

INTRODUCTION

We made a decision that was profoundly important, that the way Government works matters,

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III. BUILDING ON OUR ECONOMIC PROSPERITY

1. SUSTAINING GROWTH

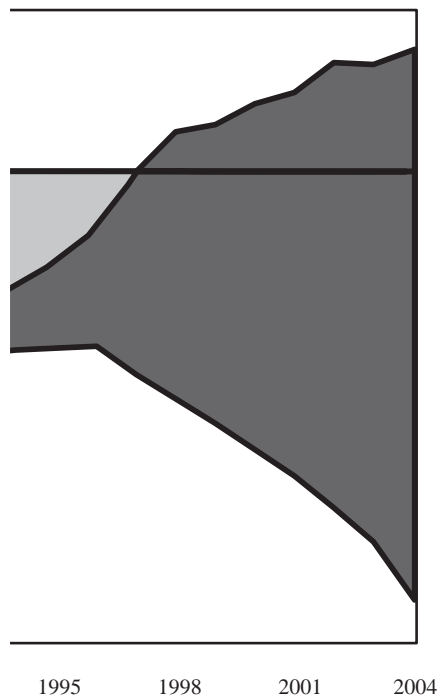
Six years ago, our economy lagged behind the rest of the world, so we changed course, with a new strategy for economic growth founded on fiscal discipline and lower interest rates. It has worked. It has helped to produce an American economic renaissance with low inflation, low unemployment, low welfare rolls, rising wages, the highest rate of home ownership in history, the first balanced budget since Neil Armstrong walked on the Moon, and the smallest Federal Government since John Glenn [first] orbited the Earth.

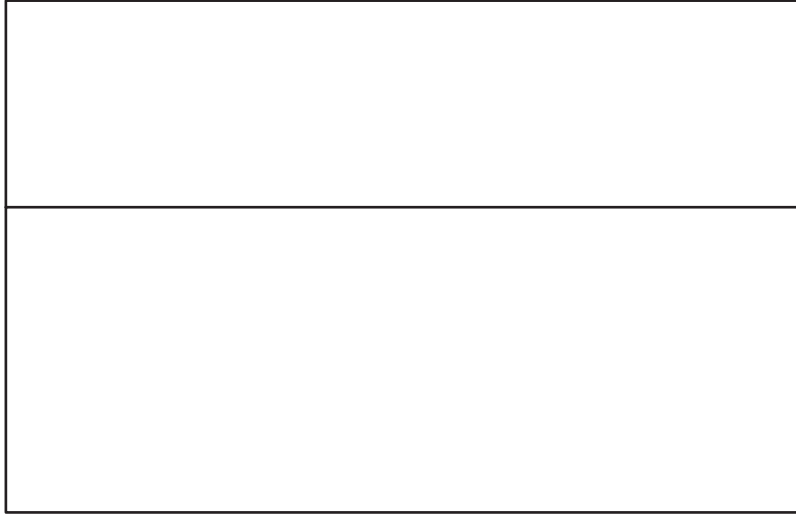
President Clinton
October 1998

President Clinton took office in 1993 committed to a policy of fiscal discipline and economic expansion. By nearly every measure, his policy has been a remarkable success. But there is perhaps no better measure of that success than the impressive turnaround in the Federal budget deficit. Adunan tsTtgTjT*00.erhm risin0.314 Twin68 n [fia4 Tw(i Adunan tsT2d)T indebtorkeive turnarou6asTjT*by .444pub4 T,drehelre r.444acfumu wie52 Tt(i Adunan tsT684TjT*0deral bspn the M economy lag0.0.136 ident Clint worked. Icrethe uce nvce e in 124T36.-

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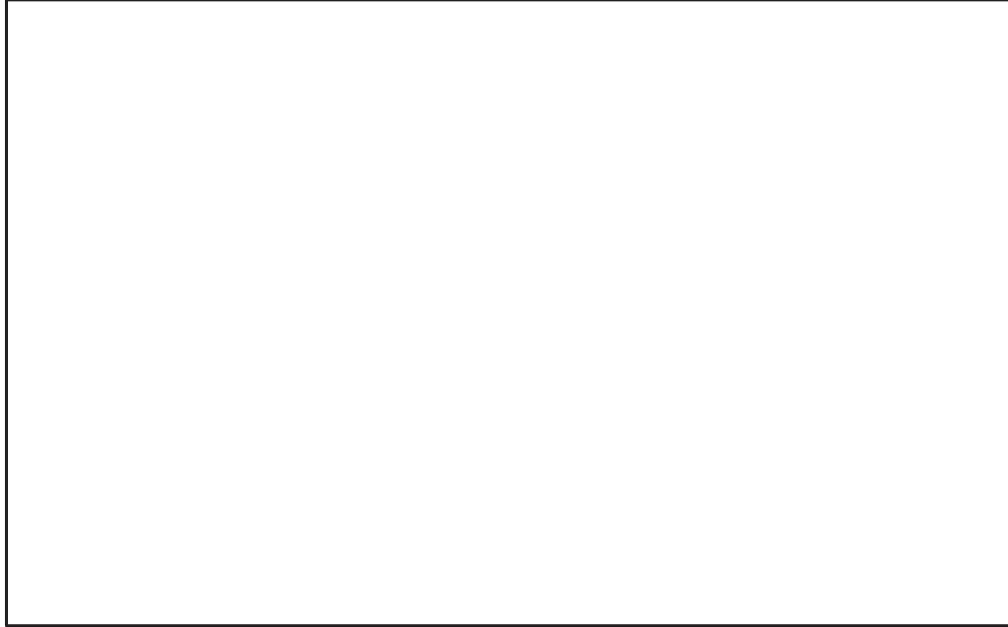




¹The structural deficit is the deficit that remains after account-

soared to almost five percent of GDP. That large deficit helped pull the economy out of the deep recession of 1981–1982, but the Government's subsequent failure to curb it held up interest rates, led to the financial problems that marked the end of the decade, and likely helped to bring on the recession of 1990–1991.

In contrast, during the current expansion, the reduction and subsequent elimination of the deficit has permitted private investment to propel the economy forward.



which were rising strongly through 1997, have fallen over the past four quarters. Although profits are expected to stabilize, the abnormally rapid growth is not projected to return. Furthermore, business utilization of capital is currently estimated to be below its long-run average, suggesting less pressure to invest in additional capacity.

