RECOUPMENT OF FOOD STAMP BENEFITS

Savings from	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
	Annual Savings (millions of dollars)					
CBO Baseline and Carter Budget						
BA	-10	-10	120	130	140	370
Outlays	-10	-10	120	130	140	370

NOTE: Preliminary estimates, subject to change.

The Congress has recently debated several proposals that would recoup benefits from part-year participants in the food stamp program. One such proposal, adopted by the House in 1980 but later dropped in conference, would have recouped half of all food stamp benefits from participants whose annual income exceeded 175 percent of their poverty threshold income. This would have been accomplished through the tax system. Under such a proposal, beginning with the return due on April 15, 1983, recipients would be required to report their annual food stamp benefits on their federal income tax forms and repay the government any liability incurred as a result of these benefits at the time they pay their taxes. For most of those affected by this proposal, recoupment would mean a smaller income tax refund rather than an out-of-pocket expense on April 15. Reduced federal benefit costs would be partially offset by increased federal, state, and local administrative costs. Some of the federal saving would be returned to the states by reducing their required matching of federal funds for program administration.

During the first two fiscal years of such a program, start-up and administrative costs would be higher than the increase in federal revenues. Over the 1982-1986 period, net savings would amount to $370 million. These savings would be significantly reduced if other changes directed at recipients with relatively high annual incomes, such as retrospective accounting, were also implemented. Recoupment would affect about 7 percent of the households that participate in the food stamp program, primarily those that receive food stamps for relatively short periods. These households would have to repay about 1.5 percent of the food stamp benefits paid to all recipients during the year.

Proponents argue that recoupment would make the program more equitable. Households with sporadic periods of low income that qualify them for food stamp benefits despite relatively high annual incomes would be treated similarly to households with steady monthly and equivalent annual incomes. In addition, the proposal could give states incentives to improve management by computerizing the record keeping of all public assistance programs, not just food stamps. Because the Internal Revenue Service would collect the recoupment, the system would require only slightly more administrative staff. Most households required to return food stamp benefits would do so through reduced income tax refunds.

Opponents argue that a long lead time would be required to implement the proposal fully, and that start-up costs could reach $10 million a year. Although only 7 percent of recipients would be subject to recoupment, food stamp offices would have to maintain a cumulative record of benefits actually received together with addresses of all former recipients in order to send them "W-2 food stamp forms." The federal income tax return would have additional lines for all filers, not just food stamp recipients. The proposal could work to discourage participation for households with uncertain knowledge of their future incomes. Finally, some opponents argue that it is unfair to single out the food stamp program for this proposal. Other programs with high turnover rates and short accounting periods, such as the unemployed fathers program of Aid to Families with Dependent Children (AFDC) and unemployment insurance, could also be considered for recoupment.

CHANGE IN THE LOW INCOME ENERGY ASSISTANCE PROGRAM

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline						
BA	574	659	762	880	1,024	3,899
Outlays	574	659	762	880	1,024	3,899
Carter Budget						
BA	463	463	463	463	463	2,315
Outlays	463	463	463	463	463	2,315

NOTE: Preliminary estimates, subject to change.

In recent years, the Congress has appropriated funds for a special program that helps low-income households meet rising home heating or cooling costs. For fiscal year 1981, $1.85 billion was appropriated--95 percent of which will be distributed by formula to the states as a block grant. The remaining 5 percent will be allocated to the crisis assistance program of the Community Services Administration.

If instead of the current program the states were offered matching grants, with the federal matching rate set at 75 percent, federal savings would approach $3.9 billion over the next five years. This estimate assumes that all states would meet the matching requirement; if some did not, the federal savings would be larger but there would be a reduction in benefits to some households.

Proponents of such a proposal argue that providing assistance to the low-income population is a state, as well as a federal, responsibility. Furthermore, if states in which increased energy costs do not severely burden the low-income population chose not to participate in a matching grant program, funds could be reallocated to those states experiencing greater need.

Opponents of the proposal argue that high energy prices are comparable to a highly regressive tax, and that one of the purposes of the Windfall Profits Tax was to generate federal revenues that could be redistributed to low-income households burdened by

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the extraordinary rise in energy costs. Consequently, since the states do not share in revenues from the Windfall Profits Tax, they should not be asked to share the cost of the low-income energy assistance program.

