

records, regardless of intent, makes it difficult for the IRS to audit taxpayers and estimate true tax liabilities.

A new civil penalty for negligent recordkeeping could be instituted establishing a minimum fine of \$500, regardless of IRS's appraisal of the actual tax due. If the IRS determined that there had been an underpayment, the penalty could be raised to 10 percent of the tax owed, plus 50 percent of the interest due on the underpayment. Basically, this provision would increase the penalty in those cases where the IRS must reconstruct a taxpayer's income because of negligent failure to maintain adequate books and records. The increased revenues from this provision are difficult to estimate; even a 2 percent reduction in the tax gap from nonfarm business, however, would raise about \$500 million.

APPENDIX B. SUMMARY TABLES OF SPENDING, TAXATION,
AND USER CHARGE OPTIONS BY BUDGET FUNCTION

The preceding pages of this report contain 164 deficit reduction options that are specific to particular federal programs or to provisions of the Internal Revenue Code. The tables that follow list those options by budget functions. Some options in Tables B-1 and B-2 are not assignable to any single function; they are carried at the end of those tables.

Table B-1 lists spending reduction options, Table B-2 taxation options, and Table B-3 user charge options. The page number in parentheses after the caption for each item locates the discussion of that item in the body of the report.

For each option, the tables display the estimated 1984-1988 savings or revenue gains that would result from its enactment. Both budget authority and outlay savings are shown for the spending reduction options, with the exception of Social Security proposals, where technical difficulties preclude the development of useful budget authority estimates.

These estimates do not include any secondary effects--that is, effects on spending or revenues that would occur if the performance of the economy as a whole were altered by enacting the options shown here. In addition, except where otherwise specified, the estimates generally do not reflect any offsetting or additional effects that might occur indirectly as a result of the changes under examination. Thus, for example, reductions in Social Security benefits often cause outlays for programs such as Supplemental Security Income (SSI) and Food Stamps to increase, but these offsetting increases are not reflected in the Social Security savings estimates. Major exceptions to this treatment include the estimates for the options to reduce Medicare benefits, which reflect any concurrent increase that would occur in federal Medicaid expenditures, and for the budgetary effects of the proposals made by the National Commission on Social Security Reform.

Unless specified otherwise, the estimates assume the proposals in Tables B-1 and B-3 take effect on October 1, 1983 and those in Table B-2 on January 1, 1984. The savings for the separate options cannot be added to a grand total. If all were enacted, some of the options would interact with each other in ways that would produce different savings results from those estimated for each option separately. Furthermore, many others are alternatives, only one of which could be enacted, so that adding them would produce a meaningless number.

TABLE B-1. ILLUSTRATIVE SAVINGS IN BUDGET AUTHORITY AND OUTLAYS FROM CBO BASELINE SPENDING PROJECTIONS, BY BUDGET FUNCTION, FISCAL YEARS 1984-1988 (In millions of dollars)

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
050 National Defense						
a. Cancel F/A-18, buy A-6s (p. 39)						
Budget Authority	-200	700	1,600	2,100	4,100	8,400
Outlays	-20	-5	400	1,200	1,900	3,500
b. Cancel DIVAD (p. 41)						
Budget Authority	900	800	700	400	--	2,800
Outlays	100	500	700	700	500	2,400
c. Cancel Army Scout (p. 42)						
Helicopter Program						
Budget Authority	200	300	300	500	500	1,800
Outlays	50	100	200	300	400	1,000
d. Cancel MX missile (p. 42)						
Budget Authority	8,200	7,000	5,400	4,000	3,200	27,800
Outlays	3,000	5,600	5,700	4,900	4,000	23,200

NOTE: An asterisk in this table indicates less than \$50 million

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
050 National Defense cont'd						
e. Cut back F-15 procure- ment (p. 46)						
Budget Authority	700	1,600	2,400	2,600	2,700	9,900
Outlays	100	500	1,200	1,900	2,300	900
f. Limit expansion of K-135 re-engining (p. 47)						
Budget Authority	500	300	300	100	--	1,200
Outlays	100	300	300	300	200	1,100
g. Cancel DDG-51 program (p. 49)						
Budget Authority	100	200	400	1,900	3,500	6,200
Outlays	5	20	100	200	500	800
h. Cancel C-17 program (p. 50)						
Budget Authority	30	40	200	1,200	2,100	3,500
Outlays	20	30	100	400	900	1,500

