

FINAL SEQUESTER REPORT, FISCAL YEAR 1989

COMMUNICATION

FROM

**THE DIRECTOR, THE OFFICE OF
MANAGEMENT AND BUDGET**

TRANSMITTING

**THE FINAL OMB SEQUESTER REPORT TO THE PRESIDENT AND
CONGRESS FOR FISCAL YEAR 1989, PURSUANT TO 2 U.S.C. 901**



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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 15, 1988

Honorable James C. Wright, Jr.
Speaker of the House of
Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

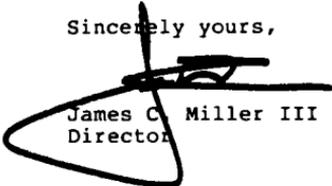
In accordance with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119), I hereby submit my Final OMB Sequester Report to the President and Congress for FY 1989.

The budget estimates contained in this report are based on laws enacted, and regulations promulgated as final, by October 15, 1988. Since Congress has demonstrated fiscal restraint in passing appropriations bills, as well as other bills affecting the deficit, I am pleased to report that my estimate of the Gramm-Rudman-Hollings deficit baseline for FY 1989 is below the \$146 billion sequester trigger level specified by the Act. Therefore, no sequester is required, and a Final Presidential Order stating such should be issued forthwith.

The report includes the economic assumptions, the projected budget baseline levels, and comparisons with the estimates provided by the Director of the Congressional Budget Office in his report of October 11th.

With best wishes, I remain and shall remain,

Sincerely yours,



James C. Miller III
Director

IDENTICAL LETTERS SENT TO THE PRESIDENT,
HONORABLE GEORGE BUSH

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GENERAL NOTES

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1. All years referred to are fiscal years unless otherwise noted.
 2. Details in the tables and text may not add to totals because of rounding.
 3. Unless otherwise noted, the source of all data in this report is the Office of Management and Budget.
 4. Unless otherwise noted, "the Act" refers to The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) as amended by The Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100-119).
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INTRODUCTION

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987, commonly known as Gramm-Rudman-Hollings (G-R-H), sets deficit targets for 1989 through 1993 and, if necessary, requires a sequester of budgetary resources (i.e., across-the-board reductions of selected accounts) to achieve these targets. The table below shows the deficit targets specified in the Act. Except in 1993, the Act allows for a \$10.0 billion margin-of-error. Thus, there will be no sequester for 1989 because the final G-R-H baseline deficit estimate does not exceed the sequester trigger level of \$146.0 billion. However, if that 1989 baseline deficit had exceeded \$146.0 billion, the Act would have required a sequester sufficient to reduce the deficit baseline to the target level of \$136.0 billion. a/

Deficit Targets
(in billions of dollars)

<u>Fiscal Year</u>	<u>Target Deficit</u>	<u>Sequester Trigger</u>
1989 <u>a/</u>	136.0	146.0
1990.....	100.0	110.0
1991.....	64.0	74.0
1992.....	28.0	38.0
1993.....	zero	zero

a/ For 1989 only, the outlay reductions resulting from sequestration are limited to \$36.0 billion. In addition, there would be no sequester if the laws enacted and regulations promulgated between January 1, 1988, and October 1988 reduced the deficit by \$36.0 billion.

It is important to note that the G-R-H baseline estimates in this report are not intended to be projections of actual receipts, outlays, and the resulting deficit under standard Office of Management and Budget (OMB) methodologies. Instead, the baseline estimates are constructed by following very precise legislative language requiring OMB to use specific assumptions in estimating budgetary resources, outlays, and receipts.

