. Arrearages, or the difference between the scheduled and the appropriated amounts, are assumed to be provided in fiscal year 1984. The projections assume that new replenishments for the Inter-American Bank, the Fund for Special Operations, the Asian Development Bank, and the Asian Development Fund will be negotiated for fiscal year 1984, and that a replenishment for the International Finance Corporation will begin in fiscal year 1985. The United States is expected to join the African Development Bank in fiscal year 1983, and regular appropriations of scheduled subscriptions are assumed to resume in fiscal year 1984. Because appropriations for the International Development Association (IDA) have been consistently lower than scheduled contributions, no attempt is made to anticipate the size or shape of future replenishments. Instead, the projections are computed by inflating the 1983 base figure.

Public Law 480 Foreign Assistance Program. The Public Law 480 food assistance program is projected using the program limits contained in appropriation acts as the base. Budget authority equals the new appropriations required to finance the program, and outlays equal gross disbursements less receipts credited to the account.

Contributions to International Organizations. These contributions are projected using the assessed amount as the base. The assessments are treaty obligations to cover operating expenses for the organization for a calendar year. Scheduled deferments of assessed contributions for most of the organizations, begun in fiscal year 1981, were completed in fiscal year 1983. Beginning in fiscal year 1984, the projections assume that the full assessed amount for the calendar year will be provided in the appropriations for the subsequent fiscal year.

International Monetary Fund. The United States has been a member of the International Monetary Fund (IMF) since the Bretton Woods Agreement in 1944 and has participated in every increase in IMF resources since then. An increase in the resources of the IMF is currently being negotiated. The Administration is considering an increase in the quotas of 40 to 60 percent and an increase in the General Agreement to Borrow of \$16 to \$22 billion. The projection assumes that an agreement in the middle of this range will be concluded and that the U.S. participation will require an appropriation. Dollar transfers with the IMF are treated by the Treasury as an exchange of international reserve assets and are not counted as net budget outlays, although they do affect the Treasury's cash position and borrowing requirements.

Export-Import Bank. For the Export-Import Bank, the projection base is the level of direct credit and guaranteed credit contained in appropriation acts. Budget authority measures potential borrowing requirements from bank activity. It equals direct loan obligations less direct credit repayments, direct credit cancellations, and bank net income, plus redemption of debt and any change in the balance of unobligated authority available to the bank. Outlays are a measure of bank net borrowing, or gross disbursements less direct loan principal repayments and net income.

#### General Science, Space, and Technology (Function 250)

The National Aeronautics and Space Administration research and development (space flight) account primarily funds the space shuttle program. The baseline program level assumes funding of the production of four shuttles at levels that would maintain the current delivery schedules. Projected program costs reflect CBO economic assumptions and adjustments for any anticipated delays. All other programs in this function, which are exclusively discretionary in character, are projected by adjusting the budget authority for inflation.

#### Energy (Function 270)

This function consists largely of discretionary spending. It also includes two major permanent appropriations (Tennessee Valley Authority and Bonneville Power Administration) and offsetting receipts from the sale of mineral products and electric power.

#### Tennessee Valley Authority and Bonneville Power Administration

These two accounts are funded by permanent indefinite borrowing authority subject to a cap. The baseline projection of budget authority for these accounts is an estimate of the borrowing authority required to finance their capital investments. The outlay projections are CBO's best estimate of capital spending net of receipts. All operating expenses are assumed to be covered by revenues from ratepayers.

Uranium Enrichment. The baseline projection of budget authority is the difference between revenues and operating expenses for uranium enrichment, as estimated by CBO. The revenue estimates are based on projected sales and unit price for enriched uranium. The operating expenses are projected from the 1983 base and assume a constant level of production and other activities.

Sale of Mineral and Mineral Products. This is an offsetting receipts account, to which are credited the receipts from the sale of oil and other petroleum products from the Naval Petroleum Reserves. The estimate of receipts is based on the estimated price of oil, the rate of production from the reserves, and an estimate of receipts generated from the sale of other petroleum products. It does not include the estimated revenues from windfall profits tax, which appear on the revenue side of the budget.

Strategic Petroleum Reserve. The Congress has moved the appropriation for acquiring oil for the Strategic Petroleum Reserve (SPR) to an off-budget account. The only amounts that remain on-budget are those related to the operation and construction of the SPR. The baseline estimate for SPR operation and construction reflects the 1983 spending level adjusted for inflation. The off-budget projection of current policy for oil acquisition is based on the Administration's latest fill schedule and on CBO's projected price for SPR oil. The projected budget authority represents the obligational authority required to meet the Administration's fill schedule.

#### Natural Resources and Environment (Function 300)

Spending in this function consists largely of discretionary programs for the development and management of water resources, for conservation and land management, for the development of recreational resources, and for pollution control and abatement. The function also includes substantial offsetting receipts from the sale of timber, minerals, recreation permits, and the like.

Three accounts in this function include money for fighting forest fires on federal lands. The 1983 base levels for these accounts were increased to reflect anticipated supplemental appropriations. The base amounts were then projected based on the historical spending patterns of the respective accounts.

#### Agriculture (Function 350)

This function includes one major entitlement program--the price support programs of the Commodity Credit Corporation (CCC). The remainder of the function consists largely of discretionary spending.

Agricultural Credit Insurance Fund. The Agricultural Credit Insurance Fund is a revolving fund that makes loans to farmers and sells the resulting loan assets to the Federal Financing Bank (FFB). Budget authority for a given year (for example, 1983) consists of appropriations to make up the