Highlights of the Economic Projections

The budget relies on conservative economic assumptions that are similar to those of private forecasters, as well as CBO. Currently, the consensus among these other forecasters is that the economy is due for some moderation in growth, and over the next few quarters the growth rate could average about 2.0 percent, as the unemployment rate retreats somewhat from its current three-decade low. Eventually, however, the economy should rebound and return to rates of growth nearer to potential, estimated by mainstream forecasters at around 2.4 percent per year. The Administration believes that if the Nation maintains the sound economic policies of the past six years, with budgets in surplus for the foreseeable future, economic performance could be even better than this. Recent experience suggests that sound policy decisions are rewarded with superior economic performance. Under this Administration, the economy has consistently outperformed the consensus forecast. However, in making budget projections, experience shows that it is prudent to follow conservative assumptions.

Real GDP: Real GDP growth is expected to average 2.0 percent on a fourth-quarter-over-fourth-quarter basis for the next three years. It is highly unlikely that growth will be this smooth over this period, but over-fies of likeled

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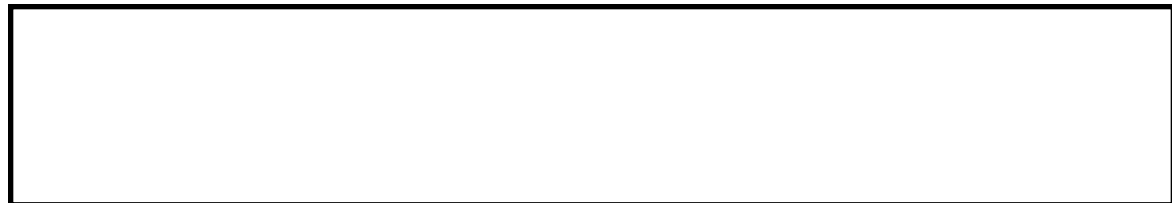
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Investing in Federal Statistics

Our democracy and economy demand that public and private leaders have unbiased, relevant, accurate, and timely information on which to base their decisions. Data on real Gross Domestic Product, the Consumer Price Index, and the trade deficit, for example, are critical inputs to monetary, fiscal, trade, and regulatory policy. They also have a major impact on government spending, budget projections, and the allocation of Federal funds. Taken together, statistics produced by the Federal Government on demographic, economic, and social conditions and trends are essential to inform decisions that are made by virtually every organization and household.

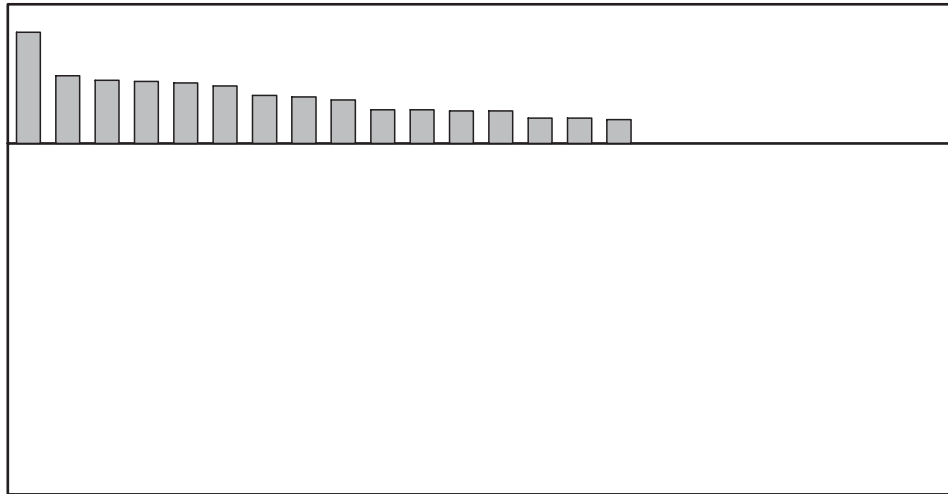
Despite these critical uses, rapid changes in our economy and society, and funding levels that do not enable statistical agencies to keep pace with them, can threaten the relevance and accuracy of our Nation's key statistics. Without improvements proposed in this budget, it will become more difficult for our statistical system to mirror accurately our economy and society, which, in turn, could undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure could be substantially mitigated by proposals set forth in the Administration's budget. These initiatives are documented in greater detail in Chapter 11 of *Analytical Perspectives*, "Strengthening Federal Statistics."

IV. IMPROVING PERFORMANCE THROUGH BETTER



PMOs focus the Administration's efforts to meet some of the Government's biggest management challenges. They are specific management initiatives covering a wide range of concerns, ranging from meeting the year 2000 computer challenge to implementing





continue reinventing themselves to be more effective and responsive to America's needs, they will require management tools to restructure their work forces and achieve greater efficiencies. The Administration will support agencies if they need—as in the case of DOD, the Department of Energy (DOE), and the IRS—separate authority to restructure

Table IV-2. PRIORITY MANAGEMENT OBJECTIVES**STRENGTHENING GOVERNMENT-WIDE MANAGEMENT**

1. Manage the year 2000 (Y2K) computer problem
2. Use results to improve program management
3. Improve financial management information
4. Protect critical information infrastructure
5. Strengthen statistical programs
6. Implement acquisition reforms
7. Implement electronic Government initiatives