Under the Act, the Director of OMB determines each year whether or not sequestration is necessary and, if so, the magnitude of the sequester. The Congressional Budget Office (CBO) plays an advisory role in this process. Each year, the two agencies are required to prepare independently two sets of sequestration reports. The CBO reports are transmitted to the Director of OMB and to Congress, and they provide a basis for comparison against which Congress and others may assess the OMB reports. The OMB reports are made to the President and to Congress, and they provide the basis for sequestration orders to be issued by the President. The timetable for the OMB and CBO

reports and Presidential orders for 1989 is as follows:

<u>Report or Order</u>	<u>Date</u>
Snapshot date for initial OMB and CBO reports.....	August 15th
Initial CBO report.....	August 20th
Initial OMB report.....	August 25th
Initial Presidential order.....	August 25th
Revised CBO report.....	October 11th <u>1/</u>
Revised OMB report.....	October 15th
Final Presidential order.....	October 15th

1/ The statutory date for the revised CBO report is October 10th, which is a legal holiday in 1988. The report was, therefore, submitted on the following day, as prescribed by the Act.

The initial OMB and CBO sequestration reports were based on laws enacted and final regulations promulgated as of a common "snapshot date" of August 15th. In contrast, the revised reports must be based on laws enacted and final regulations promulgated by the latest possible date before the reports are issued. Since the CBO report was issued four days before this OMB report, the second "snapshot date" is different in the final reports of the two agencies. Thus, because they were enacted or promulgated after CBO's snapshot date, the Family Support Act of 1988 and the Agriculture Department's recently promulgated final regulations for farm price support programs are reflected in this report but are not reflected in the CBO report.

As required by the Act, OMB issued estimates of the G-R-H baseline deficit in its initial report on August 25th. CBO issued its revised report to the Director of OMB and Congress on October 11th. The next step in the G-R-H process is the issuance of this report, which the Director of OMB provides to the President and Congress.

As required by the Act, this report:

- Estimates the 1989 baseline deficit, using the economic and technical assumptions OMB used in the Mid-Session Review and August 25th report;
- Estimates the effect of legislation enacted or final regulations promulgated since January 1, 1988, on the baseline deficit;

- Calculates whether a sequester is required; and
- Presents and explains significant differences between the estimates in this report and the estimates CBO presented in its revised report.

Since this report indicates that no reductions are required under the Act for 1989, the President's final order, also to be issued today (October 15, 1988), will state that no sequester is required for 1989.

G-R-H BASELINE TOTALS FOR 1989

As shown in Table 1, OMB's current baseline deficit estimate for 1989 is \$145.5 billion -- \$0.5 billion below the \$146 billion level that would trigger a sequester. G-R-H baseline revenues are estimated at \$973.5 billion, and G-R-H baseline outlays are estimated to total \$1,119.0 billion. These estimates are made in accordance with the specifications set forth in the Act. The budget baseline estimates shown in this report reflect legislation enacted and regulations promulgated as final by October 15, 1988. They assume that current law for revenues and spending authority (including most entitlements) will continue unchanged, except that expiring provisions of law providing revenues and spending authority are assumed to terminate as scheduled. ^{1/}

The revised baseline estimates for discretionary spending accounts are based on enacted appropriations for 1989. As required by the Act, the baseline estimates include the receipts and outlays of the off-budget social security trust funds, but social security benefits themselves are exempt from sequestration.

As discussed in our initial report, OMB's estimate of the baseline deficit is further affected by two specific requirements of the Act. First, the Act specifically requires that in developing the G-R-H baseline the Director of OMB shall assume that the aggregate spendout rate (the ratio of new outlays to new budgetary resources) from sequesterable discretionary resources for defense programs not differ by more than one-half percentage point from the comparable rates contained in the sequester report submitted for the previous fiscal year. The Act applies the same requirement to nondefense programs.