President Carter's budget recommendations for fiscal year 1982 propose to hold the funding level for this program constant at $1.85 billion. This accounts for the lower savings compared with those from the CBO baseline.

ADMINISTRATIVE IMPROVEMENTS IN AFDC

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline						
BA	N.A.	187	195	201	207	790
Outlays	N.A.	187	195	201	207	790
Carter Budget						
BA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Outlays	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

NOTE: Preliminary estimates, subject to change.

Savings may be possible in the Aid to Families with Dependent Children (AFDC) program from the establishment of a mandatory nationwide monthly income reporting system and a one-month retrospective accounting system.

Currently, most AFDC programs base initial eligibility and benefit levels on estimates of the income the applicant expects to receive in the following month. Benefits then continue until the recipient reports a change in income, or until a change is determined in the course of casework.

This proposal would require the determination of each month's benefits on the basis of the previous month's income. The recipient would be required to mail a monthly income status form to the public assistance office before benefits were calculated and a check mailed. Information from a 1976-1977 pilot program suggested that such changes could result not only in budgetary savings, but also in simplified eligibility determinations, more rapid processing of initial applications, and increased responsiveness to changing needs of recipients.

The major savings would be generated through the monthly reporting requirement, which would reveal changes in income not reported or detected under the current system. Such a system would improve the efficiency of program operation through more accurate calculations of benefits for those with fluctuating incomes and by more rapid elimination of those cases that become ineligible.

Because of offsetting start-up costs, it is not known whether there would be a net savings or cost in the first year.

Arguments against monthly reporting and retrospective accounting are twofold: First, the procedure would require increased processing of records and thus would generate additional administrative costs. Second, part of the savings would be related to the failure of the system to make legitimate payments, rather than to the elimination of overpayments or ineligibles. This system failure would occur when AFDC recipients failed to send in their monthly income reports or reported their income incorrectly. Lack of education, an inability to deal with administrative forms, or an English-language deficiency could cause such failure rather than factors more in the recipient's control.

Because AFDC recipients are automatically eligible for Medicaid, a reduction in the number of AFDC recipients caused by this proposal would also result in fewer Medicaid cases and, thereby, would generate about $85 million in savings in Medicaid over the 1982-1986 period.

Monthly reporting and retrospective accounting were mandated in H.R. 4904, the Social Welfare Amendments of 1979. The House of Representatives passed this bill, but the Senate did not act on it.

President Carter's budget recommendations for fiscal year 1982 contain a similar proposal, but insufficient details are available to permit calculating a comparison with the savings against the CBO baseline.

STANDARDIZING OF THE AFDC WORK EXPENSE DISREGARD

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline						
BA	178	184	191	198	206	957
Outlays	178	184	191	198	206	957
Carter Budget						
BA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Outlays	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

NOTE: Preliminary estimates, subject to change.

Monthly benefits under the Aid to Families with Dependent Children program (AFDC) are reduced by two dollars for every three dollars a recipient earns above the monthly earnings disregard of $30. An amount equal to all child-care and work expenses is also disregarded. Proposals have been made to change the work-expense disregard to a flat amount, a percentage of earnings, or some combination of both,and to allow the deduction of only a fraction of child-care expenses.

One such proposal (the Senate Finance Committee's version of H.R. 3434) was passed by the Senate in 1980. It would have eliminated itemized work expenses from the calculation and replaced them with a standardized deduction equal to a fixed percentage of earnings. In addition it would have raised the initial earnings disregard from $30 to $70 a month and allowed only a fraction of child-care expenses to be deductible. Under this proposal, the recipient would have been able to keep earnings equal to the $70 disregard plus child-care expenses plus 40 percent of earnings in excess of $70 plus child-care expenses.

If this revised formula were enacted, federal AFDC expenditures would decrease by about $178 million in fiscal year 1982. In addition, because AFDC recipients are automatically eligible for Medicaid, the reduction in the number of AFDC cases caused by this provision would also result in fewer Medicaid cases, resulting in Medicaid savings of about $19 million in 1982 and $106 million over the five-year period. States would also experience savings under this proposal.