IMPROVING STEWARDSHIP OF ASSETS

8. Better manage financial portfolios
9. Better manage real property

IMPROVING PROGRAM OPERATIONS AND INTEGRITY

10. Verify that the right person is engaged at the right benefits

IMPROVING PROGRAM MANAGEMENT

- 2.
3. Improve DOEs

- 6.
7. Implement FAA management reforms

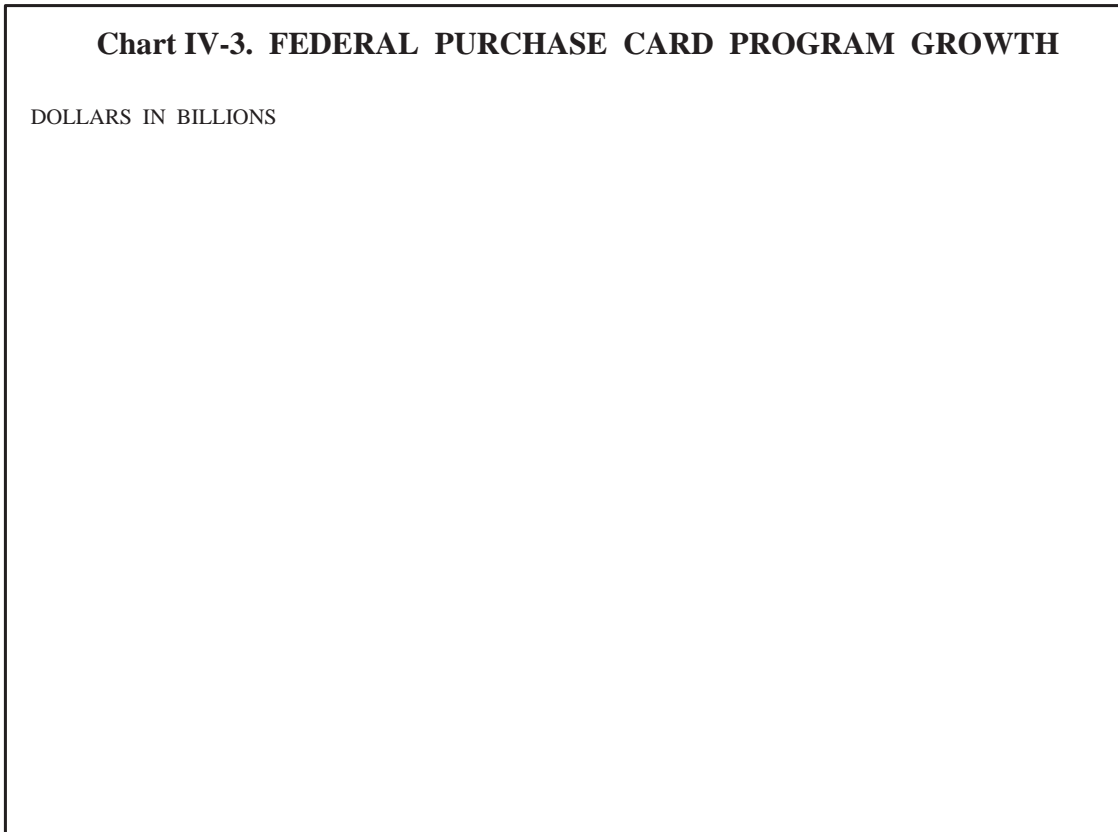
3. Improve security standards and facilities around the world

Table IV-3. CFO Agency Financial Statement Performance Goals

Financial Statements	1997 Actual	Estimate		
		1998	1999	2000

Chart IV-3. FEDERAL PURCHASE CARD PROGRAM GROWTH

DOLLARS IN BILLIONS



will prepare the orbital platform for the first permanent crew in January of 2000. Assembly will continue through 2004.

23. Improve security at diplomatic facilities

Table IV-4. MAJOR INTER-AGENCY GROUPS

Council Name/Membership	Council Priorities/Recent Activities
Chief Financial Officers (CFO) Council: The CFOs and Deputy CFOs of the 24 largest Federal agencies and senior officials from OMB and Treasury. http://www.financenet.gov	

Table IV-4. MAaw[(TpER-AGENCY GROUPS—Continued)]TJ/F1 1 Tf109 0 119 90.82

VI. INVESTING IN THE COMMON GOOD: PROGRAM PERFORMANCE IN FEDERAL FUNCTIONS

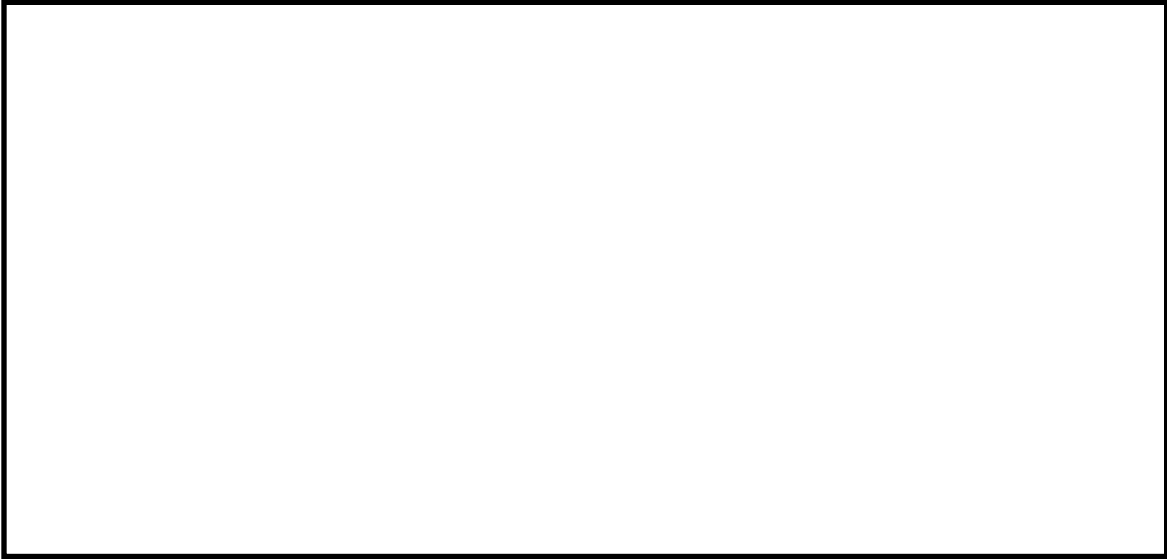
12. OVERVIEW

Table 12-1. FEDERAL RESOURCES BY FUNCTION

Table 12-1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Function	1998 Actual	Estimate				
		1999	2000	2001	2002	2003

13. NATIONAL DEFENSE



naval forces such as aircraft carriers, destroyers, and attack submarines; and Marine Corps expeditionary forces. The Nation needs conventional forces to deter aggression and, when that fails, to defeat it. Funds to support these forces cover pay and benefits for military personnel; the purchase, operation, and maintenance of conventional systems such as tanks, aircraft, and ships; the purchase of ammunition and spare parts; and training.