The estimates for defense programs meet this requirement. To meet this Congressionally-imposed constraint for nondefense programs, an adjustment from our normal spendout rate methodology had to be made. Thus, an increase in outlays from new budgetary resources in the amount of \$0.6 billion was added to our normal calculations in the Initial Report in order to bring the aggregate spendout rate to within one-half percentage point of the benchmark

^{1/} The Act requires exceptions to the expiring-provision assumption for excise taxes dedicated to a trust fund (but not for spending authority in that trust fund), for Commodity Credit Corporation price support programs, for contract authority for transportation trust funds, and for authority to provide insurance through the Federal Housing Administration fund.

rate. As a result of legislation enacted subsequent to the August 15th snapshot date for the Initial Report, the adjustment required to meet the aggregate spendout rate provision for nondefense programs has been increased to \$1.1 billion.

Table 1.--G-R-H Baseline Totals for 1989
(in billions of dollars)

	Laws and regulations in effect as of		
	<u>January 1, 1988</u>	<u>August 15, 1988</u>	<u>October 15, 1988</u>
Receipts.....	973.4	973.8	973.5
Outlays.....	<u>1,113.7</u>	<u>1,117.8</u>	<u>1,119.0</u>
Deficit.....	140.3	144.0	145.5

NOTE: All estimates shown reflect the economic and technical assumptions used in the Mid-Session Review of the 1989 Budget. Based on the economic and technical assumptions in the President's February Budget, the estimates under laws and regulations in effect as of January 1, 1988 were as follows: Receipts of \$964.6 billion; outlays of \$1,107.4 billion; and a deficit of \$142.7 billion.

Second, the Act requires that certain outlays for medicare in the current baseline not differ for technical or economic reasons by more than one percent from the comparable level published in the current services baseline in February. The most up-to-date information available for these programs at the time of the Mid-Session Review resulted in estimates that slightly exceeded this one percent rule. To meet the requirements of the Act, a separate adjustment for the G-R-H medicare requirement was added to the baseline. This adjustment reduced outlays in the medicare function and the baseline outlay and deficit totals by \$0.3 billion. This adjustment was also in the Initial Report and is in this report.

NET DEFICIT REDUCTION ACHIEVED SINCE JANUARY

Estimates of the G-R-H baseline based on laws enacted, and regulations promulgated as final, by January 1, 1988, produce a G-R-H baseline deficit of \$140.3 billion. ^{2/} Table 2 shows the impact on this deficit estimate of legislation enacted and regulations promulgated as final since January. In total, these policy changes have increased the baseline deficit by \$5.2 billion. The Disaster Assistance Act of 1988, which increased the baseline deficit by \$3.9 billion, was primarily responsible for the increase in the baseline deficit between January 1, 1988, and August 15, 1988, the snapshot date used for the G-R-H baseline estimates in the Initial Sequester Report. Since August 15, 1988, further changes increased the baseline deficit by \$1.4 billion. The twelve annual appropriations bills enacted between August 15th and October 1st increased the baseline deficit by \$0.3 billion. Spending for domestic programs was increased by \$1.1 billion while spending for national defense and international affairs programs was reduced by \$0.6 and \$0.3 billion, respectively. The Omnibus Trade and Competitiveness Act of 1988, which provides an expanded trade adjustment assistance entitlement and reduces tariff revenues, increased the baseline deficit by \$0.3 billion. The Hunger Prevention Act of 1988, which provides increases for food stamps, child nutrition, and emergency feeding, also increased the baseline deficit by \$0.3 billion. Four final regulations affecting medicare issued by the Department of Health and Human Services increased the baseline deficit by \$0.1 billion, but were nearly offset by two final regulations affecting farm price supports issued by the Department of Agriculture.

Legislation enacted since August 15th has resulted in a lower aggregate spendout rate from sequesterable nondefense discretionary resources than was implicit in the Initial Sequester Report. This is due primarily to enactment of an obligation limitation on the conservation reserve program, which reduces spending from new budget authority, and the enactment of a restraint on the space station program, which delays the obligation of funds until midway through 1989. The net effect of such spendout rate changes is an increase of \$0.4 billion in the adjustment needed to meet the aggregate spendout rate requirement of the G-R-H Act. ^{3/}

^{2/} January law estimates are based on the same economic and technical assumptions used for the Mid-Session Review.

