Budget

of the U. S. Government

Fiscal Year 2011

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THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 2011 contains the Budget Message of the President, information on the President's priorities, budget overviews organized by agency, and summary tables.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 2011 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective. This volume includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; information on Federal borrowing and debt; baseline or current services estimates; and other technical presentations.

The *Analytical Perspectives* volume also contains supplemental material with several detailed tables, including tables showing the budget by agency and account and by function, subfunction, and program, that is available on the Internet and as a CD-ROM in the printed document.

Historical Tables, Budget of the United States Government, Fiscal Year 2011 provides data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment over an extended time period, generally from 1940 or earlier to 2011 or 2015.

To the extent feasible, the data have been adjusted to provide consistency with the 2011 Budget and to provide comparability over time.

Appendix, Budget of the United States Government, Fiscal Year 2011 contains detailed information on the various appropriations and funds that constitute the budget and is designed primarily for the use of the Appropriations Committees. The *Appendix* contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriations language; budget schedules for each account; legislative proposals; explanations of the work to be performed and the funds needed; and proposed general provisions applicable to the appropriations of entire agencies or group of agencies. Information is also provided on certain activities whose transactions are not part of the budget totals.

AUTOMATED SOURCES OF BUDGET INFORMATION

The information contained in these documents is available in electronic format from the following sources:

Internet. All budget documents, including documents that are released at a future date, spreadsheets of many of the budget tables, and a public use budget database are available for downloading in several formats from the Internet at *www.budget.gov/budget*. Links to documents and materials from budgets of prior years are also provided.

Budget CD-ROM. The CD-ROM contains all of the budget documents in fully indexed PDF format along with the software required for viewing the documents. The CD-ROM has many of the budget tables in spreadsheet format and also contains the materials that are included on the separate *Analytical Perspectives* CD-ROM.

For more information on access to electronic versions of the budget documents (except CD-ROMs), call (202) 512-1530 in the D.C. area or toll-free (888) 293-6498. To purchase the budget CD-ROM or printed documents call (202) 512-1800.

GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.

2. Detail in this document may not add to the totals due to rounding.

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THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

We begin a new year at a moment of continuing challenge for the American people. Even as we recover from crisis, millions of families are still feeling the pain of lost jobs and savings. Businesses are still struggling to find affordable loans to expand and hire workers. Our Nation is still experiencing the consequences of a deep and lasting recession, even as we have seen encouraging signs that the turmoil of the past 2 years is waning. Moving from recession to recovery, and ultimately to prosperity, remains at the heart of my Administration's efforts. This Budget provides a blueprint for the work ahead.

But in order to understand where we are going in the coming year, it is important to remember where we started just 1 year ago. Last January, the United States faced an economic crisis unlike any we had known in generations. Irresponsible risk-taking and debt-fueled speculation—unchecked by sound oversight—led to the near-collapse of our financial system. Our Gross Domestic Product (GDP) was falling at the fastest rate in a quarter-century. Five trillion dollars of Americans' household wealth had evaporated in just 12 weeks as stocks, pensions, and home values plummeted. We were losing an average of 700,000 jobs each month, equivalent to the population of the State of Vermont. The capital and credit markets, integral to the normal functioning of our economy, were virtually frozen. The fear among economists—from across the political spectrum—was that we risked sinking into a second Great Depression.

Immediately, we undertook a series of difficult steps to prevent that outcome. We acted to get lending flowing again so that businesses could get loans to buy equipment and ordinary Americans could get financing to buy homes and cars, go to college, and start or run businesses. We enacted measures to foster greater stability in the housing market, help responsible homeowners stay in their homes, and help to stop the broader decline in home values. To achieve this, and to prevent an economic collapse that would have affected millions of additional families, we had no choice but to use authority enacted under the previous Administration to extend assistance to some of the very banks and financial institutions whose actions had helped precipitate the turmoil. We also took steps to prevent the rapid dissolution of the American auto industry—which faced a crisis partly of its own making—to prevent the loss of hundreds of thousands of additional jobs during an already fragile time. Many of these decisions were not popular, but we deemed them necessary to prevent a deeper and longer recession.

Even as we worked to stop the economic freefall and address the crises in our banking sector, our housing market, and our auto industry, we also began attacking the economic crisis on a broader front. Less than 1 month after taking office, we enacted the most sweeping economic recovery package in history: the American Recovery and Reinvestment Act. The Recovery Act not only provided tax cuts to small businesses and 95 percent of working families and provided emergency relief to those out of work or without health insurance; it also began to lay a new foundation for long-term economic growth and prosperity. With investments in health care, education, infrastructure, and clean energy, the Recovery Act both saved and created millions of jobs and began the hard work of transforming our economy to thrive in the modern, global marketplace and reverse the financial

decline working families experienced in the last decade. Because of these and other steps, we can safely say we have avoided the depression many feared, and we are no longer facing the potential collapse of our financial system. But our work is far from complete.