Mobility Forces: Mobility forces provide the airlift and sealift that transport military personnel and materiel throughout the world. They play a critical role in U.S. defense strategy and are a vital part of America's response to contingencies that range from humanitarian relief efforts to major theater wars. Airlift aircraft provide a flexible, rapid way to deploy forces and supplies quickly to distant regions, while sealift ships allow the deployment of large numbers of heavy forces together with their fuel and supplies. The mobility program also includes prepositioning equipment and supplies at sea or on land near the location of a potential crisis, allowing U.S. forces that must respond rapidly to crises overseas to quickly draw upon these prepositioned items.

Strategic Nuclear Forces: Strategic nuclear forces are also important to our military capability. They include land-based intercontinental ballistic missiles, submarine launched ballistic missiles, and long-range strategic bombers. Within treaty-imposed limits, the primary mission of strategic forces is to deter

bases to rapidly converge at the scene of a potential conflict to deter hostilities and protect U.S. citizens and interests in times of crisis.

- The Army will maintain one mechanized division in the Pacific region and two divisions with elements in Europe.
- The Navy will maintain an overseas presence, defined by the percentage of time regions are covered by an aircraft carrier battle group, at 100 percent in the Pacific, 75 percent in Europe and 75 percent in Southwest Asia.
- The Air Force will maintain two fighter wing equivalents in the Pacific, one in Alaska, two in Europe and one in Southwest Asia.
- The Marine corps will cover the Pacific region with a Marine expeditionary unit or amphibious ready group one hundred percent of the time, Europe eighty percent of the time, and Southwest Asia 50 percent of the time.

DOD's current force structure was derived from the Quadrennial Defense Review (QDR) which was designed to respond to the full spectrum of crises, up to and including two

miles a day and will attain a surge sealift capacity of 8.7 million square feet.

Preparing Now for an Uncertain Future:

To achieve DOD's second corporate goal, U.S. forces must maintain a qualitative superiority over potential adversaries by pursuing a fo-

DOD's acquisition-related work force by 15 percent.

**Department of Energy (DOE)
Performance**

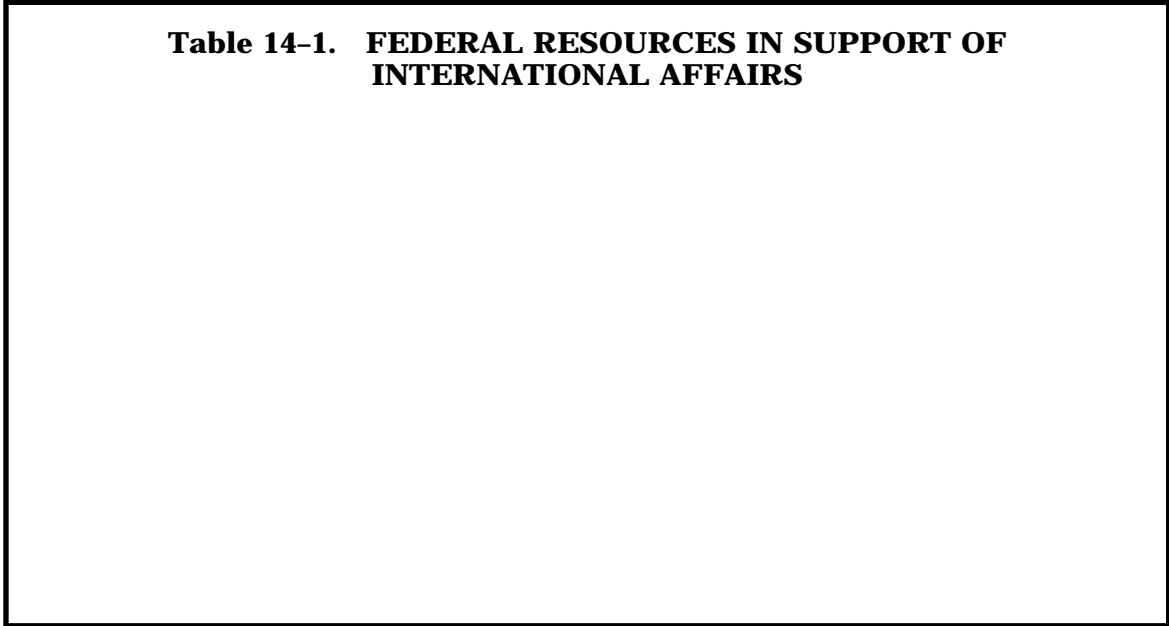
DOE contributes to our national security mainly by reducing the global danger from nuclear weapons and other weapons of mass destruction. DOE is committed to maintaining confidence in the nuclear weapons stockpile without testing, as required under the Comprehensive Test Ban Treaty; to strengthen the nuclear nonproliferation regime; to work with states of the former Soviet Union to improve control of nuclear materials; to develop improved technologies to detect, identify, and respond to the proliferation of weapons of mass destruction and illicit materials trafficking; and to clean up aggressively the environmental legacy of nuclear weapons programs.

Accurately Recognizing and Reporting Veterans Benefits

The Nation has long viewed veterans programs as a key way to attract the high-quality people

14. INTERNATIONAL AFFAIRS

**Table 14-1. FEDERAL RESOURCES IN SUPPORT OF
INTERNATIONAL AFFAIRS**



police force. Finally, the budget fully supports further progress on our efforts to control weapons of mass destruction by requesting \$48 million under the restructured State Department which will incorporate the Arms Control and Disarmament Agency for programs that seek to reduce, eliminate, or curb the spread of such weapons.

Relevant agencies will meet the following performance goals in 2000:

- The State Department, in seeking to advance the Middle East peace process, will achieve significant TBowardse bufoce-nate, or

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most directly through various consular services, including citizenship documentation and help in emergencies. The Department also

15. GENERAL SCIENCE, SPACE, AND TECHNOLOGY

nologies key to the operational requirements of future reusable launch vehicles including high flight rates (including a flight rate of 25 flights in one year).

Human Exploration and Development of Space (HEDS) programs, for which the budget proposes \$5.6 billion, focus on the use of human skills and expertise in space. In 1998, HEDS programs supported the successful launch of four Space Shuttle flights, including one flight to better understand the functioning of the nervous system in the environment of space. In November, 1998, assembly of the International Space Station in orbit began with the joining of the first Russian and American modules.