The arguments in favor of standardizing the various disregards are that it would save money, simplify the program's administration, and curtail the practice of claiming inappropriate work expenses. The argument against making such a change is that standardized methods for taking into account highly variable expenses, such as work- and child-related expenses, are likely to provide some AFDC recipients with windfalls and impose hardships on others. For the latter, this might prove to be a powerful disincentive to seek or expand employment.

President Carter's budget recommendations for fiscal year 1982 contain a similar proposal, but insufficient details are available to permit calculating a comparison with savings against the CBO baseline.

CHANGES IN VA PENSION BENEFITS FOR SURVIVING SPOUSES

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline and Carter Budget						
BA	11	7	124	128	159	429
Outlays	10	7	114	127	156	414

NOTE: Preliminary estimates, subject to change.

Under the Veterans' and Survivors' Pension Improvement Act of 1978 (P.L. 95-588), a veteran without a service-connected disability can qualify for a pension only if his income is below a prescribed standard and he is over age 64 or totally and permanently disabled. On his death, his widow qualifies for a pension equal to two-thirds the amount payable to a veteran with similar income, if she meets the income test. She does not have to meet the age or disability test.

This option would require a surviving widow to meet the same age or disability test that a veteran must meet, except that having a dependent child under age 6 would also qualify her for benefits. Under this proposal, the widow's pension would be equal to, rather than two-thirds of, a veteran's pension. If such changes were phased in over the three years beginning October 1, 1981, savings would amount to over $400 million during the 1982-1986 period. This proposal would ultimately disentitle about half the estimated 200,000 widows who would otherwise be receiving pensions in fiscal year 1982. When the transition was complete, those remaining on the roll would have had their benefits increased by 50 percent.

The equalization of eligibility requirements and benefits was included in several early versions of the 1978 legislation but was dropped because the veterans' service organizations strongly opposed it. Their representatives argued that, because many of the widows under age 65 had probably never held jobs, they should not be expected to find employment after the deaths of their veteran husbands. This position, however, is not consistent with other federal income security programs.

LIMITATION OF VA BURIAL BENEFITS

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline and Carter Budget						
BA	160	169	178	188	205	900
Outlays	147	168	177	187	204	883

NOTE: Preliminary estimates, subject to change.

All veterans of wartime service are eligible for an allowance of $300 to help defray the expenses of their funerals and burial, plus an allowance of $150 to be applied to the cost of a burial plot. The vast majority of such veterans are also eligible for a $255 death benefit from Social Security. In addition, all veterans are eligible for burial in national cemeteries free of charge. In such cases, however, the Veterans Administration (VA) plot allowance is not paid.

This proposal would discontinue the payment of VA burial and plot allowances for veterans dying after September 30, 1981. Burial allowances of up to $1,100 for veterans dying as a result of service-connected disabilities would not be affected. Veterans dying of causes unrelated to military service could still be buried in national cemeteries and would retain eligibility for Social Security death benefits. Under this proposal, close to $1 billion could be saved over the next five fiscal years.

Proponents of such a change argue that the federal government should not be expected to contribute toward the burial expenses of a veteran solely because of that status and without regard to the financial circumstances of the veteran's survivors. For surviving families with limited incomes, the option of burial in a national cemetery would still be available. Although this proposal would undoubtedly increase the number of applications for burial in national cemeteries, the operation of the entire system of 108 national cemeteries is expected to cost less than $35 million in fiscal year 1981. The savings that would be realized from the elimination of non-service-connected burial benefits should be considerably greater than the cost of expanding the national cemetery system to accommodate the likely increase in applications.

On the other hand, burial in a national cemetery would not be an acceptable alternative for the surviving families of many veterans whose homes are hundreds of miles from the nearest cemetary site, and who would also have to absorb the loss of the $300 in funeral expenses currently covered by the VA allowance.

ELIMINATION OF DUAL LIVING EXPENSES PAID BY UNEMPLOYMENT INSURANCE AND GI BILL BENEFITS

Savings from	Annual Savings (millions of dollars) 1982	1983	1984	1985	1986	Cumulative Five-Year Savings
CBO Baseline and Carter Budget						
BA	39	35	33	30	26	163
Outlays	39	35	33	30	26	163

NOTE: Preliminary estimates, subject to change.

