The President's Budget for FY 2002

Final Review and Analysis

Senate Budget Committee Democratic Staff
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Social Security and Medicare Are Not Protected in President Bush's Tax Cut Masquerading as a Budget

- **The Bush budget breaks the consensus that all of the Social Security and Medicare Hospital Insurance (HI) surpluses should be preserved for those programs and used to pay down the debt**. The President proposes that $1.1 trillion of the $3.1 trillion Social Security and Medicare HI surpluses should instead be used for other, largely unspecified, purposes.

- **The Bush budget is not a real budget – it is a tax cut masquerading as a budget**. The budget specifically calls for a $2 trillion tax cut (including increased interest costs resulting from the tax cut) that disproportionately benefits the wealthiest one percent of Americans but ducks the responsibility to detail other priorities, simply pretending all other national needs can be funded out of a pot of "reserve" funds.

- **The Bush budget avoids details because those details would show clearly that the numbers don't add up. We simply cannot afford such a large tax cut and still eliminate the debt and meet high priority national needs.** When properly accounted for, the $1.4 trillion "reserve" the Bush budget says is available to meet "additional needs" (everything other than the tax cut) would not even cover the costs of maintaining current policies that everyone knows will be maintained but are not recognized in the Bush budget – extending popular expiring tax credits, keeping the alternative minimum tax from affecting millions of additional taxpayers, and maintaining the current level of support for struggling farmers – much less the costs of new policy initiatives, such as a missile defense system, that the President proposed during the campaign.

The President's Budget Framework

The Administration estimates that surpluses will total $5.6 trillion in fiscal years 2002 through 2011. Of those surpluses, $2.6 trillion is in the Social Security trust funds and $500 billion is in the Medicare Hospital Insurance (HI) Trust Fund.

These trust fund resources have already been promised to future seniors to pay future benefits. Without protections, Social Security surpluses can and will be raided for Social Security privatization, oversized tax cuts, or new spending. A raid on the trust fund will result in tax increases on future workers or dramatic increases in public debt after the baby boomers retire.

The remaining surplus of slightly more than $3 trillion would be devoted primarily to a massive tax cut. The Administration estimates that the tax cut will cost $1.6 trillion over the next decade, but just taking into account the resulting increase in federal interest costs pushes that amount up to $2 trillion. The cost is likely to be even higher when the Joint Committee on Taxation estimates the President's tax proposals. In addition, other costs that are not reflected in the President's budget – such as the cost of accelerating proposed rate reductions, extending expiring tax credits, and reforming the alternative minimum tax – would raise the cost even higher.

Table 1: The President's FY 2002 Budget Framework

($ billions)	2002-11
Projected total surplus	**5,644**
Social Security surplus reserved to pay down debt	-2,000
Social Security surplus not reserved	-591
Remaining surplus	**3,053**
Allocation of surplus:	
Bush tax cut	-1,990
Tax cut changes	*-1,620*
Interest on tax cuts	*-370*
Prescription drug benefit	-153
Discretionary spending adds	-30
Mandatory cuts (net)	+9
Contingency spending fund	-842
Interest costs on spending policy	-47
Total changes	-3,053
Remaining surplus	**0**

Non-tax policy proposals are much more modest. The President proposes to spend $153 billion over ten years for a Medicare prescription drug benefit and Medicare reform and to reduce spending for other mandatory programs by a net of $9 billion (including a $17 billion cut in Medicaid and the State Child Health Insurance Program).

This leaves $842 billion in a so-called "reserve" that the President says could be used to meet "additional" needs that are not specifically addressed in his budget – such as a missile defense system. But this includes $526 billion in Medicare HI surpluses. When you exclude the Medicare surplus and take into account the costs of simply maintaining current policies in regards to expiring tax credits, the alternative minimum tax, and aid to distressed farmers, the reserve fund is more than used up. That means no funds would be available to meet any additional needs unless further cuts are made in other programs or less debt is paid down. And it means no funds are available to help strengthen Social Security.

Trust Funds

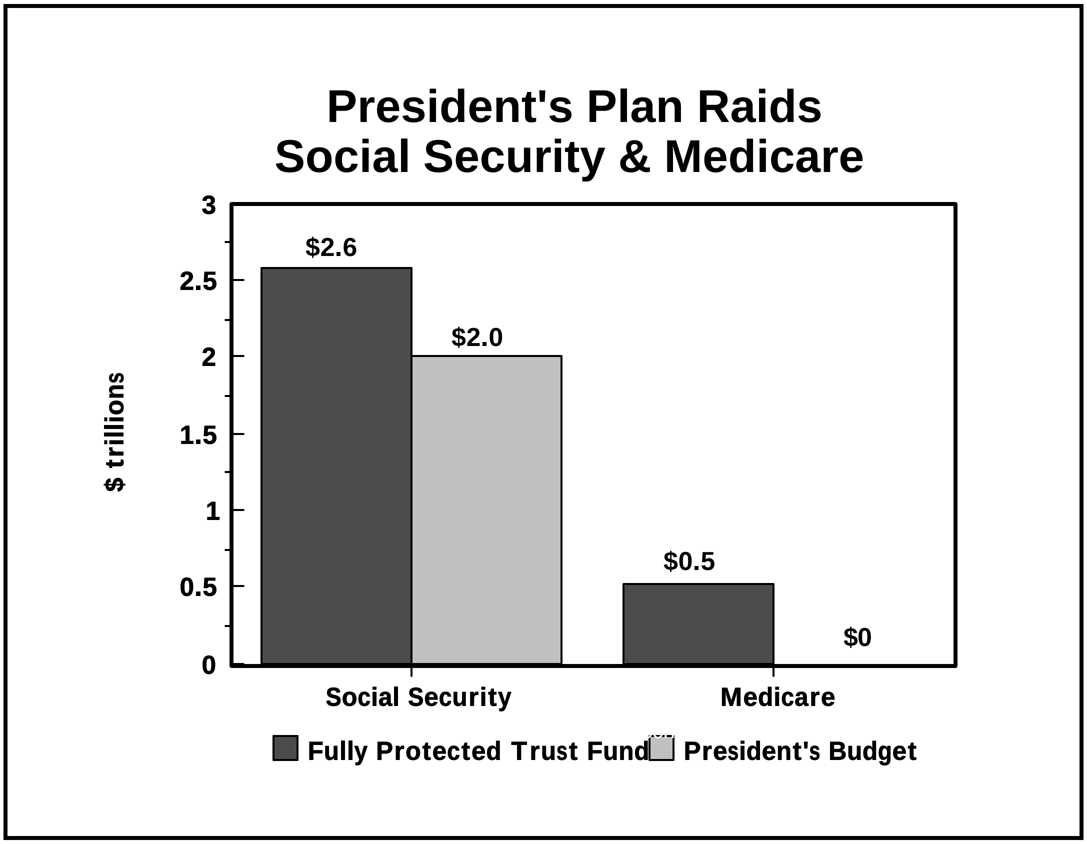
Although the budget claims that all of the Social Security trust fund surpluses have been preserved for Social Security, the President has departed dramatically from the position supported by Congressional Republicans and Democrats that the entire $2.6 trillion surplus should be locked away for debt reduction. The President proposes using $2 trillion of the surplus for that purpose but takes the remaining $600 billion of the surplus and sets it aside to partially privatize Social Security.