- On the International Space Station, NASA will derive the U.S. Laboratory Module, a station-based extravehicular activity
- will ensure that Space Shuttle safety will improve, full-time
- will ensure

Department of Energy

DOE provides major scientific user facilities and sponsors basic scientific research in specific fields supporting over 60 percent of federally-funded research in the physical sciences.

The budget proposes \$2.8 billion for DOE science programs, which include high-energy and nuclear physics, basic energy sciences, biological and environmental research, fusion energy sciences, and computational and technology research. These programs support scientific facilities for high-energy and nuclear physics and fusion energy sciences and the research performed by the users of the facilities. They also provide and operate synchrotron light sources, neutron sources, supercomputers, high-speed networks, and other instruments that researchers use in fields ranging from biomedicine to agriculture, geoscience, and materials. These facilities provide the cutting-edge experimental and theoretical techniques to enable insights into dozens of applications, and they are available, on a competitive basis, to researchers funded by NSF, other Federal agencies, and public and private entities. DOE's facilities will meet the function-wide goals to remain within cost and schedule, and to operate efficiently. Regular peer-review assessments will judge whether DOE science programs have high scientific quality.

Basic Energy Sciences (BES) supports basic research in the natural sciences for new and improved energy techniques and technologies, and to understand and mitigate the environmental impacts of energy technologies.

- ~~of the High Energy and Nuclear Sciences Division and the Office of Biological and Environmental Research~~ TjT*0.14Tw(tiemetble, ansjcotiin d en the nCriical) D-

16. ENERGY

Table 16-1. FEDERAL RESOURCES IN SUPPORT OF ENERGY
(In millions of dollars)

Function 270	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	2004
Spending:							
Discretionary Budget Authority	3,077	2,888	2,836	3,169	3,020	2,992	2,965
Mandatory Outlays:							
Existing law	-2,440	-3,184	-5,142	-4,404	-4,336	-4,244	-4,281
Credit Activity:							
Direct loan disbursements	992	1,592	1,295	N/A	N/A	N/A	N/A
Guaranteed loans				N/A	N/A	N/A	N/A
Tax Expenditures:							

- verify the design of a fuel-cell/turbine hybrid power plant.

Nuclear fission power is a widely used technology, providing over 20 percent of the electric power consumed in the United States and about 17 percent worldwide without generating greenhouse gases. If fossil plants were used to produce the amount of electricity generated by these nuclear plants, more than 300 million additional metric tons of carbon would be emitted each year. Continued R&D addressing the issues that threaten the acceptance and viability of nuclear fission in the United States will help determine whether fission can fulfill its potential for supplying economically-priced energy while reducing greenhouse gas emissions.

In 2000, DOE will:

- receive Nuclear Regulatory Commission

Nuclear Regulatory Commission (NRC)

NRC, an independent agency, regulates the Nation's civilian nuclear reactors and the medical and industrial use of nuclear materials to ensure public health and safety and to protect the environment. NRC international activities also promote U.S. interests in nonproliferation and the safe and secure

million in 1998. Yet, the popularity of national parks has generated even faster growth in the number of visitors, new parks, and additional NPS responsibilities.

With demands growing faster than available

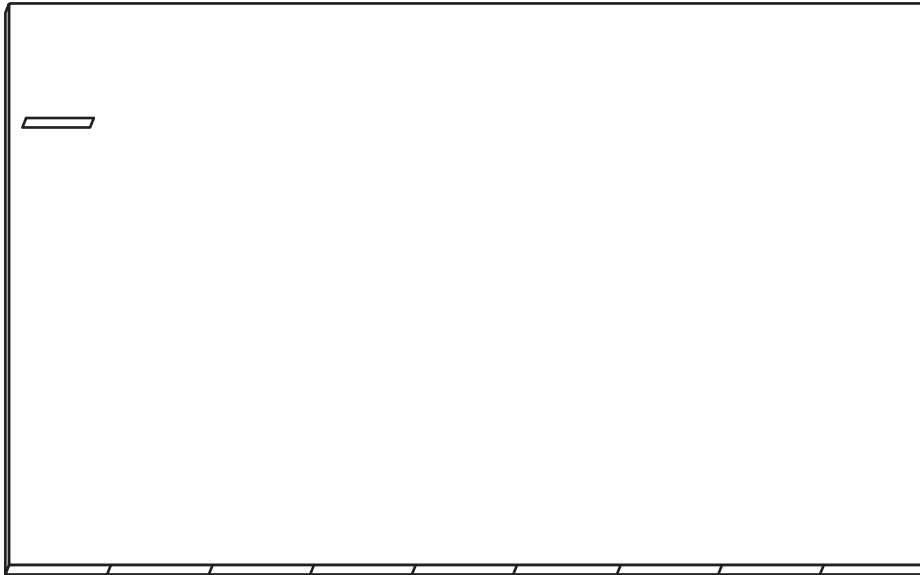
51,410 acres; maintain the pace of obliterating existing roads at the 1999 level (3,500 miles), as compared to 1,200 miles in 1998; and increasing the number of acres treated for fire hazard reduction to 1.8 million, compared to a 1999 planned level of 1.6 million.

- For priority watersheds, BLM will enhance the ecological integrity of an additional 1,700 miles of riparian areas and 128,500 acres of wetlands in 2000, compared to 868 miles and 11,842 acres enhanced in 1997; BLM will also treat 344,300 acres for fire hazard reduction by prescribed fire and mechanical means, compared to 1997 levels of 70,000 acres.

The Interior Department's Fish and Wildlife Service (FWS), with a budget of \$1.6 billion, manages 93 million acres of refuges and, with the Commerce Department's National Marine Fisheries Service (NMFS), protects species on Federal and non-Federal lands.

- Proposed 2000 funding increases will enable the refuge system to manage an additional 948,000 more acres over the 1997 baseline of 93 million acres.
- FWS will also increase by one million acres the number of protected, non-Federal acres in Habitat Conservation Plans (HCPs) up from two million in 1998; keep 15 more species off the endangered species list, compared to a 1998 baseline of seven

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Under the Resource Conservation and Recovery Act (RCRA), EPA and authorized States prevent dangerous releases to the environment of hazardous, industrial nonhazardous, and municipal solid wastes by requiring proper facility management and cleanup of environmental contamination at those sites.