In most states, GI Bill participants who are also unemployed workers can collect living expenses from two federal sources, subject to varying restrictions of state unemployment compensation laws. During fiscal year 1982, an estimated 33,000 persons will qualify for and receive both unemployment insurance and GI Bill benefits concurrently. If these benefits were limited to either the total GI Bill monthly stipend or the unemployment benefit plus the GI Bill allowance for tuition and fees, the savings would be about $39 million in fiscal year 1982.

Since most eligible persons would be better off choosing to take unemployment benefits plus GI Bill reimbursement for tuition and fees, rather than the full GI Bill benefits, the savings would appear in the GI Bill budget account.

While enactment of this proposal would reduce the income of approximately 33,000 unemployed veterans, the reduction would only apply to individuals who are receiving two federal benefits designed to meet the same need.

INCREASE IN IRS RESOURCES

	Annual Effect (billions of dollars)					Cumulative Five-Year Effect
	1982	1983	1984	1985	1986	
Revenue Increase	0.4	0.4	0.4	0.4	0.4	2.0
Increased Outlays for IRS	0.1	0.1	0.1	0.1	0.1	0.5
Net Revenue Increase	0.3	0.3	0.3	0.3	0.3	1.5
Increase under Carter Budget		(no proposal)				

NOTE: Preliminary estimates, subject to change.

The Treasury Department has estimated that as much as $20 billion a year in interest and dividend income is not reported by taxpayers, resulting in a revenue loss of $2 billion to $3 billion a year. In 1980, President Carter proposed that taxes be withheld on interest and dividend income to deal with this problem, but the proposal met with overwhelming oppostion in the Congress.

A major argument against the President's proposal was that a significant share of this revenue could be collected if the Internal Revenue Service (IRS) increased its efforts to match information returns from dividend and interest payors with individual tax returns. Approximately 80 percent are normally involved, little effort is made to follow up on discrepancies. Simply sending out more follow-up letters could significantly increase collections. CBO estimates that each one dollar spent on this type of minimal follow-up could produce as much as four dollars in additional revenues.

An increase of $100 million a year in IRS resources for document matching and follow-up of income and dividend reports could thus generate added revenues of $400 million a year, or a net revenue increase of $1.5 billion over the 1982-1986 period.

STRENGTHENING OF AGENCY DEBT COLLECTION ACTIVITIES

	Annual Revenue Effect (millions of dollars)					Cumulative Five-Year Effect
	1982	1983	1984	1985	1986	
CBO Baseline						
Increased Revenue	1,700	2,400	1,900	1,600	1,300	8,900
Additional expenditures	-100	-100	-100	-100	-100	-500
Net Increase	1,600	2,300	1,800	1,500	1,200	8,400
Carter Budget						
Increased Revenue	115	115	115	115	115	575
Additional expenditures	-15	-15	-15	-15	-15	-75
Net Increase	100	100	100	100	100	500

NOTE: Preliminary estimates, subject to change.

Back taxes owed to the federal government, and other debts past due by more than 90 days, amounted to about $20 billion at the end of fiscal year 1979. Such delinquencies represent about 40 percent of current federal accounts receivable. The many federal agencies responsible for collecting these debts follow inconsistent practices in reporting delinquencies to commercial credit bureaus, imposing interest or penalties on overdue accounts, establishing adequate reporting and debt management systems, and allocating resources to debt collection activities. Significant budgetary savings could be achieved by strengthening agency collection activities.

The General Accounting Office supports legislation to clarify federal agency debt collection powers and remedies, including: disclosure of delinquencies to commercial credit bureaus, a direct role for agencies in debt litigation, more adequate interest rates on overdue accounts, application of Internal Revenue Service (IRS) refunds against nontax debts owed the government, and garnishment of federal salaries.

Those who oppose more vigorous debt collection activity by the government have expressed concern over the invasion of privacy, doubts about the practicality of collecting debts from low-income persons, and fear of the potential abuse of centralized financial records. Also, such an effort would require either increasing appropriations to the various agencies or reducing resources allocated to other public purposes.

