FUNCTION 800: GENERAL GOVERNMENT

FUNCTION SUMMARY

Function 800 consists of the activities of the Legislative Branch, the Executive Office of the President, U.S. Treasury fiscal operations (including the Internal Revenue Service), personnel and property management, and general purpose fiscal assistance to states, localities, and U.S. territories.

In 1998, spending for Function 800 will be $14.5 billion in BA and $14.3 billion in outlays, which is a 14 percent increase over the 1997 spending level. Discretionary spending represents 86 percent of total spending in this function. About 62 percent of discretionary spending, or $7.8 billion in 1998, is for the Internal Revenue Service. 16 percent of discretionary spending is for the Legislative branch, and 5 percent is for the Executive Office of the President. Over half the mandatory spending is for the Treasury claims fund, and the remainder is primarily payments to states, localities, and Puerto Rico.

As reflected in the spending summary table, under the freeze baseline, Function 800 will increase by 2.9 percent from 1998 to 2003. Mandatory spending includes $1.5 billion in every year over this period for payments to savings and loans institutions (S&Ls) out of the Treasury claims fund. Two years ago, the Supreme Court ruled that a 1989 federal law broke a contract between an S&L and the Federal Savings and Loan Insurance Corporation (FSLIC). During the 1980s, the FSLIC encouraged healthy S&Ls to buy ailing ones with the promise that the buyer could employ a favorable accounting treatment of “supervisory goodwill.” The 1989 law reversed this agreement, causing many S&Ls to fail. This ruling could cost the Federal government up to $20 billion.

Last year’s BBA assumed discretionary savings of $4.1 billion over 1999-2003 compared with the 1998 level. Savings were assumed to be achieved by reducing discretionary spending for the District of Columbia, the IRS, the Federal Buildings Fund, and several other bureaus and agencies. Mandatory savings of $540 million were achieved from selling Governor’s Island and the air rights above Union Station.

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SPENDING SUMMARY
($ billions)

		1998	1999	2000	2001	2002	2003
Chairman's	BA	14.5	14.4	13.9	13.6	13.4	13.5
Mark	OT	14.3	13.4	13.8	13.8	13.6	13.5
BBA	BA	14.5	14.7	14.2	13.8	13.7	14.1
	OT	14.3	14.6	14.9	14.2	13.7	14.1
Freeze	BA	14.5	14.8	14.8	14.8	14.8	14.8
Baseline	OT	14.3	14.1	14.5	14.5	14.5	14.5
Chairman's Mark compared to:							
BBA	BA	--	-0.3	-0.3	-0.2	-0.3	-0.6
	OT	--	-1.2	-1.1	-0.4	-0.1	-0.6
Freeze	BA	--	-0.4	-0.9	-1.2	-1.3	-1.3
Baseline	OT	--	-0.7	-0.7	-0.7	-0.9	-1.0

DESCRIPTION OF THE CHAIRMAN'S MARK

The Chairman's Mark 1999 proposes discretionary spending in 1999 of $12.0 billion in BA and $11.1 billion in outlays. This represents a decrease from 1998 of $0.4 billion in BA or 3 percent, and $1.2 billion in outlays or 10 percent. The Chairman's Mark does not change mandatory spending, which will total $1.9 billion in 1999.

Overall, the Chairman's Mark proposes to spend $1.7 billion less over five years compared with the BBA, and $5.1 billion less over five years compared with a freeze. The Chairman's Mark proposes the following major changes:

- $457 million in 1999 for the **Federal Buildings Fund**, an increase of $500 million over a freeze. The additional money will fund 14 new **courthouses**, the amount recommended by the Judicial Conference in its latest Five Year Courthouse Plan. The overall level of the Federal Buildings Fund in 1999 will also support the President's request for increased repairs and alterations. For 1998, courthouse construction was delayed and repairs and alterations were scaled back due to an overall shortfall in the Federal Buildings Fund;

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- $7.3 billion in 1999 for the **IRS**, a decrease of 6 percent below a freeze. This amount is $240 million above the 1997 level. IRS funding has increased by 71 percent in *real* terms since 1981. In addition, the National Commission on Restructuring the IRS has identified ways to save money, such as encouraging electronic filing;

- $15 million in 1999 for the **U.S. Mint**, a decrease of 87 percent below a freeze. This is the same amount of funding recommended by the President. The reduction is possible because the Mint is expected to make fewer capital acquisitions in 1999;

- $631 million in 1999 for the **District of Columbia**, a decrease of 23 percent below a freeze. All of this reduction is due to the one-time transition payment the District received in 1998 as part of the Federal bailout. The Chairman's Mark accommodates the increased federal responsibilities assumed in last year's bailout. As a result of this support, the District is now projecting continuing surpluses rather than deficits;

- A repeal of the General Services Agency's provision requiring agencies to purchase alternative fuel vehicles. This change would save $70 million in 1999.

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