For the last several years, Republicans and Democrats alike have consistently argued that every penny of the Social Security surplus should be set aside for debt reduction. In votes taken last week in the House and last June in the Senate, 407 House Members and 98 Senate Members voted to lock up Social Security and Medicare surpluses for debt reduction and to free up future budget resources for the retirement of the baby boom generation. Key Republicans have gone so far as to take credit for the "lockbox" concept. Yet, by proposing to raid the Social Security surplus to fund private Social Security accounts, the Bush budget fails to meet the lockbox test.

It is appropriate to consider setting aside some of the non-Social Security surpluses to help deal with the long-term retirement problem, but all of the Social Security surpluses are needed to meet currently promised Social Security benefits.

The Bush budget goes even further in the case of Medicare, using an accounting gimmick to claim there is no Medicare surplus so that the surpluses could be included in their "reserve" that is supposed to be available to meet "additional" needs. Despite the Administration's claim that there is no Medicare surplus, the nonpartisan Congressional Budget Office projects that the Medicare HI and Supplementary Medical Insurance (SMI) trust funds will have a combined surplus of $405 billion in 2002 through 2011.

Although the Administration claims that the SMI fund has a massive deficit over the next 10 years (because it doesn't count the general fund support the program is due under current law), it actually estimates that the HI surplus is $526 billion, more than $100 billion higher than CBO estimates. All of that $526 billion should be set aside for Medicare and not be made available for purposes other than paying down the debt.



Tax Cuts

According to the Administration, the tax cut will cost $1.6 trillion over the next 10 years, more than 10 times the amount allocated for a Medicare prescription drug benefit and Medicare reform. But the Administration's estimate substantially understates the true cost of the tax cut. Just adding the nearly $400 billion in additional interest payments that will result from reducing revenues (thereby increasing debt relative to the baseline projections) increases the cost of the tax cut to $2.0 trillion.

But that $2 trillion almost certainly still understates the true cost of the Bush plan. The Joint Committee on Taxation (JCT) last year produced an estimate of the tax cut plan that was consistent with a $1.6 trillion cost. But conditions have changed since then. For instance, the Administration now includes additional tax incentives (such as tax credits related to the purchase of health insurance) in its plan that were not included in JCT's estimate last year. Furthermore, surplus estimates have increased largely because the Administration and CBO now believe incomes will be higher, which will increase federal revenues. The Bush proposals to cut rates will, therefore, almost certainly cost more than JCT estimated last year.

In addition to being very expensive, the Bush tax plan is not fair. Despite the Administration's boast that the plan gives the lowest income families the largest percentage reduction, the fact is that the very wealthiest Americans – the top one percent – will receive more than 40 percent of the benefits.

Paying Down the Debt

The Bush budget claims that $1.2 trillion of publicly held debt will not be available for redemption in 2011 because it will be composed of securities that have not yet matured and whose owners would demand payments of $50 billion to $150 billion greater than the value of the bonds to redeem them early. However, the $1.2 trillion figure greatly exaggerates the amount of such debt.

CBO estimates that the amount of debt that would be difficult to redeem will be $818 billion in 2011; Fed Chairman Greenspan put the figure at about $750 billion; and the official in charge of the successful debt buyback program in the Clinton Treasury puts it at $500 billion. The Administration's calculation assumes a passive Treasury that continues to issue notes and bonds that would mature beyond 2011 even as the debt is shrinking and a Treasury that takes no further action to buy back debt.

An aggressive Treasury that was interested in reducing the debt could take a number of actions to cut the amount of hard-to-redeem debt to half the Administration's figure without incurring unacceptable costs. These would include ceasing to issue longer-term debt, continuing a prudent buyback program, and repurchasing nonmarketable debt such as savings bonds and Treasury securities held by the Thrift Savings Plan.

Reserve Fund for Additional Needs

The Bush budget claims to create "an unprecedented $1.4 trillion reserve for additional needs, debt service, and contingencies." Realistically, however, none of that $1.4 trillion will be available for any unspecified new policy initiatives.

First, $153 billion of this reserve has been committed to pay for a Medicare prescription drug benefit and for Medicare reform. An additional $21 billion goes to pay for other spending proposals in the Bush budget. And more than $400 billion goes to pay the increased interest costs that will result from the President's specified tax and spending proposals (most of the cost stems from the tax cut). The increased interest costs flow directly from the proposals in the President's budget. They hardly qualify as "unforseen needs or ... programmatic reforms that are needed to shore up the long-term economic and fiscal outlook" that the budget claims the reserve is for.

The remaining $842 billion still does not represent a real reserve. More than $500 billion of this comes from the Medicare HI surplus that the Congress has agreed should be set aside just for

Medicare and debt reduction. And the remaining amount would not even be enough to cover the costs of maintaining current policies that everyone knows will be maintained but that are not assumed in the Bush budget – permanently extending popular expiring tax credits, making sure the alternative minimum tax does not affect an ever-growing share of taxpayers, and maintaining payments to distressed farmers at current levels instead of allowing them to fall dramatically.

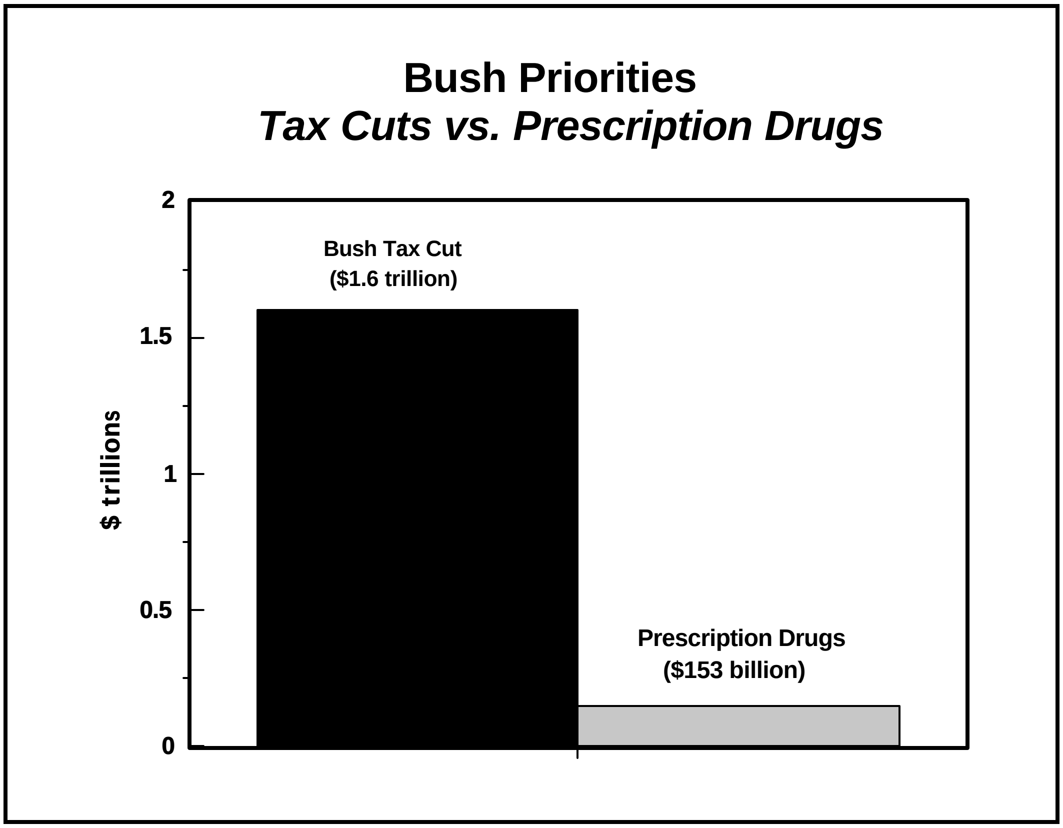
Once the Medicare HI trust fund is set aside and the cost of maintaining these current policies is taken into account, the "reserve" is more than $200 billion in deficit. Obviously, there is nothing left to help strengthen Social Security in the long run, to provide for national security requirements (including missile defense), or to provide a hedge against uncertainty.