Any estimate of the increases in federal receipts that might result from better management of federal debt collection activity is subject to considerable uncertainty. The collection estimates provided in the table assume savings from accelerated collection of outstanding debt, reduced debt write-offs, and some avoidance of future debt. The cumulative savings estimate of $8.4 billion may be conservative, and could perhaps be achieved by increasing resources and improving agency collection procedures, without relying on IRS offsets or the garnishment of federal salaries.

President Carter's budget recommendations for fiscal year 1982 include a similar proposal, but at a much lower level of effort than that assumed in the CBO baseline. This accounts for the differences in the projected debt collections.

REPEAL OF TAX CREDIT FOR "POSSESSIONS CORPORATIONS"

	Annual Revenue Effect (billions of dollars)					Cumulative Five-Year Increase
	1982	1983	1984	1985	1986	
Loss under Current Law	1.1	1.1	1.3	1.5	1.7	
Increase from Repeal of Tax Credit	0.4	1.1	1.3	1.5	1.7	6.0
Increase under Carter Budget	(no proposal)					

NOTE: Preliminary estimates, subject to change.

"Possessions corporations" are companies incorporated in the United States that are exempt from U.S. income tax on their operations in Puerto Rico, American Samoa, and Guam. Ninety-nine percent of the revenue loss is attributable to Puerto Rico.

If the possessions corporation exemption was repealed effective January 1, 1982, the revenue increase would be about $400 million in 1982 and $6 billion over the 1982-1986 period.

The exemption was originally enacted in 1921, mainly to provide U.S. firms doing business in the Phillippines, then a U.S. possession, with the same favorable tax treatment enjoyed by their British competitors. In 1975, the House Ways and Means Committee considered repeal of the exemption on the grounds that its original purpose was no longer being served, since the Phillippines ceased being a U.S. possession in 1946. Proponents of the exemption argued, however, that it had become crucial to the economic development of another U.S. possession, Puerto Rico. A large number of U.S. firms had established plants in Puerto Rico after Puerto Rico enacted special tax exemption provisions of its own in 1948, and it was argued that these firms were a primary source of jobs in Puerto Rico. It was also argued that the loss of revenue from the provision was quite modest--about $200-300 million a year--and that this was a small price to pay for the benefits achieved. The Tax Reform Act of 1976 narrowed the possessions corporation exemption somewhat, and required that the Treasury Department report annually on the "operation and effect" of the exemption.

The third of these annual reports, released in June 1980, shows that the revenue loss from the possessions corporation exemption is much larger than originally estimated. A loss of $1.1 billion is expected in fiscal year 1982, increasing to $1.5 billion by fiscal year 1985. Almost 50 percent of the revenue loss in 1978 was attributable to 55 pharmaceutical companies, according to the Treasury report. Relative to their profits, these companies employ few people; the annual revenue loss per pharmaceutical company employee in 1978 was an estimated $43,261, while average compensation in Puerto Rico per pharmaceutical company employee was estimated at $13,618. For all 374 manufacturing companies benefiting from the possessions corporations exemption, the federal revenue loss per employee in 1978 was estimated to be $12,667, compared to average employee compensation of $10,697. The Treasury reports suggest that a major effect of the exemption in the 1970s has been to induce U.S. firms to shift high-profit, low-labor activities to Puerto Rico, with relatively few benefits to the Puerto Rican economy. Defenders of the exemption argue that it is crucial to long-term Puerto Rican economic growth, that the job loss and economic dislocation that would result from repeal would impose additional costs on the U.S. and Puerto Rican governments, and that the exemption is an important underpinning of the U.S.-Puerto Rican political relationship.

If, as the Treasury reports indicate, the possessions corporation exemption is not an efficient job-creating mechanism, it could be either phased out or replaced by some less costly form of assistance. Revenue-sharing funds could be extended to Puerto Rico, for example, to be used for whatever job-creating purposes the Puerto Rican government saw fit, or eligibility for the existing targeted jobs tax credit could be broadened to include more Puerto Rican workers. The cost of any alternative form of assistance would, of course, reduce the budgetary savings from repeal of the exemption.