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
050 National Defense cont'd						
i. Deactivate one Army division (p. 52)						
Budget Authority	200	400	600	600	600	2,400
Outlays	200	400	500	600	600	2,300
j. Boost Canadian NORAD support (p. 53)						
Budget Authority	30	40	40	40	40	200
Outlays	30	30	40	40	40	200
k. Japanese AWACS buy (p. 54)						
Budget Authority	200	500	600	200	-600	1,000
Outlays	20	200	400	500	300	1,300
l. Extend 1984 pay freeze (p. 55)						
Budget Authority	--	2,000	1,700	1,700	1,700	7,000
Outlays	--	1,900	1,700	1,700	1,700	7,000

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
050 National Defense cont'd						
m. Restructure military retired pay (p. 56)						
Budget Authority	--	--	300	600	900	1,900
Outlays	--	--	300	600	900	1,900
n. Limit O&M growth (p. 58)						
Budget Authority	700	1,500	2,600	3,800	5,100	13,700
Outlays	600	1,300	2,400	3,500	4,800	12,600
150 International Affairs						
a. Increase the share of bilateral aid provided as loans (p. 180)						
Budget Authority	4	12	21	33	46	115
Outlays	4	12	21	33	46	115
b. Raise interest rates on bilateral loans (p. 180)						
Budget Authority	7	23	48	81	123	282
Outlays	7	23	48	81	123	282
c. Decrease payments to development banks (p. 180)						
Budget Authority	31	31	31	31	97	219
Outlays	4	11	15	19	43	92

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
150 International Affairs cont'd						
d. Reduce Export-Import Bank aid (p. 166)						
Budget Authority	3,389	3,753	3,878	3,978	4,567	19,565
Outlays	334	1,608	2,614	2,971	2,934	10,461
250 General Science, Space, and Technology						
None						
270 Energy						
a. Raise interest rate on REA loans 1/ (p. 167)						
Budget Authority	6	23	48	70	90	237
Outlays	6	23	48	70	90	237
b. Eliminate REA loan guarantees 1/ (p. 167)						
Budget Authority	--	1,740	2,950	3,820	4,460	12,970
Outlays	--	1,740	2,950	3,820	4,460	12,970

1. Savings from these options appear off-budget.

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
270 Energy cont'd						
c. End CRBR funding (p. 176)						
Budget Authority	180	215	225	235	250	1,105
Outlays	105	190	220	230	245	990
d. Abolish the Synthetic Fuels Corporation (p. 176)						
Budget Authority	--	--	--	--	--	--
Outlays	21	22	23	24	25	115
300 Natural Resources and Environment						
a. End some BOR projects (p. 172)						
Budget Authority	300	300	300	300	300	1,500
Outlays	260	300	300	300	300	1,460
b. Reduce Corps dredging (p. 172)						
Budget Authority	200	200	200	200	200	1,000
Outlays	160	200	200	200	200	960
350 Agriculture						
a. End deficiency payments (p. 139)						
Budget Authority	--	--	1,935	3,540	3,580	9,055
Outlays	1,935	3,540	3,580	3,380	3,065	15,500

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
350 Agriculture cont'd						
b. Cap farmer-owned reserve (p. 141)						
Budget Authority	--	--	110	--	--	110
Outlays	110	--	--	--	--	110
c. Reduce dairy support (p. 142)						
Budget Authority	--	--	-985	-290	60	-1,215
Outlays	-985	-290	60	200	1,135	120
d. Restrict crop production (p. 143)						
Budget Authority	--	--	450	5,490	1,660	7,600
Outlays	450	5,490	1,660	1,485	985	10,070
e. End wool and mohair program (p. 144)						
Budget Authority	--	65	76	85	92	318
Outlays	65	76	85	92	96	414
f. End honey price supports (p. 146)						
Budget Authority	--	--	33	36	38	107
Outlays	33	36	38	40	41	188
g. Make peanut program no-net-cost (p. 146)						
Budget Authority	--	--	38	38	38	114
Outlays	38	38	38	38	38	190