First and foremost, there are still too many Americans without work. The steps we have taken have helped stop the staggering job losses we were experiencing at the beginning of last year. But the damage has been done. More than seven million jobs were lost since the recession began 2 years ago. This represents not only a terrible human tragedy, but also a very deep hole from which we have to climb out. Until our businesses are hiring again and jobs are being created to replace those we have lost—until America is back at work—my Administration will not rest and this recovery will not be finished.

That is why this Budget includes plans to encourage small businesses to hire as quickly and effectively as possible, to make additional investments in infrastructure, and to jump-start clean energy investments that will help the private sector create good jobs in America.

Long before this crisis hit, middle-class families were under growing strain. For decades, Washington failed to address fundamental weaknesses in the economy: rising health-care costs, a growing dependence on foreign oil, and an education system unable to prepare our children for the jobs of the future. In recent years, spending bills and tax cuts for the wealthy were approved without paying for any of it, leaving behind a mountain of debt. And while Wall Street gambled without regard for the consequences, Washington looked the other way.

As a result, the economy may have been working very well for those at the very top, but it was not working for the middle class. Year after year, Americans were forced to work longer hours and spend more time away from their loved ones, while their incomes flat-lined and their sense of economic security evaporated. Beneath the statistics are the stories of hardship I've heard all across America. For too many, there has long been a sense that the American dream—a chance to make your own way, to support your family, save for college and retirement, own a home—was slipping away. And this sense of anxiety has been combined with a deep frustration that Washington either didn't notice, or didn't care enough to act.

Those days are over. In the aftermath of this crisis, what is clear is that we cannot simply go back to business as usual. We cannot go back to an economy that yielded cycle after cycle of speculative booms and painful busts. We cannot continue to accept an education system in which our students trail their peers in other countries, and a health-care system in which exploding costs put our businesses at a competitive disadvantage and squeeze the incomes of our workers. We cannot continue to ignore the clean energy challenge and stand still while other countries move forward in the emerging industries of the 21st Century. And we cannot continue to borrow against our children's future, or allow special interests to determine how public dollars are spent. That is why, as we strive to meet the crisis of the moment, we are continuing to lay a new foundation for the future.

Already, we have made historic strides to reform and improve our schools, to pass health insurance reform, to build a new clean energy economy, to cut wasteful spending, and to limit the influence of lobbyists and special interests so that we are better serving the national interest. However, there is much left to do, and this Budget lays out the way ahead.

Because an educated workforce is essential in a 21st Century global economy, we are undertaking a reform of elementary and secondary school funding by setting high standards, encouraging innovation, and rewarding success; making the successful Race to the Top fund permanent and opening it up to innovative school districts; investing in educating the next generation of scientists and engineers; and putting our Nation closer to meeting the goal of leading the world in new college graduates by 2020. Moreover, since in today's economy learning must last a lifetime, my Administration will reform the job-training system, streamlining it and focusing it on the high-growth sectors of the economy.

Because even the best-trained workers in the world can't compete if our businesses are saddled with rapidly increasing health-care costs, we're fighting to reform our Nation's broken health insurance system and relieve this unsustainable burden. My Budget includes funds to lay the groundwork for these reforms—by investing in health information technology, patient-centered research, and prevention and wellness—as well as to improve the health of the Nation by increasing the number of primary care physicians, protecting the safety of our food and drugs, and investing in critical biomedical research.

Because small businesses are critical creators of new jobs and economic growth, the Budget eliminates capital gains taxes for investments in small firms and includes measures to increase these firms' access to the loans they need to meet payroll, expand their operations, and hire new workers.

Because we know the nation that leads in clean energy will be the nation that leads the world, the Budget creates the incentives to build a new clean energy economy—from new loan guarantees that will encourage a range of renewable energy efforts and new nuclear power plants to spurring the development of clean energy on Federal lands. More broadly, the Budget makes critical investments that will ensure that we continue to lead the world in new fields and industries: doubling research and development funding in key physical sciences agencies; expanding broadband networks across our country; and working to promote American exports abroad.

And because we know that our future is dependent on maintaining American leadership abroad and ensuring our security at home, the Budget funds all the elements of our national power—including our military—to achieve our goals of winding down the war in Iraq, executing our new strategy in Afghanistan, and fighting al Qaeda all over the world. To honor the sacrifice of the men and women who shoulder this burden and who have throughout our history, the Budget also provides significant resources, including advanced appropriations, to care for our Nation's veterans.

Rising to these challenges is the responsibility we bear for the future of our children, our grandchildren, and our Nation. This is an obligation to change not just what we do in Washington, but how we do it.