Table 2: Reserve Fund in the President's FY 2002 Budget

($ billions)	2002-11
Reserve for additional needs	**1,433**
Medicare reform and helping hand	-153
Additional spending (net)	-21
Interest on tax cut and spending	-417
Remaining contingency fund	**842**
Remove Medicare trust fund	-526
Extenders	-41
AMT	-308
Agriculture spending	-100
Interest on adds	-95
Fund balance	**-228**
Other possible demands on the Bush "reserve"	
Social Security resources for the long term	???
National security requirements including missile defense	???
Hedge for uncertainty	???

Prescription Drugs and Medicare Reform

The Bush budget allocates $153 billion over the next decade for a prescription drug benefit and unspecified Medicare reform. That is less than one-tenth the amount that is allocated for the Bush tax cut, and less than one-fourth of the amount of benefits from the tax cut that go to just the one percent of taxpayers with the highest incomes.



The President's proposal comprises two parts: $43 billion in grants to states over the next four years to help them cover costs of a prescription drug benefit for low-income Medicare beneficiaries and to provide catastrophic coverage for all seniors with high out-of-pocket drug costs (this is called the "Immediate Helping Hand"), and an additional $110 billion to pay for Medicare reform and a comprehensive Medicare prescription drug benefit.

The President's "Immediate Helping Hand" proposal fails to extend basic prescription drug coverage to the nearly 25 million uncovered beneficiaries who do not qualify as low-income. In addition, states vary widely in terms of the types of drugs covered, numbers of prescriptions filled, and access to needed drugs and pharmacies. Furthermore, the effort that would go into enacting and implementing this temporary four-year program could detract from efforts to enact a permanent prescription drug benefit in Medicare.

The Bush proposal for a Medicare prescription drug benefit and Medicare reform is underfunded, even compared to other Republican proposals. The Medicare prescription drug proposal put forward last year by House Republicans cost $213 billion over ten years. A reasonable, comprehensive plan that seniors would voluntarily purchase would cost between $250 billion and $400 billion over the next ten years. The cost of covering only the low-income population over the same period is approximately $180 billion.

Agriculture

The Bush budget largely ignores the problems of American farmers, not even providing for a continuation of the aid that has been provided in the last three years. On average, the Congress has provided roughly $10 billion a year in assistance to farmers over and above the amounts they would receive under the Freedom to Farm Act. Despite the fact that net farm income is projected to fall significantly in both 2001 and 2002, the Bush budget does not propose that this assistance be continued. It only offers the *possibility* that additional funds could be provided in 2002 and later years from the so-called "reserve" fund that does not actually have enough funds to meet all of the demands that are likely to be placed on it (see the section above on the budget Reserve).

The Bush budget also ignores the realities of rural America in proposing to end new loans by USDA's Rural Telephone Bank. This reflects the OMB Director's recent statement that such lending is no longer needed because "everybody's got a telephone" in rural America today. What the Administration apparently does not understand is that rural America continues to lag behind the rest of the nation in modernizing its telecommunications infrastructure. A continued government role is needed to ensure that rural residents are not left behind in the internet economy.

The budget assumes one other cut that would affect rural America – a nearly $1 billion reduction in the funds available for crop insurance over the next 10 years. But USDA and OMB have indicated that the Administration does not support the proposal, with the Secretary of Agriculture reportedly stating that the savings from this proposal were included in the budget as a result of a "typographical error". (See box below.)

Other Mandatory

The budget contains a small number of specific proposals affecting mandatory spending other than Medicare. Altogether, these proposals would reduce spending by about $9 billion.

The Administration estimates that new initiatives would increase outlays by almost $29 billion. More than $26 billion of that is attributable to proposals for refundable tax credits, primarily proposed new tax credits that are intended to help individuals and families without access to employer-provided health insurance to purchase insurance on their own. (Under existing budget concepts, the refundable part of a tax credit – the amount of a credit in excess of a taxpayer's tax liability – is recorded in the budget as an outlay not as a reduction in revenues.)

The Administration estimates that other proposals for changes in mandatory programs will save a total of $38 billion over the next 10 years. The largest single savings would come from changes in the Medicaid and State Children's Health Insurance Program (S-CHIP). The budget states that, "The Administration will also focus over the next few months on Medicaid and S-CHIP and recommend reforms that will improve the way these programs provide health care coverage to the poor and near-poor." The Administration assumes that these reforms will save $17 billion over the next 10 years.

The next largest savings would come from proposals involving Federal Communications Commission auctions of portions of the electromagnetic spectrum. The proposals are not detailed in the budget, but the budget assumes savings of nearly $9 billion over 10 years from the proposals.

Discretionary Spending

According to the Administration, the President's budget proposes discretionary appropriations for the next 10 years that would increase outlays by $30 billion above the levels that would result if appropriations were maintained at the fiscal year 2001 enacted level, adjusted for inflation. The Administration does not provide any breakdown of this 10-year estimate by program or even by function.

The Bush budget proposes $660.7 billion in budget authority for discretionary programs in 2002. Although this is $4.5 billion below what CBO says is needed to maintain the same level of services as in 2001, it is equal to the OMB current services baseline.

Table 3: The President's Discretionary Request in 2002 compared to Baseline

($ billions)	CBO Baseline	Bush Budget	Difference
Defense	321.8	324.9	+3.1
Nondefense	343.4	335.8	-7.6
Total discretionary	**665.2**	**660.7**	**-4.5**

Note: CBO baseline. OMB baseline for defense and nondefense budget authority not available.

While the budget calls for $324.9 billion for defense programs, which is an increase of $3.1 billion over the CBO baseline, it only provides $335.8 billion for nondefense programs, a cut of $7.6 billion below the level needed to maintain purchasing power for them.

For non-defense agencies, the budget includes increases over 2001, adjusted for inflation, of $1.8 billion for the Department of Education, $1.4 billion for Health and Human Services, and $100 million for the Social Services Administration, and $700 million for International Affairs programs. It also fully funds highway, mass transit, and aviation programs at the guaranteed authorized funding levels set out in TEA-21 and AIR-21. Funding for the Veterans Affairs is kept at last year's level. The budget also includes $5.6 billion for a new "national emergency reserve" for unforeseen disasters in 2002.