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
350 Agriculture cont'd						
h. Raise interest rate on some FmHA loans (p. 168)						
Budget Authority	--	20	45	65	90	220
Outlays	--	20	45	65	90	220
i. End funding for overseas agricultural market develop- ment (p. 166)						
Budget Authority	41	43	44	45	47	220
Outlays	28	39	44	45	46	202
370 Commerce and Housing Credit						
a. Reduce rural housing subsidies (p. 171)						
Budget Authority	85	140	195	250	310	980
Outlays	85	140	195	250	310	980
b. End USPS revenue forgone subsidy (p. 219)						
Budget Authority	740	778	815	849	882	4,064
Outlays	740	778	815	849	882	4,064
c. End selected SBA business loans (p. 167)						
Budget Authority	160	130	105	80	60	535
Outlays	155	125	105	80	60	525

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
400 Transportation						
a. Reduce interstate highway funding (p. 157)						
Budget Authority	3,000	3,000	3,000	3,000	3,000	15,000
Outlays	510	2,070	2,520	2,670	2,760	10,530
b. End urban and secondary roads aid (p. 157)						
Budget Authority	1,450	1,450	1,450	1,450	1,450	7,455
Outlays	250	975	1,195	1,275	1,365	5,060
c. Reduce mass transit aid (p. 160)						
Budget Authority	1,200	1,220	1,240	1,290	1,340	6,290
Outlays	900	960	1,040	1,140	1,260	5,300
d. Reduce Amtrak funding (p. 173)						
Budget Authority	280	300	310	320	330	1,540
Outlays	280	300	310	320	330	1,540
e. End aid for airports not serving national needs (p. 161)						
Budget Authority	440	435	450	450	465	2,240
Outlays	90	285	375	420	450	1,620

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
400 Transportation cont'd						
f. End aid for self-sufficient airports (p. 161)						
Budget Authority	190	185	195	195	200	965
Outlays	40	125	160	185	195	705
g. Reduce NASA's aeronautical research (p. 177)						
Budget Authority	105	110	120	125	130	590
Outlays	40	100	110	120	125	495
h. End maritime operating subsidies (p. 164)						
Budget Authority	427	448	467	485	503	2,330
Outlays	425	445	464	483	501	2,318
450 Community and Regional Development						
a. Reduce CDBG eligibility (p. 162)						
Budget Authority	722	758	792	823	854	3,949
Outlays	14	289	679	769	802	2,553
b. Further limit UDAG eligi- bility (p. 163)						
Budget Authority	115	121	127	132	136	631
Outlays	24	45	71	98	126	364

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
500 Education, Training, Employment and Social Services						
a. Reduce elementary and secondary aid (p. 161)						
Budget Authority	250	265	280	295	310	1,400
Outlays	20	165	260	275	290	1,010
b. Reduce VocEd aid (p. 162)						
Budget Authority	260	270	285	300	315	1,430
Outlays	35	190	265	285	300	1,075
c. Reduce GSL lender allowance (p. 131)						
Budget Authority	*	*	100	100	100	400
Outlays	*	*	100	100	100	300
d. Reduce GSL subsidy for professions students (p. 128)						
Budget Authority	*	100	100	200	200	500
Outlays	*	*	100	200	200	500
e. Reduce campus-based student assistance (p. 169)						
Budget Authority	170	175	185	195	205	930
Outlays	10	160	175	185	195	725

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
500 Education, Training, Employment and Social Services cont'd						
f. Reduce subsidies for the Arts and Humanities (p. 171)						
Budget Authority	58	61	63	65	68	315
Outlays	31	60	62	64	67	284
g. Target Administration on Aging programs (p. 163)						
Budget Authority	70	75	80	80	85	390
Outlays	50	65	75	80	85	355
550 Health						
a. Expand hospital coinsurance under Medicare (p. 103)						
Budget Authority	-190	-520	-800	-1,070	-1,370	-3,950
Outlays	1,980	3,010	3,400	3,820	4,290	16,490
b. Same as a. but with out-of-pocket cost cap for some (p. 103)						
Budget Authority	-70	-240	-400	-550	-720	-1,980
Outlays	1,190	1,820	2,050	2,320	2,700	10,080