APPENDIX. SUMMARY TABLES OF ILLUSTRATIVE EXAMPLES CATEGORIZED BY BUDGET FUNCTION

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TABLE A-1. ILLUSTRATIVE SAVINGS IN BUDGET AUTHORITY FROM CBO BASELINE PROJECTIONS, BY BUDGET FUNCTION, FISCAL YEARS 1982-1986 (In millions of dollars)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
050 National Defense						
Continued Restructuring of Military Bases	0	38	135	150	166	489
Increase in Joint Service Advertizing	18	21	24	26	29	118
Streamlining of Military Recruiting Support Operation	66	73	80	88	96	403
Ending of Certain Social Security Credits for Military Personnel	0	0	0	0	0	0
Continued Restructuring of Active-Duty Military Retirement	0	0	0	0	0	0
Restructuring of Reserve Retirement Pay	0	0	0	0	0	0
Increase in the States' Share of Army National Guard Costs	210	230	250	270	300	1,260
Substitution of KC-10 Procurement for KC-135 Reengining	-353	507	701	764	1,715	3,334
Termination of E-4B Aircraft Procurement	0	0	388	320	0	708
Accelerated Buyout of Aircraft	-790	502	540	0	0	252
Limiting of Defense Investment Increases to 3 Percent Real Growth	3,100	6,600	9,000	6,500	-7,600	17,600
Increased Efficiency in Defense Procurement	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Reform of Federal Wage-Setting Provisions	370	890	1,090	1,200	1,310	4,860
Elimination of Dual Pay for Reservists Who Are Federal Employees	53	58	63	69	75	318
Sale of Surplus Silver	229	229	229	229	229	1,145

(Continued)

TABLE A-1. (Continued)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
150 International Affairs						
Reduction of P.L. 480 Title I Sales	100	214	347	499	673	1,833
Increased Interest Charges on Development Loans	8	24	41	59	75	207
250 General Science, Space and Technology						
Elimination of One Space Shuttle Orbiter	199	262	122	0	0	583
270 Energy						
Elimination of DOE Funding for Synthetic Fuel Development	545	690	600	710	700	3,245
Termination of the Clinch River Breeder Reactor Project	300	350	350	300	200	1,500
Private Financing of the Strategic Petroleum Reserve	3,450	4,600	3,815	3,740	2,820	18,425
Reduced Funding for the Economic Regulatory Administration	62	69	77	84	93	325
300 Natural Resources and Environment						
Elimination of the States' Share of Land and Water Conservation Fund	290	315	345	370	400	1,720
Elimination of Urban Park Grants	70	80	85	90	100	425
Reduced Funding for EPA Construction Grants	1,260	1,390	1,530	1,670	1,820	7,670
350 Agriculture						
Elimination of Farm Deficiency Payments	0	0	90	131	187	408
Reduction in Dairy Price Support Levels	0	0	400	700	900	2,000

(Continued)

TABLE A-1. (Continued)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
370 Commerce and Housing Credit						
Increased Interest Rate on Rural Housing Loans	30	85	145	215	290	765
Discontinuance of Postal Service Subsidies	1,756	1,727	1,761	1,746	1,760	8,750
Change in Timing of Payments to the Postal Service	64	62	65	57	58	306
400 Transportation						
Reduced Funding for Amtrak	200	340	400	425	550	1,915
Phasing Out of Conrail Funding	0	250	300	300	300	1,150
Reduction in New Subway Commitments	290	910	1,120	1,230	1,310	4,860
Reduced Spending on Highways	1,200	1,300	1,500	1,600	1,800	7,400
Repeal of Davis-Bacon Requirements	130	155	172	199	215	870
Shifting Certain Airways Costs Ending Grants-in-Aid	260	300	330	360	390	1,640
Elimination of Maritime Industry Subsidies	168	206	245	292	339	1,250
450 Community and Regional Development						
Reduced Funding for Urban Development Action Grants	135	135	150	165	180	765
Elimination of Energy Impact Assistance	46	51	56	61	67	281
Increased Interest Rates on Disaster Loans	75	225	375	500	625	1,800

(Continued)