This means the remaining non-defense discretionary programs would be cut by $17.5 billion, or 9 percent, below the level needed to maintain services at the 2001 level. Examples of domestic cuts that could occur under a Bush budget include:

- A $1.5 billion cut from grant programs like the State Prison program and the Edward Byrne Memorial grant program. Among other things, the Byrne program provides grants to enhance ant-drug educational and training programs.

- The budget freezes the Community Development Block Grant (CDBG) program at last year's level. It cuts funding for the Economic Development Administration (EDA) by $77 million and eliminates the Rural Telephone Bank and the Advanced Technology Program (ATP).

- The budget cuts the Public Housing Capital program by $700 million and eliminates HUD's Drug Elimination Grants and the Rural Housing and Economic Development program.

- The budget provides approximately $5 billion for the Department of Labor's employment and training programs, a cut of $0.7 billion from last year's level.

- The President's budget cuts funding for the Department of Interior by 7 percent and the Environmental Protection Agency by 9 below the CBO baseline. Funding for the Fish and Wildlife Service is cut by 7-10 percent. Half of the $100 million increase requested to eliminate the National Park Service maintenance backlog comes fees already collected and used for other Park programs.

What's In the Bush Budget???

A $2 trillion Tax Cut In Means Everything Else Is Out

What's Out...	***What's In...***
Paying down the debt	No can do. Pass $1 trillion on to future generations.
Protecting the Social Security trust fund	$591 billion in trust fund dollars "commissioned" for privatization and other purposes
Protecting the Medicare HI trust fund	Eliminating the HI trust fund
Tax cuts for *working* Americans	Tax cuts for *wealthy* Americans
A universal, comprehensive prescription drug benefit in Medicare	A short-term, inadequate cash benefit to States
Expanding health insurance coverage	Expanding tax cuts
Investment in education	Underfunding education
High priority domestic investments in the environment, law enforcement, nuclear cleanup, housing	9 percent cut in most domestic programs
A strong defense	No guaranteed resources for defense
A commitment to family farmers	No guaranteed resources for agriculture
A balanced approach to the budget	***A tax cut masquerading as a budget***

Social Security Trust Funds

The President's budget fails to save the entire $2.6 trillion Social Security Trust Fund surplus for debt reduction. Instead, the Bush budget sets aside only $2.0 trillion of the Social Security surpluses for debt reduction; the remaining $591 billion is made available to create private accounts within the current Social Security program.

What's in the Budget

< *Private accounts?* The Bush budget sets aside only $2 trillion of the $2.6 trillion in Social Security Trust Fund surpluses for debt reduction. The remaining $591 billion Social Security surplus remains unallocated. However, President Bush has stated both in his budget blueprint and in his Address before the Joint Session of Congress, that he intends use the remaining $591 billion Social Security surplus to create private accounts within the Social Security program. Later this year, President Bush will announce the formation of a Social Security commission which will be charged with making programmatic reforms to extend the solvency of the Social Security Trust Funds. The $591 billion may be made available to this commission to create private accounts.

< *A raid on the Social Security surplus.* These trust fund resources have already been promised to future seniors to pay future benefits. Without protections, Social Security surpluses can and will be raided for Social Security privatization, oversized tax cuts, or new spending. A raid on the trust fund will result in tax increases on future workers or dramatic increases in public debt after the baby boomers retire.

What's out of the Budget

< *Protecting the Social Security Trust Funds is out*. Last year, 420 members of the House and 98 members of the Senate voted to protect all $3.1 trillion of the Social Security and Medicare surpluses from tax cuts or spending increases in a lockbox and dedicate the surplus to debt reduction. This lockbox would have ensured that all of the Social Security and Medicare surpluses – including $2.6 trillion in Social Security surplus – would be set aside for debt reduction. Key Republicans have gone so far as to take credit for the lockbox concept. The Bush budget blueprint abandons the fiscal discipline of the Social Security lockbox concept – a concept endorsed by his own party and the American people.

< *Fiscal discipline is out*. Not only does the Bush budget raid the Social Security surpluses to fund private accounts, but the Bush budget also fails to set aside any of the non-Social Security

surpluses to strengthen and save the Social Security program over the long-term. The Democratic Alternative sets aside all of the Social Security and Medicare surpluses ($3.1 trillion) for debt reduction and $900 billion of the non-Social Security/Medicare surpluses to meet the long-term needs of the Social Security program.

- *Commitments to future seniors are out*. The trust fund surpluses are necessary to pay the benefits of future retirees. Diverting Social Security surpluses into private accounts reduces resources needed to pay future benefits. Bush notes in his budget blueprint that private accounts reduce the "fiscal imbalance" of the Social Security program. This is only true if a private accounts plan cuts guaranteed benefit levels. The Bush budget blueprint fails to acknowledge or specify these benefit cuts.

- *Honest answers about the true costs of Social Security reform are out*. It is widely acknowledged that the transition costs to creating private Social Security accounts of a size supported by Bush (2 percentage points of Social Security payroll taxes) will cost $1 trillion over the next 10 years. Yet, the Bush budget fails to honestly account for the true transition costs of his private accounts plan. The Bush budget hides these transition costs by failing to reveal whether his budget will: 1) double-count the Social Security surpluses (once to the Trust Funds and once to the individual accounts); or 2) cut resources going to the Trust Funds (thus moving up the insolvency date of the Social Security Trust Funds and forcing benefit cuts).

Medicare Trust Fund

The Bush budget could not support a $1.6 trillion tax cut *and* save the Medicare surplus, so as usual, *Medicare came in last*. The plan employs an accounting gimmick to support the false claim that the $526 billion trust fund surplus does not exist, and then conceals the revenues in a $842 billion contingency fund. Within this fund, Medicare competes for resources with defense, tax cuts, emergency spending, debt service costs, and other priorities. Without statutory "lockbox" protections, the Medicare surplus will be depleted, making it impossible to fulfill our current obligations to current and future Medicare beneficiaries.

What's in the Budget

- *Accounting gimmicks are in.* The Administration uses an accounting gimmick to claim that the Medicare trust fund becomes insolvent now, rather than in 2025. The budget combines the payroll tax revenues designed to support Part A of Medicare with the spending in both Part A and Part B of the program, creating an immediate Medicare deficit of $52 billion in 2002 and $645 billion over the period 2002 to 2011. This "worst case scenario" is used to justify the claim that since there is no surplus – nothing should be saved for Medicare.

- *A raid on the Medicare surplus is in.* The $526 billion Medicare surplus is concealed in a $842 billion contingency reserve, where the surplus accounts for 62 percent of total resources. Although the Administration claims that the President's budget reserves these funds for Medicare, in fact, Medicare competes with national security, defense, agricultural emergencies, tax extenders, and other priorities for these resources. Since the budget includes no statutory requirements that would preclude the surplus from being spent, it is likely to be diverted for more pressing and immediate needs.