As we look to the future, we must recognize that the era of irresponsibility in Washington must end. On the day my Administration took office, we faced an additional $7.5 trillion in national debt by the end of this decade as a result of the failure to pay for two large tax cuts, primarily for the wealthiest Americans, and a new entitlement program. We also inherited the worst recession since the Great Depression—which, even before we took any action, added an additional $3 trillion to the national debt. Our response to this recession, the Recovery Act, which has been critical to restoring economic growth, will add an additional $1 trillion to the debt—only 10 percent of these costs. In total, the surpluses we enjoyed at the start of the last decade have disappeared; instead, we are $12 trillion deeper in debt. In the long term, we cannot have sustainable and durable economic growth without getting our fiscal house in order.

That is why even as we increased our short-term deficit to rescue the economy, we have refused to go along with business as usual, taking responsibility for every dollar we spend, eliminating what we don't need, and making the programs we do need more efficient. We are taking on health care—the single biggest threat to our Nation's fiscal future—and doing so in a fiscally responsible way that will not add a dime to our deficits and will lower the rate of health-care cost growth in the long run.

We are implementing the Recovery Act with an unprecedented degree of oversight and openness so that anyone anywhere can see where their tax dollars are going. We've banned lobbyists from serving on agency advisory boards and commissions, which had become dominated by special interests. We are using new technology to make Government more accessible to the American people. And last year, we combed the budget, cutting millions of dollars of waste and eliminating excess wherever we could—including outdated weapons systems that even the Pentagon said it did not want or need.

We continued that process in this Budget as well, streamlining what does work and ending programs that do not—all while making it more possible for Americans to judge our progress for themselves. The Budget includes more than 120 programs for termination, reduction, or other savings for a total of approximately $23 billion in 2011, as well as an aggressive effort to reduce the tens of billions of dollars in improper Government payments made each year.

To help put our country on a fiscally sustainable path, we will freeze non-security discretionary funding for 3 years. This freeze will require a level of discipline with Americans' tax dollars and a number of hard choices and painful tradeoffs not seen in Washington for many years. But it is what needs to be done to restore fiscal responsibility as we begin to rebuild our economy.

In addition to closing loopholes that allow wealthy investment managers to not pay income taxes on their earnings and ending subsidies for big oil, gas, and coal companies, the Budget eliminates the Bush tax cuts for those making more than $250,000 a year and devotes those resources instead to reducing the deficit. Our Nation could not afford these tax cuts when they passed, and it cannot afford them now.

And the Budget calls for those in the financial sector—who benefited so greatly from the extraordinary measures taken to rescue them from a crisis that was largely of their own making—to finally recognize their obligation to taxpayers. The legislation establishing the Troubled Asset Relief Program (TARP) included a provision requiring the Administration to devise a way for these banks and firms to pay back the American taxpayer. That is why in this Budget we have included a fee on the largest and most indebted financial firms to ensure that taxpayers are fully compensated for the extraordinary support they provided, while providing a deterrent to the risky practices that contributed to this crisis.

Yet even after taking these steps, our fiscal situation remains unacceptable. A decade of irresponsible choices has created a fiscal hole that will not be solved by a typical Washington budget process that puts partisanship and parochial interests above our shared national interest. That is why, working with the Congress, we will establish a bipartisan fiscal commission charged with identifying additional policies to put our country on a fiscally sustainable path—balancing the Budget, excluding interest payments on the debt, by 2015.

This past year, we have seen the consequences of those in power failing to live up to their responsibilities to shareholders and constituents. We have seen how Main Street is as linked to Wall Street as our economy is to those of other nations. And we have seen the results of building an economy on a shaky foundation, rather than on the bedrock fundamentals of innovation, small business, good schools, smart investment, and long-term growth.

We have also witnessed the resilience of the American people—our unique ability to pick ourselves up and forge ahead even when times are tough. All across our country, there are students ready to learn, workers eager to work, scientists on the brink of discovery, entrepreneurs seeking the chance to open a small business, and once-shuttered factories just waiting to whir back to life in burgeoning industries.

This is a Nation ready to meet the challenges of this new age and to lead the world in this new century. Americans are willing to work hard, and, in return, they expect to be able to find a good job, afford a home, send their children to world-class schools, receive high-quality and affordable health care, and enjoy retirement security in their later years. These are the building blocks of the middle class that make America strong, and it is our duty to honor the drive, ingenuity, and fortitude of the American people by laying the groundwork upon which they can pursue these dreams and realize the promise of American life.

This Budget is our plan for how to start accomplishing this in the coming fiscal year. As we look back on the progress of the past 12 months and look forward to the work ahead, I have every confidence that we can—and will—rise to the challenge that our people and our history set for us.

These have been tough times, and there will be difficult months ahead. But the storms of the past are receding; the skies are brightening; and the horizon is beckoning once more.

BARACK OBAMA

THE WHITE HOUSE,
FEBRUARY 1, 2010.