TABLE A-1. (Continued)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
500 Education, Training, Employment, and Social Services						
Reduced Funding for Vocational Education	343	379	421	466	516	2,125
Reduced Funding for Impact Aid	451	498	553	613	678	2,793
Reduced Funding for Emergency School Aid	52	58	64	71	78	323
Reduced Student Loan Subsidies	124	539	1,070	1,772	2,057	5,562
Reduction in Dairy Price Support Levels						
Elimination of Two Youth Employment and Conservation Programs	277	295	318	342	366	1,598
Phasing Out of CETA Title VI	1,030	1,180	1,250	1,320	1,360	6,140
550 Health						
Lowering of the Federal Share for State Medicaid and AFDC Progams	1,100	1,400	1,800	2,200	2,800	9,300
Added State Flexibility in Setting Medicaid Reimbursement Rates	250	280	320	350	390	1,590
Incentives to States for Hospital Cost Containment	0	50	100	200	350	750
Elimination of Merchant Seaman Health Care Entitlement	80	130	150	160	180	700
Termination of Some Federal Medicaid Funding	320	350	390	440	490	1,990
600 Income Security						
Termination of Certain Social Security Benefits						
Phasing Out Postsecondary Student Benefits	-24	-96	-216	-391	-612	-1,339
Phasing Out the Minimum Benefit	-1	-5	-27	-67	-112	-212
Phasing Out the Death Benefit	-2	-10	-22	-44	-56	-134

(Continued)

TABLE A-1. (Continued)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
600 (Continued)						
Delay in Social Security Cost-of-Living Adjustment	-100	-361	-690	-1,062	-1,510	-3,723
Elimination of Earnings Test and Taxation of Benefits for Some Social Security Recipients						
Changes in Social Security Indexing						
Using Lower of Wage or Price Index	-211	-529	-916	-1,350	-1,925	-4,931
Limiting Increase to 85 Percent of CPI	-105	-410	-934	-1,739	-2,893	-6,081
Shifting to the PCE	-73	-187	-314	-503	-733	-1,810
Changes in Civil Service and Military Retirement Benefits						
Elimination of National Trigger for Unemployment Insurance Extended Benefits	400	100	100	100	0	700
Change in Computing Insured Unemployment Rates	850	455	620	775	515	3,215
Modification in Trade Adjustment Assistance	1,275	500	450	450	450	3,125
Reduced Funding for Lower-Income Rental Assistance						
Making Few Commitments	11,249	12,470	13,717	14,996	16,341	68,773
Raising Tenant Rents	38	123	212	316	419	1,108
Increasing Use of Existing Housing	2,758	3,152	3,544	3,930	4,348	17,732
Limitation on Federal Disability Benefits-						
All Awards	190	170	150	140	120	770
New Awards	12	30	45	55	60	202
Funding for AFDC and Medicaid with a Block Grant	550	600	670	740	800	3,360
Reduced Funding for Child Nutrition Programs	410	450	485	510	575	2,430
Funding of Child Nutrition Programs with a Block Grant	0	1,600	1,770	1,950	2,125	7,445

(Continued)

TABLE A-1. (Continued)

Budget Function	1982	1983	1984	1985	1986	Cumulative Five-Year Savings
<u>600 (Continued)</u>						
Changes in Food Stamp Program						
Shifting Base Period	470	500	530	575	630	2,700
Increasing Marginal Reduction Rate	675	725	760	830	900	3,890
Reducing Gross Income Limit	1,285	1,380	1,450	1,580	1,724	7,420
Recoupment of Food Stamp Benefits	-10	-10	120	130	140	370
Change in the Low-Income Energy Assistance Program	574	659	762	880	1,024	3,899
Administrative Improvements in AFDC	N.A.	187	195	201	207	790
Standardizing of the AFDC Work Expense Disregard	178	184	191	198	206	957
<u>700 Veterans Benefits</u>						
Changes in VA Pension Benefits for Surviving Spouses	11	7	124	128	159	429
Limitation of VA Burial Benefits	160	169	178	188	205	900
Elimination of Dual Living Expenses Paid by Unemployment Insurance and GI Bill Benefits	39	35	33	30	26	163
<u>800 General Government</u>						
Strengthening Agency Debt Collection Activities	1,600	2,300	1,800	1,500	1,200	8,400

NOTE: Preliminary estimates, subject to change.