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
550 Health cont'd						
c. Increase Medicare SMI premium (p. 106)						
Budget Authority	900	1,120	1,700	2,460	3,370	9,550
Outlays	900	1,120	1,700	2,460	3,370	9,550
d. Same as c. for high-income families only (p. 107)						
Budget Authority	240	300	450	650	890	2,530
Outlays	240	300	450	650	890	2,530
e. Adopt Medicare prospective hospital reimbursement (p. 108)						
Budget Authority	--	--	-80	-300	-580	-960
Outlays	--	--	2,140	4,100	4,610	10,850
f. Limit Medicare reasonable charge growth (p. 110)						
Budget Authority	40	260	670	1,200	1,830	4,000
Outlays	10	190	590	1,100	1,730	3,620
g. Adopt Medicare surgical fee schedules (p. 111)						
Budget Authority	170	700	810	940	1,100	3,720
Outlays	180	680	790	920	1,070	3,640

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
550 Health cont'd						
h. Extend cuts in matching Medicaid grants (p. 112)						
Budget Authority	--	870	660	840	1,040	3,410
Outlays	--	870	660	840	1,040	3,410
i. End indirect subsidy for USPS annuitants (p. 199)						
Budget Authority	450	480	520	550	590	2,590
Outlays	450	480	520	550	590	2,590
600 Income Security						
a. Enact NCSSR benefit proposals (p. 86)						
Outlays	2,900	3,100	3,500	3,700	4,000	17,200
b. Delay 1983 OASDI COLA by three months (p. 70)						
Outlays	2,000	2,100	2,100	2,100	2,100	10,400

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
600 Income Security cont'd						
c. Cap OASDI COLA at CPI rise minus 2 percentage points (p. 70) Outlays	4,200	7,800	11,500	15,300	19,100	57,900
d. Eliminate 1983 OASDI COLA Outlays (p.70)	6,800	6,900	6,900	6,700	6,400	33,700
e. Eliminate 1983 and 1984 OASDI COLAs (p. 70) Outlays	8,800	14,800	14,800	14,600	14,100	67,100
f. Change OASDI benefit formula (p. 74) Outlays	*	100	200	300	600	1,200
g. Lengthen OASDI benefit computation period by three years (p. 75) Outlays	*	100	300	500	700	1,600

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
600 Income Security cont'd						
h. Eliminate OASDI benefits for early retirees' children (p. 77) Outlays	*	200	300	500	600	1,600
i. Apply DI family maximum to OASI benefits (p. 78) Outlays	100	200	400	600	800	2,100
j. Lengthen DI waiting period by one month (p. 78) Outlays	200	200	200	200	200	1,000
k. Modify Civil Service Retirement benefits (p. 195) Budget Authority	--	150	350	500	700	1,700
Outlays	170	560	1,200	1,700	2,270	5,900
l. Revamp CSR system (p. 196) Budget Authority	-100	-300	-500	-700	-900	-2,500
Outlays	--	100	200	300	300	900

TABLE B-1.

Budget Function/Options	1984	1985	1986	1987	1988	Cumulative Five-Year Savings
600 Income Security cont'd						
m. Eliminate CSR 1984 COLA (p. 193)						
Budget Authority	--	400	400	300	300	1,400
Outlays	250	850	850	900	950	3,800
n. Limit CSR COLAs for past overcompensation (p. 198)						
Budget Authority	--	100	200	300	400	1,000
Outlays	70	250	520	760	990	2,590
o. End USPS COLA subsidy (p. 199)						
Budget Authority	--	20	40	60	60	180
Outlays	60	220	500	720	950	2,450
p. Reduce child nutrition subsidy for non-poor (p. 129)						
Budget Authority	300	300	300	300	300	1,500
Outlays	300	300	300	300	300	1,500
700 Veterans Benefits and Services						
a. End compensation for low-rated disabilities (p. 128)						
Budget Authority	2,000	2,100	2,200	2,300	2,400	10,900
Outlays	1,800	2,100	2,200	2,300	2,300	10,700