What's out of the Budget

- *The Medicare trust fund is out*. The President could not afford to save the Medicare surplus and pay for his $1.6 trillion tax cut, so the budget employed an accounting gimmick to make the Medicare surplus disappear. However, the nonpartisan Congressional Budget Office (CBO) reports that the surplus is alive and well. Their current estimates show a combined Part A and Part B Medicare surplus of $405 billion over the period 2002-2011.

- *Solvency is out*. According to a recent analysis from the Health Care Financing Administration Actuary, depleting the current HI surplus by $400 billion over the next ten years would reduce trust fund solvency by 15 years – from 2025 to 2010. Depleting the surplus by $500 billion would reduce solvency by 16 years to 2009.

- *Protection for seniors is out*. The trust fund surplus is necessary to fulfill current promised benefits to retirees. Depleting the surplus to pay for tax cuts or other spending will result in benefit cuts or tax increases in subsequent years. We should protect the Medicare trust fund the same way we currently protect Social Security. Both trust funds face the same demographic pressures from the coming retirement of the baby boom generation.

- *A bipartisan consensus to protect the Medicare surplus is out*. Last June 420 members of the House and 98 members of the Senate voted to lock up Medicare surpluses to make sure they were not raided for new spending or tax cuts. Earlier this month, the House passed another "lockbox" measure that again called for protecting both the Social Security and Medicare trust funds. It's not clear why the Bush Administration objects to a position that is widely held by members of its own party.

- *Progress on Medicare solvency is out*. When President Clinton took office, the Medicare program was projected to become insolvent in 1999. Legislation enacted since 1993 has extended the life of the trust fund by a total of 26 years – the longest Medicare trust fund solvency in a quarter century. This budget would reverse eight years of steady progress on Medicare solvency.

Tax Cuts

The tax cut reduces revenues by $31 billion in 2002 and $1.6 trillion over the next ten years. But when interest is included, the total cost of the tax plan is about $2 trillion and consumes nearly 80 percent of the surplus excluding the Social Security and Medicare trust funds.

What's in the Budget

The President's tax cut plan includes the following specific proposals:

- Replacement of the current individual income tax brackets of 15, 28, 31, 36, and 39.6 percent with a four-bracket structure of 10, 15, 25, and 33 percent
- Doubling the $500 child tax credit and applying the credit to the alternative minimum tax
- Reinstating a second-earner deduction as a response to the marriage penalty
- Elimination of the estate tax
- Reinstating a charitable contribution deduction for non-itemizers
- Making the research and experimentation tax credit permanent
- Other tax cut proposals (or, in some instances, "promotions") are sprinkled throughout the budget document, in such areas as agriculture, education, energy, health care and housing. These proposals are included in the $1.6 trillion tax cut total.

What's out of the Budget

- *Economic stimulus is out*. Although the *Blueprint* asserts that the tax cut "will . . . have near-term benefits now that the economy has slowed markedly," the Administration's own estimate shows $183 million in tax relief occurring in 2001 and only $31 billion in 2002 – less than 2 percent of the total tax cut.
- *Protection from the alternative minimum tax is out.* The Administration's plan suggests that it would prevent families from falling into the alternative minimum tax (AMT) by increasing the child tax credit. Unfortunately, there is no protection against AMT liability for taxpayers who will fall into the AMT as a result of a flattened rate structure.

< *Concern for other tax priorities is out.* The Administration makes no provision for tax initiatives not contained in the original campaign proposal. One example is help for small businesses owners who could use tax incentives to establish and maintain pension and health care plans for employees and their families.

< *Retirement saving opportunities are out.* Over the last three years, Congress has refined a package of long-overdue pension and retirement savings reforms and incentives. Despite the abundant evidence that Americans are not saving enough for retirement, the Bush Administration has passed up an opportunity to remedy this critical situation.

< *Ending the cycle of extenders is out.* A significant budget surplus should have provided an opportunity for doing away with the annual worry about whether Congress would act in time to extend a number of popular tax credits and other incentives. Many of these provisions are *de facto* permanent parts of the tax code. While the Administration's proposal to make the research and experimentation credit permanent is meritorious, calling only for a one-year extension of the other expiring authorities is unfortunate.

< *A comprehensive cost estimate is out*. The Administration does not account for debt service costs associated with its tax cut. Using the year-by-year estimates provided in the *Blueprint*, the debt service on the $1.620 trillion tax cut proposal would be approximately $370 billion, making the true cost of the tax cut $1.990 trillion.

Prescription Drugs and Medicare Reform

The Bush budget contains a $1.6 trillion tax cut over ten years but allocates $153 billion for a prescription drug benefit and other Medicare reforms. Of this amount, $43 billion is sent to States, to provide short-term assistance for low-income beneficiaries and catastrophic coverage for all seniors. The remaining $110 billion is allocated for Medicare reform, which could include a prescription drug benefit. A drug benefit that costs the government $153 billion over ten years would give beneficiaries about $200 per year. In contrast, taxpayers with average incomes of $915,000 will receive a per capita tax cut of approximately $46,000 a year.

What's in the Budget

- *Immediate Helping Hand?* - The budget includes a proposal that appropriates $43 billion to states over four years to help them cover the costs of a drug benefit for low income beneficiaries who have no other coverage, and provide catastrophic coverage for all seniors with out-of-pocket drug spending in excess of $6,000 a year. For seniors whose incomes are at or below 135 percent of poverty ($11,600 for individuals and $15,700 for couples) the plan would cover the full premium and charge only nominal copayments. Individuals and couples between 135 percent and 175 percent of poverty ($15,000 and $20,300 respectively) would receive premium subsidies of at least 50 percent. This program would take effect upon enactment and is funded through 2004 or upon implementation of a Medicare drug benefit, as part of Medicare reform.

- *Medicare reform*. The Bush budget includes an additional $110 billion to pay for Medicare reform and a comprehensive prescription drug benefit. The budget fails to outline any specifics on a long term reform plan other than to say that any proposal must be based on principles that guarantee access to seniors; provide a choice of health plans including one that covers prescription drugs; cover expenses for low-income seniors; provide streamlined access to the latest medical technologies; establish an accurate measure of the solvency of Medicare; and forgo increases in the Medicare payroll tax.

What's out of the Budget

- *Prescription drugs as a priority are out*. The Administration's budget invests 10 times the amount in a tax cut than in a drug benefit. Seniors need a genuine commitment to a drug benefit - not a token placeholder in the budget.

- *A universal drug benefit is out*. The President's Immediate Helping Hand proposal fails to extend coverage to the nearly 25 million uncovered beneficiaries who do not qualify as low-income. In addition, state plans vary widely in terms of the types of drugs covered, numbers of prescriptions filled, and access to needed drugs and pharmacies.

- *A drug benefit in Medicare is out.* The President's lack of commitment to a comprehensive prescription drug benefit in Medicare is best illustrated by the fact that funding for his Immediate Helping Hand proposal is not even counted as part of the Medicare program. Caring for Medicare beneficiaries should be a Federal responsibility. The National Governors Association adopted a policy last year that says: "If Congress decides to expand prescription drug coverage to seniors, it should not shift that responsibility or cost to the States."