^{3/} The spendout rate requirement is discussed in the previous section.

Table 2.--Differences Between January Law and October Law
G-R-H Baseline Deficits for 1989
(in billions of dollars)

January 1st Law Baseline Deficit 1/.....	140.3
Legislation enacted between January 1st and August 15, 1988:	
Disaster Assistance Act of 1988 (P.L. 100-387).....	3.9
Other.....	<u>0.2</u>
Subtotal, legislation enacted January 1st August 15th.....	4.2
Other 2/.....	<u>-0.4</u>
Subtotal, change from January 1st law to August 15th law.....	<u>3.7</u>
August 15th Law Baseline Deficit.....	144.0
Legislation enacted since August 15, 1988:	
Appropriations action:	
National defense.....	-0.6
International affairs.....	-0.3
Domestic.....	1.1
Impact of enacted Federal employee pay raise.....	<u>0.1</u>
Subtotal, appropriations action.....	0.3
Direct spending legislation:	
Omnibus Trade and Competitiveness Act of 1988.....	0.3
Hunger Prevention Act of 1988.....	0.3
Other.....	*
Subtotal, direct spending legislation.....	<u>0.7</u>
Subtotal, legislation enacted since August 15th.....	1.0
Final regulations:	
Medicare.....	0.1
Farm price supports.....	<u>-0.1</u>
Subtotal, final regulations.....	*
Impact of Congressional action on the adjustment for aggregate spendout rate.....	0.4
Debt service (interest).....	<u>0.1</u>
Subtotal, change from August 15th law to current law.....	1.4
Current Law Baseline Deficit.....	145.5

* \$50 million or less.

1/ January law estimates are based on the same economic and technical assumptions used for the Mid-Session Review.

2/ Debt service and the impact of congressional action on the adjustment for aggregate spendout rate.

ECONOMIC ASSUMPTIONS

The principal economic assumptions underlying the G-R-H baseline estimates for 1989 are shown in Table 3. As required by the Act, these are the same assumptions used by OMB for its August 25th initial report. They were also used for the Mid-Session Review of the 1989 Budget.

The Act requires the OMB Director to estimate the rate of real GNP growth for each quarter of fiscal year 1989, and for the last two quarters of fiscal year 1988. These estimates are shown in Table 4. If either OMB or CBO projects real economic growth to be less than zero for any two consecutive quarters, or if the Department of Commerce reports actual real growth to have been less than one percent for two consecutive quarters, Congress may suspend many of the provisions of the Act. Neither OMB nor CBO projects real economic growth to be less than zero in any quarter during 1988 or 1989.

Table 3.--Economic Assumptions
(Fiscal Year 1989)

Gross National Product:	
Current dollars (in billions of dollars).....	5,039
Percent change, year over year.....	7.0
Constant (1982) dollars (in billions of dollars).....	4,046
Percent change, year over year.....	3.1
GNP Implicit Price Deflator (percent change, year over year).....	3.8
CPI-W (percent change, year over year).....	4.2
Civilian Unemployment Rate (percent, fiscal year average).....	5.4
Interest Rates (fiscal year average):	
91-day Treasury bills.....	5.6
10-year Treasury notes.....	8.2

Table 4.--Real Economic Growth Rates by Quarter
(in percents, annual rates)

FY 1988			FY 1989 Estimates			
Actual		Estimate	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
1988 a/	1988 b/	1988	1988	1989	1989	1989
3.6	2.6	2.9	2.9	3.3	3.3	3.3

a/ As reported by the Department of Commerce (June 23, 1988) and published in the Mid-Session Review of the 1989 Budget. Subsequently, the Department of Commerce revised the "actual" for January - March 1988 to 3.4 percent. Pursuant to the Act, OMB may not update the Mid-Session figure for purposes of estimating the G-R-H baseline.

b/ On September 20, 1988, the Department of Commerce reported a revised preliminary "actual" for April June 1988 of 3.0 percent.