- In 2000, 146 more hazardous waste management facilities will have approved controls in place to prevent dangerous re-

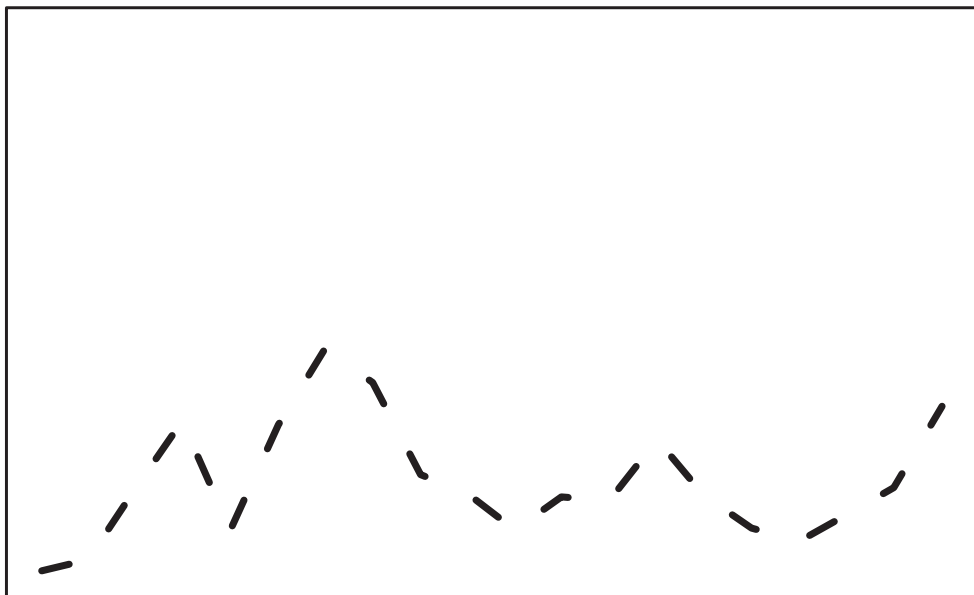
- In 2000, another two million people will receive the benefits of secondary treatment of wastewater, for a total of 181 million.
- In 2000, 91 percent of the population served by community water systems will receive drinking water meeting all health-based standards in effect as of 1994, up from 83 percent in 1994.

USDA gives financial assistance to rural communities to provide safe drinking water and adequate wastewater treatment facilities to rural communities. The budget proposes \$1.5 billion in combined grant, loan, and loan guarantees for this assistance, a 12 percent increase over 1999. Part of those funds will go toward the Water 2000 initiative to bring indoor plumbing and safe drinking water to under-served rural communities. Since 1994, USDA has invested almost \$1.6

18. AGRICULTURE

Table 18-1. FEDERAL RESOURCES IN SUPPORT OF AGRICULTURE
(In millions of dollars)

Function 350	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	200475



low, but farmers had to plant specific crops in order to receive such payments. Even when market signals encouraged the planting of a different crop, farmers had limited flexibility to do so. By contrast, the 1996 Farm Bill eliminated most such restrictions and, instead, provided fixed, but declining payments to eligible farmers through 2002, regardless of market prices or production volume. This law “decoupled” Federal income support from planting decisions and market prices. The law has brought changes in the crop acreage planted in response to market signals. In 1997, wheat acreage fell by six percent, or about five million acres, from the previous year, while soybean acreage rose by 10 percent, or over six million acres.

The Farm Bill’s freedom from planting restrictions on farmers meant greater potential volatility in crop prices and farm income. Not only can USDA no longer require farmers to grow less when supplies are great, but the size of farm income-support payments no longer varies as crop prices fluctuate. The previous farm bills were not perfectly counter-cyclical: participants in USDA commodity programs whose crops were totally ruined when prices were high got no income-support payment then, but would now through fixed payments. And, the 1996 Farm Bill provides additional “marketing loan” payments to farmers when commodity prices fall below a statutorily set “loan rate”. However, the 1998 conditions raised the issue of whether the Federal farm income safety net was sufficient, and how should it be improved, to a new urgency.

However, the 1998 crop and price situation showed that the 1996 Farm Bill does not

\$2.8 billion in income-support payments, above the 1996 Farm Bill authorized level of \$5.6 billion. In addition, the Federal Government continues to provide other safety-net protections, such as the marketing assistance loans that guarantee a minimum price for major commodities, that paid producers \$1.7 in 1998

velopment policy. The National Agricultural Statistics Service (NASS) provides estimates of production, supply, price, and other aspects of the farm economy, providing information that helps ensure efficient markets.

- In 2000, NASS will include over 95 percent of national agricultural production in its annual commodities reports, up from 92 percent in 1997.

Inspection and Market Regulation: The Federal Government spends a half-billion dollars a year to secure U.S. cropland from pests and diseases and make U.S. crops more mar-

- protect approximately 130,000 productive farmland acres through the FPP from being permanently lost to development.

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- RHS will make new and continued rental assistance commitments to fund 44,400 new and existing units.
- Increase the percentage of Section 8 families with children living in low-poverty census tracts from 61 percent in 1998 to 63 percent.

Public Housing and Other Assisted Housing Programs

The Federal Government funds capital and management improvements of public housing authorities throughout the country. (The Government's program supporting the

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- In 2000, ITA's Advocacy Center report \$10.5 billion in exports \$50 more than 1999.