  It is likely that if Immediate Helping Hand is enacted, resources diverted to this effort will delay enactment of a comprehensive Medicare prescription drug benefit or Medicare reform. Congress would likely spend more time trying to fix a flawed approach then to establish a more rational, efficient, nationwide program.

- *An affordable drug benefit is out***.** If the President's $153 billion allocation for Immediate Helping Hand and Medicare reform were combined into one prescription drug benefit, the benefit would still be underfunded even compared to other Republican proposals. A proposal by House Republicans last year cost $213 billion over ten years. The cost of covering only the low-income population over the next ten years is approximately $180 billion. A reasonable, comprehensive plan that seniors would voluntarily purchase would cost between $300 billion and $400 billion over the next ten years.

- *A reliable drug benefit is out*. The President's plan to provide low-income drug assistance to states is a four-year program. After the four years the program will end or states will end up funding the full amount of the benefit with their own resources. According to a spokesman for the National Governor's Association, "by the time you ...were actually reaching the eligible people, it could be half over...and that's a big investment for states to make for something that will only be temporary."

- *An accessible drug benefit is out.* Due to low enrollment in state programs, Immediate Helping Hand is likely to serve less than half of eligible low-income seniors. According to a recent study, the plan would likely cover about 800,000 of the 3.5 million low-income eligible population, or about 5 percent of beneficiaries who currently lack coverage. In addition, enrollment in this program is likely to be suppressed due to a lack of awareness, the welfare stigma, and complicated enrollment procedures. About half of low-income Medicare beneficiaries fail to enroll in Medicaid even though they are eligible. In contrast, 98 percent of eligible beneficiaries enroll in Medicare.

Expanded Health Insurance Coverage

The President's budget does not provide much of a helping hand to the roughly 43 million uninsured in this country. The budget proposal fails to target those most in need of health coverage and would seek savings in the Medicaid program to fund other budget items rather than reinvest the savings into the program to reinforce and expand Medicaid.

What's in the Budget

- *Community health centers*. The President's proposal for expanding health coverage consists of two parts. First, the budget would increase Community Health Centers funding by $124 million as part of an initiative to increase the number of community health center sites by 1,200. While increasing community health centers is a laudable goal, it will not provide an immediate helping hand to those families burdened with huge medical bills.

- *Tax credits for the uninsured.* The budget includes a new tax credit to allow individuals and families who do not have access to employer-sponsored insurance to purchase insurance. Though the budget is silent on details of the tax credit, then Governor Bush's campaign documents described the health tax credit proposal as providing a $2,000 health credit per family ($1,000 for individuals). Given that the average cost of a family health plan is more than $6,300, the tax credit would be too low for working poor families to use. *As some in the health community have said, providing such a small tax credit is like "giving someone a ten-foot rope to get out of a thirty-foot ditch."*

- *Cuts in Medicaid*. The budget also includes a proposal to achieve $17 billion in savings in Medicaid spending over ten years by "tightening" further the federal regulation preventing state abuse of the Medicaid upper payment limit (UPLs). These savings or cuts would **NOT** be reinvested into the Medicaid program to expand coverage for the uninsured but used to help fund other budget items.

What's out of the Budget

- *A Medicaid and SCHIP Expansion is out.* Instead of building on the success of Medicaid and SCHIP and using those programs to help extend coverage to the uninsured, the Bush budget would use the tax code to help expand health coverage in the hopes of minimizing government involvement. Since the working poor need money in advance to buy health coverage, tax refunds provided at the end of the year would do little good for these families and would minimize the effectiveness of the tax approach.

< *Expanding Coverage to the Most Needy is out*. The Bush proposal would provide a health tax credit to people who already have coverage as well. The proposal would be a missed opportunity to target all of the working poor who have NO coverage.

< *Maximizing Public Funds is out.* The President's plan for expanding coverage to the uninsured is expensive and one of the least effective ways achieving this objective because it is not targeted to those who have no coverage. It provides little help in making health coverage more affordable and may encourage individuals to substitute taxpayer funds for health coverage already being paid for through private funds.

Agriculture

The Bush budget provides no specific additional funds for agricultural income support programs for calendar year 2001 and beyond. Instead – in a fiscal finesse – the budget sets aside $842 billion in an oversubscribed catchall reserve fund for defense, Medicare, agriculture, and other possible "additional needs" over the next ten years. The budget is similarly vague regarding the Administration's intent to revise food aid programs, close and consolidate additional USDA county offices, and other policies.

What's in the Budget

< *An empty promise for farmers*. The budget contains a heavily oversubscribed contingency fund that is promised to Medicare, national security, emergency spending, and many other "possible needs" that may arise over the next ten years. One of the identified needs is agriculture. President Bush stated in his February 27th address to the Congress:

> "...after a strategic review, we may need to increase defense spending, *we may need to increase spending for our farmers* or additional money to reform Medicare. And so my budget sets aside almost a trillion dollars over 10 years for additional needs."

However, the Medicare trust fund surplus alone claims $526 billion or 62 percent of these funds and national security needs are likely to consume more of this fund, leaving no resources for family farmers.

< *A billion dollar mistake.* The Administration has confirmed that the budget erroneously includes a proposed $940 million 10-year reduction in the reimbursement rate for the private sector delivery of the Federal Crop Insurance program.

< *Tax deferred accounts – for farmers who have income.* The proposal would allow farmers to defer income in "good" years and draw from those tax-deferred accounts in lean times.

What's out of the Budget

< *A commitment to family farmers*. Congress has provided emergency relief to agriculture in each of the past three years and is likely to do so again this year. Yet, the Bush Budget makes no mention of additional assistance for agriculture this year, or more resources as Congress begins to write a new Farm Bill later this year. Instead, the budget offers only the possibility of additional funds for agriculture in 2002 and later years as part of an $842 billion oversubscribed

contingency fund for defense, Medicare, and other "additional needs" over the next 10 years. Without additional aid, net farm income is projected to fall significantly in both 2001 and 2002.

< *Improved delivery of USDA programs*. Considerable progress was made under the Clinton Administration to achieve savings by consolidating the local delivery of USDA programs, balancing farmers' on-going needs against the potential for improved program efficiencies. The Bush budget proposes to accelerate this effort by presuming that farmers can transact business with USDA electronically. However, just as a chain is only as strong as its weakest link, farmers' ability to do business electronically with USDA is dependent on the state of the telecommunications infrastructure in rural America. Unfortunately, rural America lags behind the rest of the country in ready, affordable access to the Internet because private sector investment has been drawn to more profitable urban areas.

< *Closing the Digital Divide.* The Bush budget proposes to end new loans by USDA's Rural Telephone Bank, reflecting the OMB Director's recent statement that such lending is no longer needed because "everybody's got a telephone" in rural America today. What the Administration apparently doesn't understand is that rural America continues to lag behind the rest of the Nation in modernizing its telecommunications infrastructure. A continued government role is needed to ensure that rural residents are not left behind in the Internet economy.

< *Helping others, helping ourselves*. The Clinton Administration, with bi-partisan support, substantially increased overseas humanitarian food aid, including the launch last year of the Global Food for Education Initiative. The increase in food aid was triggered by major unmet food needs abroad, as well as by surplus stocks of major U.S. commodities, currently at historically low prices. Despite continued humanitarian needs overseas and Depression-era commodity prices here at home, the Bush budget suggests that food donation efforts will be curtailed in future years, limiting one of our best tools for removing surplus stocks from the marketplace.