COMPOSITION OF G-R-H BASELINE OUTLAYS

Table 5 provides further detail on the G-R-H baseline outlay estimates for 1989. An estimated \$107.6 billion of 1989 outlays for defense programs, or 37 percent of total defense outlays, are associated with budgetary resources subject to an across-the-board percentage reduction. This figure excludes outlays from military personnel accounts. Under the Act, the President is granted authority, which he notified Congress he intended to use if there were to be a sequester this year, to exempt all military personnel accounts from such sequester.

An estimated \$218.2 billion of outlays for nondefense programs, or 26 percent of total nondefense outlays, are associated with sequesterable budgetary resources. About \$110.2 billion of these outlays, or 13 percent of total nondefense outlays, are associated with programs with automatic spending increases and certain special rule programs, the largest of which is medicare. The Act limits the extent of spending reductions for these programs.

Of the total estimated 1989 nondefense outlays of \$825.9 billion, an estimated \$108.0 billion -- about 13 percent of nondefense outlays -- are associated with budgetary resources subject to an across-the-board percentage reduction. ^{4/}

An estimated \$607.7 billion of nondefense outlays, or 74 percent of total nondefense outlays, are exempt from sequestration.

For defense and nondefense programs combined, an estimated \$793.2 billion in outlays, or 71 percent of total outlays, are associated with budgetary resources exempt from sequestration.

^{4/} The estimated \$108.0 billion nondefense total subject to across-the-board reduction shown in Table 5 excludes \$6.0 billion of 1990 outlays for CCC that would also have been subject to a 1989 sequester.

Table 5.--Composition of G-R-H Baseline Outlay Estimates for 1989
(dollar amounts in billions)

	<u>Estimate</u>	<u>Percent of Total</u>
Defense Programs a/:		
Subject to across-the-board reduction b/....	107.6	9.6
Exempt from sequestration c/.....	<u>185.5</u>	<u>16.6</u>
Subtotal, defense programs.....	293.1	26.2
Nondefense Programs:		
Subject to sequestration:		
Certain programs with automatic spending increases and special food stamps provision d/.....	1.3	0.1
Certain special rule programs e/.....	108.9	9.7
Subject to across-the-board reductions f/.	<u>108.0</u>	<u>9.7</u>
Subtotal, subject to sequestration.	218.2	19.5
Exempt from sequestration:		
Social security.....	230.6	20.6
Federal retirement, disability, and workers compensation.....	62.0	5.5
Earned income tax credit.....	3.8	0.3
Low-income programs g/.....	75.6	6.8
Veterans compensation and pensions.....	14.9	1.3
State unemployment benefits.....	13.3	1.2
Offsetting receipts and collections.....	-62.0	-5.5
Net interest.....	157.6	14.1
Other h/.....	<u>111.9</u>	<u>10.0</u>
Subtotal, exempt from sequestration	<u>607.7</u>	<u>54.3</u>
Subtotal, nondefense programs.....	<u>825.9</u>	<u>73.8</u>
Total.....	<u>1,119.0</u>	<u>100.0</u>

a/ Budget function 050, excluding FEMA programs.

b/ Excludes military personnel accounts exempted by Presidential authority.

c/ Largely outlays from military personnel accounts, which were exempted by Presidential authority, and outlays from obligated balances.

d/ National Wool Act, special milk, and vocational rehabilitation programs and a special one-time provision for the food stamps program. Includes \$48 million under G-R-H rules for a 4.5 percent automatic spending increase for vocational rehabilitation State grants.

e/ Guaranteed student loans, foster care and adoption assistance, medicare, veterans medical care, and other health programs.

f/ Excludes \$6.0 billion in estimated 1990 outlays for the Commodity Credit Corporation (CCC) that would also have been subject to a 1989 sequester.

g/ Family support payments, child nutrition, medicaid, food stamps, SSI, and WIC.

h/ Outlays from prior-year appropriations, certain prior legal obligations, and other exempt programs.