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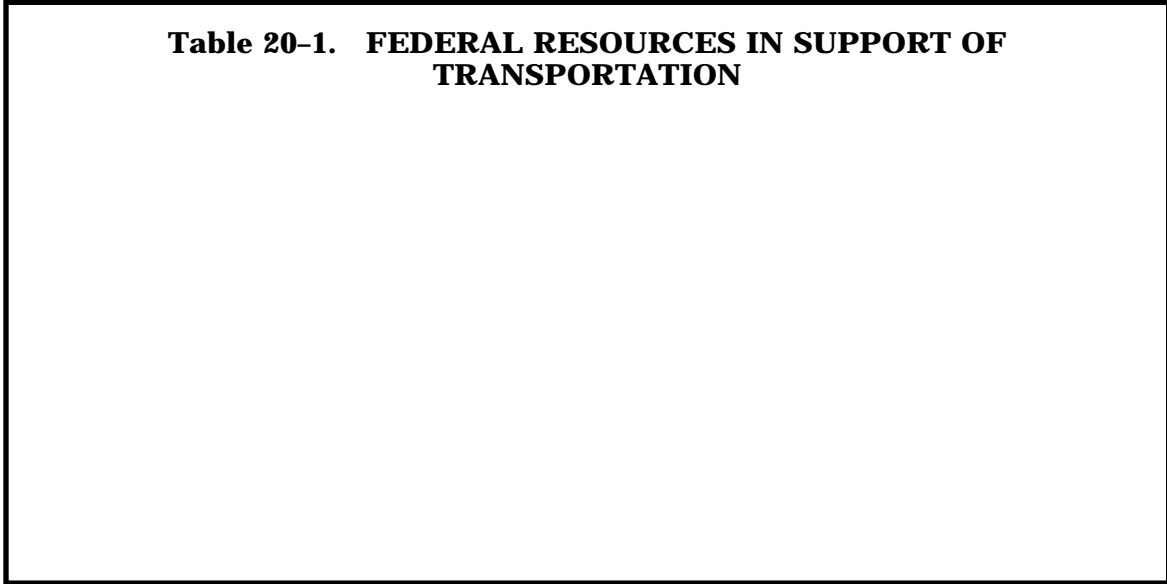
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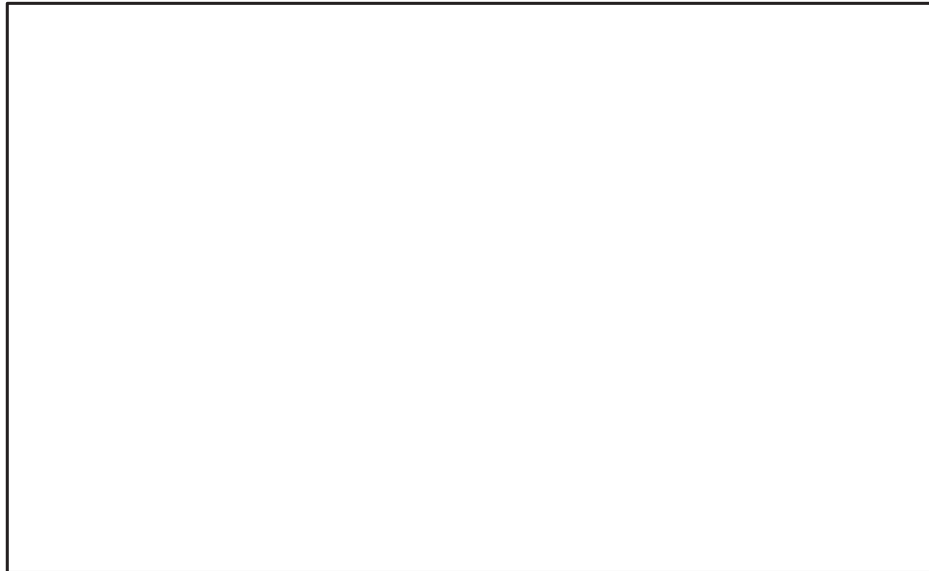


20. TRANSPORTATION

**Table 20-1. FEDERAL RESOURCES IN SUPPORT OF
TRANSPORTATION**



ments. The program maintains national uniform driver testing requirements as well as information systems that prevent unsafe operators from registering vehicles. The pro-



cents per gallon, of which 15.4 cents goes to the Highway Trust Fund's highway account, to finance formula grants to States for highway-related repair and improvement.

State and local governments provide 56 percent of total highway and bridge infrastructure spending, most of which they generate through their own fuel and vehicle taxes. The average State gasoline tax was 19.9 cents per gallon in 1997. State and local governments accelerate their infrastructure

associated terminals, the Coast Guard listened to public comment and tailored the rulemaking to be consistent with international standards while giving operators the flexibility to customize their plans and choice of equipment.

Tax Expenditures

For the most part, employees do not pay income taxes on what their employers pay

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21. COMMUNITY AND REGIONAL DEVELOPMENT

The 2000 goals for the CDBG and HOME programs include:

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Tax Expenditures

**22. EDUCATION, TRAINING, EMPLOYMENT,
AND SOCIAL SERVICES**

**Table 22-1. FEDERAL RESOURCES IN SUPPORT OF EDUCATION,
TRAINING, EMPLOYMENT, AND SOCIAL SERVICES**
(In millions of dollars)

Function 500	1998

to help raise learning gains. These new approaches freed States and schools from unnecessary Federal process restrictions, providing greater flexibility while requiring more accountability for results. Early results show that the new approaches are having a significant impact: for example, in the 1997–98 school year, all but one State had content standards in at least reading and math. About seven percent of schools based reading and math curricula on challenging academic standards, and 17 States had tests tied to challenging academic standards. Before Goals 2000, only a handful of States had challenging academic standards and tests in place. Minority students have made substantial gains in science, math, and reading

grated setting of the workplace, and funding

at-risk students receiving services under this program and of students who do not receive need-based aid will decrease at school receiving grants.

Pell Grants: When President Clinton took office in 1993, the Pell Grant maximum award was \$2,300—the same as it was when President Bush took office in 1989. Over the next five years, from 1994 to 1999, the maximum award increased 36 percent to \$3,125. Currently 76 percent of Pell Grant funds go to

ments, reducing hard copies of materials

93 percent of the wage in their previous job.

Employment Service/One-Stop Career Centers: The Employment Service provides a free labor exchange for all workers and job seekers, and is growing more effective through implementation of One-Stop Career Centers. The budget proposes \$1.048 billion for these activities.

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in 2,200 high schools throughout the nation,

cluding the conservation of the Star Spangled Banner in a special laboratory at the Smithsonian's National Museum of American History; the National Gallery of Art's exhibit entitled "Art Nouveau: Sources and Cities, 1890-1914"; the implementation of a state-of-the-art memorial interpretation program at the John F. Kennedy (JFK) Center; and the "Flight and Rescue" exhibit at the U.S. Holocaust Memorial Museum.