Defense

Proposals for a strong defense made during the campaign and in the President's address to the nation did not find their way into this budget, which contains few specific policies and even fewer earmarked dollars for national security. The President asserts that ongoing defense reviews precluded him from making specific proposals. However, when these reviews are complete, the dollars required to pay for the new defense plan may not be there. Additional defense needs, which some observers believe could amount to several hundred billion dollars over the next ten years, must compete in the Bush budget with Medicare, agriculture, and other priorities for resources allocated to a $842 billion contingency fund for unmet needs. Medicare alone lays claim to $526 billion, or 62 percent of this fund.

What's In the Budget

- *Taking credit for Clinton/Cohen defense hikes.* The Bush budget claims to provide a $14.2 billion increase in defense between 2001 and 2002. This is misleading, and takes credit for an increase approved during the previous administration and announced by then Secretary Cohen in January of this year. The President's request for military spending in 2002, excluding Department of Energy defense programs, is $310.5 billion, just $100 million over Secretary Cohen's defense plan for 2002. However, even this relatively small Bush defense increase is not what it seems — the $100M budget hike for DoD over Secretary Cohen's recommendation for 2002 corresponds with the impact of shifting the Maritime Security Program and its $100 million budget to DoD. In this budget Bush does nothing to provide real increases in defense spending.

- *Misleading statements about Department of Energy (DoE) atomic energy defense programs.* The budget request makes much of hikes to the nuclear Stockpile Stewardship Program (SSP), but only funds DoE atomic energy defense programs at roughly $13.4 billion — a $480 million cut from the funding level required to maintain current purchasing power. Increasing SSP funding while cutting the overall DoE atomic energy defense programs, would require serious reductions to other vital programs: environmental clean-up, non-proliferation cooperation with Russia, nuclear lab security, and Naval Reactors. In light of the fact that environmental clean-up of contamination related to decades of nuclear weapons production is by far the most costly part of the DoE atomic energy defense account outside of the SSP, cuts to this urgent environmental effort are almost assured under the Bush budget. Directly impacted would be priority projects such as clean-up at Savannah River in South Carolina, Hanford in Washington, Oak Ridge in Tennessee, and Rocky Flats in Colorado. Bush's budget could expose the federal government to lawsuits from state and local governments for breach of clean-up agreements.

What's Out of the Budget

- *An aversion to taking credit for initiatives funded by Clinton is out.* The Bush budget does not indicate how much is allocated for R&D overall or in detail, so it is impossible to tell how much, if any, of the $2.6 billion R & D "initiative" is new and how much is simply reallocated from other accounts. Of the $5.7 billion President Bush has announced for benefits and housing, at least $3.9 billion was included in the previous administration's budget. This funding ensured that, in compliance with the law, the Tricare benefits for retirees over 65 enacted in 2001 legislation would be funded from discretionary accounts in 2002. Finally, regarding housing, last year's budget included an increase of $250 million for 2002 as part of an effort to gradually eliminate all "out of pocket" housing expenses for personnel living off-base. As of today, we have no way of knowing if the $400 million discussed by President Bush included this $250 million in extra funding.

- *Specified offsets for new spending is out***.** All but $1.6 billion of these increases for R &D, personnel, and housing may have been contained in the previous Cohen defense budget. No detail is provided on the offsets that would be required to fit these increased expenses into a constrained defense budget, beyond a general endorsement of greater commercialization, privatization, and base closure rounds — long-term efforts unlikely to produce short-term savings.

- *Immediate help for immediate personnel and readiness needs is out*. During the campaign Candidate Bush depicted a military in crisis. Calls for supplemental increased funding in 2001 to address urgent personnel and readiness shortfalls (which do not have to be validated by the current defense review) have come from the Joint Chiefs, the Chairman of the Senate Armed Services Committee, and many Democrats. The budget includes some proposals in 2002 to address personnel concerns but it does not propose assistance in 2001 on this matter or on readiness concerns, including ammunition shortages. Candidate Bush told crowds of military personnel during the campaign that "help is on the way." His inaction as President has sent a different message – "maybe later."

Education

Contrary to statements by President Bush, the 2002 budget does **not** increase funding for the Department of Education by $4.6 billion, or 11.5 percent. Instead, the budget provides $44.5 billion in appropriations for the Department of Education in 2002, an increase of $2.4 billion, or 5.7 percent, above the 2001 program level. If adjusted for inflation, the increase is a mere $1.8 billion, or 4.2 percent, about one-third the size of the increase claimed by the President.

The President's estimate is based on the assumption that the Department of Education's funding level in 2001 was $39.9 billion. However, this figure is understated because it excludes $2.1 billion in advanced appropriation for the 2001 school year. These advanced appropriations were included in the fiscal 2001 appropriations bill and are normally included in estimates of education funding for a school or program year. The Bush budget excludes these advances in order to understate resources available in 2001 and overstate the increase between 2001 and 2002.

What's in the Budget

- *Elementary and Secondary Education*. Of the $2.4 billion increase, $1.6 billion is for elementary and secondary education programs included in the President's "No Child Left Behind" proposal. It includes $900 million for his Reading First initiative, of which $286 million would come from existing funding for Reading Excellence program. Other increases include: $16 million for character education, $27 million for Troops to Teachers, $75 million for a new early reading program, $125 million for Charter Schools, $400 million for teacher quality (consolidating class size and Eisenhower professional development), and $62 million for Impact Aid construction assistance.

- *Other Education programs.* Approximately $800 million remains for increases in other education programs, including Pell Grants, special education, campus-based financial assistance, higher education, and other critical programs. For Pell Grants, the budget assumes an additional $1.0 billion to increase the maximum award. However, this increase is only $459 million above the level required to maintain the maximum award at last year's level of $3,750. It also includes an increase of $19 million for Historically Black Graduate Institutions and Hispanic-Serving Institutions. Finally, it cuts $433 million by eliminating what it calls one-time projects and other policy changes.

- *Student loans*. The budget expands the existing student loan forgiveness limits from $5,000 to $17,500, which costs $11 million in 2002 and $64 million over 10 years.

What’s out of the Budget

< *Record increases in education funding are out*. The President’s increase in education funding over last year’s level is $2.4 billion, or 5.7 percent. Last year’s increase was $6.5 billion, or 18.2 percent. Over the last five years, Congress has increased funding for the Department of Education by an average of 12.9 percent annually.

< *Investments in Title I and other Elementary and Secondary Education Act (ESEA) programs are out.* If increases for reading and the other ESEA programs are excluded from the President’s proposed $1.6 billion increase, there is a mere $227 million left for all other elementary and secondary education programs, including Title I, new testing provisions, technology, bilingual education, and accountability.

< *Investments in class size reduction and after school programs are out*. The President’s budget proposes to consolidate the existing class size reduction and Eisenhower Professional Development programs into a single grant program for teacher training and recruitment. The budget does not provide funds to continue our commitment to hire 100,000 new teachers. The budget also streamlines the 21St Century Community Learning Centers and the Safe and Drug-Free Schools program, without providing any new funding.