COMPARISONS WITH CONGRESSIONAL BUDGET OFFICE ESTIMATES

The Director of CBO issued his final sequester report on October 11th showing an estimate of \$151.8 billion for the G-R-H baseline deficit for 1989. As shown in Table 6, CBO and OMB differ by \$6.4 billion in their estimates of this baseline deficit. While OMB estimates show that the deficit is below the \$146 billion trigger for sequestration, the CBO estimate is \$5.8 billion above the trigger, which would require outlay reductions of \$15.8 billion. This \$6.4 billion difference is small, amounting to less than three quarters of 1 percent of either the G-R-H total receipt or outlay estimate.

Because the Act required CBO to complete its revised report four days before OMB, CBO estimates do not include the Family Support Act of 1988, which was signed into law after its estimates were completed, while the law is reflected in OMB estimates. OMB estimates that this legislation decreases the G-R-H baseline deficit by \$0.1 billion. In addition, CBO estimates do not reflect two final regulations affecting farm price supports, which were issued by the Department of Agriculture after the CBO report was completed. OMB estimates that these regulations, on net, reduce the baseline deficit by \$0.1 billion.

The difference between OMB and CBO economic assumptions accounts for \$5.0 billion of the difference between the baseline deficit estimates. The CBO forecast includes higher interest, unemployment, and inflation rates than the OMB forecast. Technical estimating differences result in an additional \$2.0 billion difference in the baseline deficit estimates. These differences are the net effect of a \$2.3 billion increase in baseline receipts under CBO technical assumptions relative to OMB estimates, which is more than offset by a \$4.2 billion increase in baseline outlay estimates, principally for national defense and aid to thrift and banking institutions. For national defense, CBO estimates \$4.7 billion more in outlays than OMB primarily due to faster spendout rates from new budgetary resources. Differences for the Federal Deposit Insurance Corporation and Federal Savings and Loan Insurance Corporation are in large part due to different assumptions about the timing of problem case resolution, with CBO assuming less aid will be given in 1988 and more in 1989. Accounting differences in the classification of Nuclear Regulatory Commission user fees and certain customs fees have no effect on the baseline deficit but reduce CBO estimates of both baseline receipts and baseline outlays below the OMB estimates by \$0.3 billion. Finally, two adjustments required by law of OMB baseline estimates, which are discussed in the section on G-R-H baseline totals, do not affect the CBO estimates. On net, the adjustments increase the OMB G-R-H baseline outlay and deficit estimates by \$0.8 billion.

Because OMB and CBO differ in their estimates of the baseline deficit, they also differ in their estimate of the need for a sequester and required outlay reductions. OMB estimates no sequester of budgetary resources or required outlay reductions. CBO, however, estimates required outlay reductions totalling \$15.8 billion (\$7.9 billion each for defense programs and for nondefense programs). CBO's estimate of required reductions in budgetary resources is \$47.5 billion (\$18.0 billion for defense programs and \$29.5 billion for nondefense programs). Similarly, since OMB estimates that no

outlay reductions are required, no budgetary resource reductions are estimated using CBO's technical assumptions with OMB's aggregate outlay reduction amount (a calculation required by Section 251(a)(2)(B)(ii) of the Act whether or not a sequester is required).

Summary tables showing the baseline budget authority and outlay estimates by agency and by function follow this section.