New tax provisions for education in the President's budget include proposals to

Public Health Electronic Surveillance: In-

The Food Safety and Inspection Service (FSIS) in the U.S. Department of Agriculture uses \$600 million annually to inspect the Nation's meat, poultry, and egg products, ensuring that they are safe, wholesome, and not adulterated. In 1996, FSIS began implementing a modernized inspection system, Hazard Analysis and Critical Control Point (HACCP) system, that will begin shifting responsibility for ensuring meat and poultry safety from FSIS to the industry. Together with FSIS, HHS has the following food safety goals:

- By 2000, 99 percent of Federally-inspected meat and poultry plants will comply with the HACCP.
- 80 percent of the domestic seafood industry will be operating preventive controls for safety as evidenced by functioning HACCP systems.

• Increase the effectiveness of inspection of HACCP systems.

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24. MEDICARE

Table 24-1. FEDERAL RESOURCES IN SUPPORT OF MEDICARE
(In millions of dollars)

Function 570	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	2004

Part A

Part A covers almost all Americans age 65 or older, and most persons who are disabled for 24 months or more and who are entitled to Social Security or Railroad Retirement benefits. People with end-stage renal disease (ESRD) also are eligible for Part A coverage. Part A reimburses providers for the inpatient hospital, skilled nursing facility, home health care related to a hospital stay, and hospice services provided to beneficiaries. Part A's Hospital Insurance (HI) Trust Fund receives most of its income from the HI payroll tax—2.9 percent of payroll, split evenly between employers and employees.

Children, and the National School Lunch

eligibility criteria and to determine the types of assistance they provide.

- The strong work focus of welfare reform and the economy have enabled ACF to meet its goal of moving one million welfare recipients into new employment before its 2000 goal date. Using new program data, ACF will continue to develop measures of

Unemployment Compensation

Unemployment Compensation, administered by the Department of Labor's Employment and Training Administration, provides benefits, which are taxable, to individuals who are temporarily out of work and whose employer has previously paid payroll

Unemployment Compensation, administered by the Department of Labor's Employment and Training Administration, provides benefits, which are taxable, to individuals who are temporarily out of work and whose employer has previously paid payroll taxes. Total number of persons claiming unemployment compensation benefits in fiscal year 1999 was 1.4 million (fiscal year 1998 was 1.3 million).

Social Security. The budget proposal to increase pension portability includes provisions that would allow newly-hired Federal employees to participate immediately in, and to

26. SOCIAL SECURITY

Table 26-1. FEDERAL RESOURCES IN SUPPORT OF SOCIAL SECURITY							
(In millions of dollars)							
Function 650	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	2004

Care Financing Administration, which is part of the Medicare function (see Chapter 24). Because SSA interacts extensively with the American public, the Vice President's National

it will specify long-term performance goals for claims processing time that are relevant to the redesigned process. Improving the disability determination process is one of the Administration's PMO's for 2000.

- SSA will maintain its current performance level of processing 83 percent of OASI claims by the time the first regular payment is due or within 14 days from the effective filing date, if later.
- SSA will maintain its current performance level of ensuring that callers gain access to the toll-free 800 number within five minutes of their first call 95 percent of the time. Ninety percent of callers will get through on their first attempt.

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27. VETERANS BENEFITS AND SERVICES

**Table 27-1. FEDERAL RESOURCES IN SUPPORT OF VETERANS
BENEFITS AND SERVICES**

(In millions of dollars)

Also, VA formed partnerships with the

- In 2000, VA will improve its rating accuracy (for core rating work) to 81 percent, improving to 96 percent by 2004 (from 64 percent in 1998).

Income Security

Several VA programs help veterans and

Tax Incentives

Along with direct Federal funding, certain tax benefits help veterans. The law keeps all cash benefits that VA administers (i.e., disability compensation, pension, and MGIB benefits) free from tax. Together, these three

exclusions will cost about \$3.2 billion in 2000. The Federal Government also helps veterans obtain housi

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28. ADMINISTRATION OF JUSTICE

Table 28-1. FEDERAL RESOURCES IN SUPPORT OF ADMINISTRATION OF JUSTICE
(In millions of dollars)

Function 750	1998 Actual	Estimate					
		1999	2000	2001	2002	2003	2004
Spending:							
Discretionary Budget Authority	24,840	26,177	26,376	26,754	26,915	26,734	26,833
Mandatory Outlays:							
Existing law	682	1,042	796	611	574	546	2,062
Proposed legislation							-1,522

While States and localities bear most of the responsibility for fighting crime, the Federal Government also plays a critical role. Along with supporting State and local activities, the Federal Government investigates and prosecutes criminal acts that require a Federal response. In 1999, anti-crime expenditures will consume 4.6 percent of all Federal discretionary spending, compared with about two percent in 1989.

Total Federal, State, and local resources devoted to the administration of justice—including law enforcement, litigation, judicial, and correctional activities—grew from \$82 billion in 1990 to an estimated \$153 billion in 1999—an 87-percent increase (see Chart 28-1). During this period, the Federal law enforcement component, including transp,

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Correctional Activities

29. GENERAL GOVERNMENT

The IRS is realigning management processes and activities to ensure that they support the Service's mission and incorporate the principles of a balanced measurement system. Organizational performance measures will balance business results (including quality and quantity measures), customer satisfaction, and new and

according to the best practices known and at the least cost.

provides the President with the highest-quality analysis and advice on a broad range of topics.

OMB advocates the appropriate allocation and effective use of Government resources. OMB helps the President prepare the Federal budget and oversee its execution.

33. REGULATION: COSTS AND BENEFITS

Along with taxing and spending, the Federal Government makes policy through regulating—that is, generally, through Executive Branch actions to interpret or implement legislation. The Administration’s approach to regulation is careful design and implementation at the least cost. The Office of Management and Budget (OMB), the White House office that sets regulatory policy, has adopted the following objective in its Strategic Plan:

Table 33-1. Estimates of the Total Annual Benefits and Costs of Social Regulations

(In billions of 1996 dollars as of 1998, Q1)

	Benefits	Costs
Environmental	¹ 93 to 3,300	120 to 170
Transportation	84 to 110	15 to 18
Labor	28 to 30	18 to 19
Other	53 to 58	17 to 22
Total		

Further Action: The Government needs better data and analysis to determine whether proposed regulations maximize social benefits while minimizing cost. But agencies have legitimate reasons for their often incomplete estimates. In some cases, they face significant technical problems in assessing costs and benefits. In others, legal or judicial deadlines force the agencies to act within time frames that do not allow for adequate analysis. In still others, agencies may need to allocate their limited