< *Investments in school construction are out*. Even though the budget provides additional funds for Impact Aid and Bureau of Indian Affairs schools, it would effectively cut the school renovation program enacted last year by allowing the funds to be reallocated to special education or technology and other ESEA activities in 2001. For 2002, the budget would “redirect” the funds, thereby eliminating the program. The funds would be available to states for other programs including special education, help for low-performing schools or accountability measures. On the tax side, the budget does not go far enough. It allows private activity bonds to be used for school construction and repair, but does not include interest free school modernization tax credit bonds.

< *Investments in Special Education are out*. During the campaign President Bush promised to work towards full funding of Individuals with Disabilities Education Act (IDEA), which is defined as 40 percent of the national average per pupil expenditure for special education; however, his budget only provides enough funds to continue the current 14.9 percent. Full funding would require approximately $245 million to accommodate increased student population and higher costs.

Budget Process Reform

The Bush budget proposes discretionary spending caps for 2002-2006 and would extend the "pay-as-you-go" (PAYGO) requirement, in addition to advocating structural reforms such as biennial budgeting, making the budget resolution into a binding joint resolution, enacting an automatic continuing resolution device, and giving the President line-item veto authority. The President also proposes several "immediate action" items like establishing a National Emergency Reserve, and eliminating most advance appropriations. However, amid much rhetoric about the need for a more responsible budget process, the President fails to note that his own $1.6 trillion tax cut plan violates the same PAYGO requirement that he is proposing to extend. Most notably, the President's failure to include a Social Security and Medicare Lockbox to protect those trust funds from being used for tax cuts or other priorities is fiscally irresponsible and threatens our commitments to existing beneficiaries who depend on those programs.

What's in the Budget

- *Pay-as-you-go*. The President gives lip service to fiscal responsibility by proposing to extend PAYGO, which requires that mandatory spending and tax cut legislation be offset with other mandatory cuts or tax increases in order to avoid a sequester of mandatory programs at the end of the fiscal year. Ironically, the budget fails to note that the President's own $1.6 trillion tax cut plan would violate PAYGO. The President's budget document laments the extent to which Congress and the President have waived the PAYGO law in recent years – but without a PAYGO waiver, the President's tax cut, too, would cause a sequester of mandatory programs.

- *Discretionary Spending Caps*. The current discretionary spending caps are set to expire in 2002. The President proposes new overall discretionary spending caps for 2002 of $660.7 billion in budget authority and $691.7 billion in outlays, and further proposes overall caps for 2003-2006, in addition to caps for those same years in the sub-categories of conservation, highways, mass transit, and "other discretionary." The new overall discretionary spending limits are below the level that the Congressional Budget Office (CBO) has said is necessary to maintain total discretionary spending at the 2001-enacted level adjusted for inflation – not even including additional resources for priority programs that the President himself has advocated, such as education and defense.

- *Biennial budgeting, a joint budget resolution, and an automatic continuing resolution*. The President's budget expresses support for switching from the existing annual budgeting and appropriating system to a two-year budget and appropriations process. It further proposes making the current non-binding budget resolution into a joint resolution requiring the signature of the President, which would be binding. In addition, the budget suggests that if Congress and the President fail to complete action on all 13 appropriations bills by the October 1 start of each fiscal year, an automatic continuing resolution should go into effect to provide funding at the lower of the President's budget or the prior year's level.

- *Line-Item Veto Authority*. The Line Item Veto Act of 1996 attempted to give the President the authority to cancel spending and tax line-items, but the Supreme Court struck down that law as unconstitutional. The budget proposes giving the President the authority to decline to spend new appropriations, to decline to approve new mandatory spending, or to decline to grant new tax benefits, whenever the President determines that the spending or tax items are not "essential Government functions" and will not harm the national interest.

What's out of the Budget

- *A Social Security and Medicare Lockbox*. Although the President's budget includes a great deal of rhetoric about the need for a more responsible budget process, there is nothing responsible about its failure to include any protections for Social Security and Medicare. Without a lockbox, there is nothing to guard against those trust funds being raided for tax cuts or other priorities. The President's budget includes Medicare trust fund revenues in a reserve for "uncommitted" funds, which also includes defense, tax cuts, emergency spending, and other priorities. Without any lockbox protections, the Medicare trust fund could be used for those other purposes, threatening our existing commitment to Medicare beneficiaries. Last June 420 members of the House and 98 members of the Senate voted to lock up Medicare surpluses to make sure they were not raided for new spending or tax cuts. In February 2001, the House passed another "lockbox" measure that again called for protecting both the Social Security and Medicare Trust Funds. It's not clear why the Bush Administration objects to a position that is widely held by members of its own party.

- *Supplemental Appropriations for Emergencies*. The President's budget proposes to limit supplemental appropriations to extremely rare events by providing funding for most emergency relief in the regular budget and appropriations process through the Federal Emergency Management Agency's disaster relief fund, the Department of Agriculture's fire fighting program, the Interior Department's fire fighting program, and the Small Business Administration's disaster loan program. To supplement that funding, the President would establish a small "National Emergency Reserve" in the amount of $5.6 billion, designed to cover large, extraordinary events such as hurricanes, earthquakes, and other disasters. Resources could not be released from this reserve unless approved by both the President and Congress, and only if the amount appropriated for the year in which a particular emergency occurs is equal to or greater than the amount requested in the President's budget, and if the cost of the emergency exceeds the regular resources available.

- *Advance appropriations*. The President's budget aims to reverse the practice of advance appropriating, whereby funds appropriated do not become available until a year or more beyond the year for which the appropriations act is passed. An exception would be available for certain advance appropriations enacted for programmatic reasons, such as those funding multi-year construction programs.

Table 4: 2002 Budget Totals

($ billions)	2001	2002	200 3	2004	2005	2006	2007	2008	2009	2010	2011
Outlays:											
Discretionary	**649**	**692**	**708**	**727**	**751**	**769**	**787**	**811**	**834**	**861**	**880**
Social Security .	430	451	474	498	524	553	584	618	656	698	744
Medicare	216	226	239	252	279	292	314	336	358	384	419
Medicaid	129	142	153	166	181	196	214	232	253	275	298
Other	226	259	263	267	285	284	296	312	323	336	349
Mandatory	**1,001**	**1,079**	**1,12**	**1,183**	**1,26**	**1,325**	**1,407**	**1,498**	**1,591**	**1,693**	**1,810**
Net interest . . .	**206**	**188**	**175**	**161**	**144**	**127**	**108**	**90**	**69**	**45**	**20**
Total outlays	1,856	1,959	2,01	2,071	2,16	2,221	2,302	2,398	2,493	2,600	2,709
Total revenues . . .	2,137	2,190	2,25	2,339	2,43	2,528	2,643	2,770	2,905	3,059	3,233
Surplus*	281	231	246	268	273	307	341	372	412	459	524
Off-budget	157	171	193	211	237	252	270	237	303	323	343
On-budget* . . .	124	60	53	57	36	55	71	84	109	136	181

*Includes contingency reserve.