Table 6.--Differences Between OMB and CBO G-R-H Baselines
(in billions of dollars)

	<u>Outlays</u>	<u>Receipts</u>	<u>Deficit</u>
OMB Baseline.....	1,119.0	973.5	145.5
Differences:			
Economic:			
Interest Rates.....	6.2	0.7	5.5
Other (including debt service).....	<u>2.8</u>	<u>3.3</u>	<u>-0.5</u>
Subtotal, economic.....	9.0	4.0	5.0
Technical:			
National defense.....	4.7	---	4.7
Federal Deposit Insurance Corporation and Federal Savings and Loan Insurance Corporation.....	3.1	---	3.1
Other.....	<u>-3.6</u>	<u>2.3</u>	<u>-5.8</u>
Subtotal, technical.....	4.2	2.3	2.0
Accounting:			
Nuclear Regulatory Commission fees and customs receipts.....	-0.3	-0.3	---
Required adjustments in the OMB baseline:			
Aggregate spendout rate requirement....	-1.1	---	-1.1
Medicare one percent rule.....	<u>0.3</u>	<u>---</u>	<u>0.3</u>
Subtotal, required adjustments in the OMB baseline.....	-0.8	---	-0.8
Legislation enacted and final regulations promulgated after CBO estimates were completed:			
Farm price support regulations.....	0.1	---	0.1
Family Support Act of 1988.....	<u>*</u>	<u>-0.1</u>	<u>0.1</u>
Subtotal, policy changes after CBO estimates completed.....	<u>0.1</u>	<u>-0.1</u>	<u>0.2</u>
Total differences.....	12.3	5.9	6.4
CBO Baseline.....	1131.3	979.4	151.8

* \$50 million or less.

TABLE 7.--G-R-H Baseline Spending Estimates for 1989 by Function
(in billions of dollars)

<u>Function</u>	<u>Budget Authority</u>	<u>Outlays</u>
National defense.....	299.1	293.4
International affairs.....	16.4	15.7
General science, space, and technology.....	12.8	12.3
Energy.....	5.6	4.9
Natural resources and environment.....	16.7	16.6
Agriculture.....	22.9	20.9
Commerce and housing credit.	15.8	11.6
Transportation.....	28.9	28.1
Community and regional development.....	6.8	6.6
Education, training, employ- ment, and social services..	36.3	35.9
Health.....	50.4	49.5
Medicare.....	106.2	86.3
Income security.....	176.7	135.9
Social security.....	283.6	232.6
Veterans benefits and services.....	29.3	29.0
Administration of justice...	9.0	8.8
General government.....	9.8	9.4
Net Interest.....	157.6	157.6
Allowances.....	---	1.1
Undistributed offsetting receipts.....	<u>-37.1</u>	<u>-37.1</u>
Total.....	1,246.8	1,119.0

Table 8.--G-R-H Baseline Spending Estimates for 1989 by Agency
(in billions of dollars)

<u>Department or Other Unit</u>	<u>Budget Authority</u>	<u>Outlays</u>
Legislative Branch.....	2.0	2.0
The Judiciary.....	1.4	1.4
Executive Office of the President.....	0.1	0.1
Funds Appropriated to the President.....	10.4	11.0
Agriculture.....	57.0	52.6
Commerce.....	2.7	2.7
Defense-Military.....	290.4	284.9
Defense-Civil.....	38.4	23.6
Education.....	21.8	20.6
Energy.....	11.7	11.3
Health and Human Services, except Social Security.....	194.2	173.6
Health and Human Services, Social Security.....	278.1	227.0
Housing and Urban Development.....	14.8	20.5
Interior.....	5.4	5.4
Justice.....	5.7	5.6
Labor.....	31.6	22.5
State.....	3.9	3.4
Transportation.....	28.0	27.2
Treasury.....	218.7	218.4
Environmental Protection Agency.....	5.1	5.1
General Services Administration.....	0.1	—*
National Aeronautics and Space Administration.....	10.8	10.4
Office of Personnel Management.....	50.9	30.9
Small Business Administration.....	0.4	0.4
Veterans Administration.....	29.2	28.9
Other independent agencies..	21.7	16.0
Allowances.....	---	1.1
Undistributed offsetting receipts.....	<u>-87.6</u>	<u>-87.6</u>
Total.....	1,246.8	1,119.0

* \$50 million or less.