

31. UNDISTRIBUTED OFFSETTING RECEIPTS

Table 31-1. UNDISTRIBUTED OFFSETTING RECEIPTS
(In millions of dollars)

Function 950	1997 Actual	Estimate					
		1998	1999	2000	2001	2002	2003
Spending:							
Mandatory Outlays:							
Existing law	-49,973	-46,366	-42,492	-45,802	-47,167	-55,547	-48,316

Offsetting receipts, totaling \$42.5 billion in 1999, fall into two categories: (1) the Government's receipts from performing business-like activities, such as proceeds from the sale of Outer Continental Shelf leases or a Federal asset, and (2) the amounts that the Government shifts from one account to another, such as agency payments to retirement funds.

Rents and Royalties on the Outer Continental Shelf (OCS)

The Interior Department's Outer Continental Shelf Lands leasing program, which it began in 1954, generates 15 percent and 25 percent of U.S. domestic oil and natural gas production, respectively. Since its inception, it has held 123 lease sales, covering areas three to 200 miles offshore and generating over \$115 billion in rents, bonuses, and royalties—mainly for the Treasury.

OCS revenues help to reduce the deficit, but they also provide most funding for the Land and Water Conservation Fund and Historic Preservation Fund programs. The OCS program will generate about \$5 billion in receipts in 1998. In 1999, the Administration will continue the leasing moratoria for the environmentally sensitive areas—offshore California, Oregon, and Washington; the Eastern Seaboard; the southwestern coastline of Florida, including the Everglades; and certain parts of Alaska.

Asset Sales

The United States Enrichment Corporation (USEC): USEC, which began operations in July 1993, sells enriched uranium globally to utilities as fuel for nuclear power plants. Congress created USEC as a wholly-owned government corporation—the first step in a series of actions designed to lead to privatization. USEC's sale, now planned for 1998, will raise an estimated \$1.6 billion.

Naval Petroleum Reserve 1 (Elk Hills): The Defense Authorization Act of 1996 requires the sale of Naval Petroleum Reserve 1 in California, commonly known as Elk Hills, by February 10, 1998. The Government is privatizing Elk Hills because the private, rather than public, sector should perform commercial oil and gas operations. In October 1997, the Occidental Petroleum Corporation offered the Energy Department \$3.65 billion for Elk Hills, which now produces about 60,000 barrels and 400 million cubic feet of natural gas a day. The sale would be the largest privatization in the Nation's history, and the Government assumed 1998 proceeds of \$2.7 billion.

Alaska Power Administration: The Administration will complete the sale of the power plants at Anchorage and Juneau to current customers, as authorized under a 1995 law. The sale, which will raise an estimated \$85 million in Federal revenues, is scheduled for completion by August 1998.

Employee Retirement

In 1999, Federal agencies will pay an estimated \$35.1 billion on behalf of their employees to the Federal retirement funds¹, the Medicare health insurance trust fund, and the Social Security trust funds. As civilian employee pay rises, agencies must make commensurate increases in their payments to recognize the rising cost of retirement.

¹The major programs are the Military Retirement System, the Civil Service Retirement System, and the Federal Employee Retirement System.

Other Undistributed Offsetting Receipts

Beginning in 1993, the President and Congress gave the Federal Communications Commission authority to assign spectrum licenses through competitive bidding, which has proven an extremely efficient and effective way to allocate this scarce public resource. As authorized by the 1997 Balanced Budget Act, the budget continues this successful policy. The Government will auction spectrum made available from the transition to digital broadcast technology as well as 120 MHZ of reallocated spectrum, raising an estimated over \$30 billion over the next 10 years, helping to balance the budget while compensating the public for the use of this valuable resource.