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# INTRODUCTION

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## 1. INTRODUCTION

The *Analytical Perspectives* volume presents analyses that highlight specific subject areas or provide other significant data that place the President's 2018 Budget in context and assist the public, policymakers, the media, and researchers in better understanding the budget. This volume complements the main Budget volume, which presents the President's budget policies and priorities, and the Budget Appendix volume, which provides appropriations language, schedules for budget expenditure accounts, and schedules for selected receipt accounts.

Presidential budgets have included separate analytical presentations of this kind for many years. The 1947 Budget and subsequent budgets included a separate section entitled "Special Analyses and Tables" that covered four, and later more, topics. For the 1952 Budget, the section was expanded to 10 analyses, including many

subjects still covered today, such as receipts, investment, credit programs, and aid to State and local governments. With the 1967 Budget this material became a separate volume entitled "Special Analyses," and included 13 chapters. The material has remained a separate volume since then, with the exception of the Budgets for 1991–1994, when all of the budget material was included in one volume. Beginning with the 1995 Budget, the volume has been named *Analytical Perspectives*.

Several supplemental tables as well as several longer tables that were previously published within the volume are available at [http://www.budget.gov/budget/Analytical\\_Perspectives](http://www.budget.gov/budget/Analytical_Perspectives) and on the Budget CD-ROM. These tables are shown in the List of Tables in the front of this volume with an asterisk instead of a page number.

### OVERVIEW OF THE CHAPTERS

#### ***Economic and Budget Analyses***

*Economic Assumptions and Interactions with the Budget.* This chapter reviews recent economic developments; presents the Administration's assessment of the economic situation and outlook; compares the economic assumptions on which the 2018 Budget is based with the assumptions for last year's Budget and those of other forecasters; provides sensitivity estimates for the effects on the Budget of changes in specified economic assumptions; and reviews past errors in economic projections.

*Long-Term Budget Outlook.* This chapter assesses the long-term budget outlook under current policies and under the Budget's proposals. It focuses on 25-year projections of Federal deficits and debt to illustrate the long-term impact of the Administration's proposed policies, and shows how alternative long-term budget assumptions affect the results. It also discusses the uncertainties of the long-term budget projections and discusses the actuarial status of the Social Security and Medicare programs.

*Federal Borrowing and Debt.* This chapter analyzes Federal borrowing and debt and explains the budget estimates. It includes sections on special topics such as trends in debt, debt held by the public net of financial assets and liabilities, investment by Government accounts, and the statutory debt limit.

#### ***Management***

*Social Indicators.* This chapter presents a selection of statistics that offers a numerical picture of the United States and illustrates how this picture has changed over time. Included are economic, demographic and civic, socioeconomic, health, security and safety, and environmental and energy statistics.

*Building and Using Evidence to Improve Government Effectiveness.* This chapter discusses evidence and its role in improving government programs and policies. It articulates important principles and practices including building and using a portfolio of evidence, developing a learning agenda, building an evidence infrastructure, and making better use of administrative data.

*Strengthening the Federal Workforce.* This chapter presents summary data on Federal employment and compensation, and discusses the initial approach the Administration is taking with Federal human capital management.

#### ***Budget Concepts and Budget Process***

*Budget Concepts.* This chapter includes a basic description of the budget process, concepts, laws, and terminology, and includes a glossary of budget terms.

*Coverage of the Budget.* This chapter describes activities that are included in budget receipts and outlays (and are therefore classified as "budgetary") as well as those activities that are not included in the Budget (and are therefore classified as "non-budgetary"). The chapter also defines the terms "on-budget" and "off-budget" and includes illustrative examples.

*Budget Process.* This chapter discusses proposals to improve budgeting and fiscal sustainability within individual programs as well as across Government.

#### ***Federal Receipts***

*Governmental Receipts.* This chapter presents information on estimates of governmental receipts, which consist of taxes and other compulsory collections. It includes descriptions of tax-related legislation enacted in

the last year and describes proposals affecting receipts in the 2018 Budget.

*Offsetting Collections and Offsetting Receipts.* This chapter presents information on collections that offset outlays, including collections from transactions with the public and intragovernmental transactions. In addition, this chapter presents information on “user fees,” charges associated with market-oriented activities and regulatory fees. A detailed table, “Table 12–4, Offsetting Receipts by Type” is available at the Internet address cited above and on the Budget CD-ROM.

*Tax Expenditures.* This chapter describes and presents estimates of tax expenditures, which are defined as revenue losses from special exemptions, credits, or other preferences in the tax code.

### **Special Topics**

*Aid to State and Local Governments.* This chapter presents crosscutting information on Federal grants to State and local governments. The chapter also includes a table showing historical grant spending, and a table with budget authority and outlays for grants in this Budget. Tables showing State-by-State spending for major grant programs are available at the Internet address cited above and on the Budget CD-ROM.

*Strengthening Federal Statistics.* This chapter discusses the vital role of the Federal government’s statistical agencies and programs in generating data that citizens, businesses, and governments need to make informed decisions. This chapter also provides examples of innovative developments and applications throughout the Federal statistical community and highlights 2018 Budget proposals for the Government’s principal statistical programs.

*Information Technology.* This chapter addresses Federal information technology (IT), highlighting initiatives to improve IT management through modern solutions to enhance service delivery. The Administration will engage agencies with PortfolioStat reviews of IT investments, advancing modernization and cost reduction through the Data Center Optimization Initiative, use of shared services, migrations to cloud-computing, and leveraging Federal buying power. Digital experts will continue to transform many of the Government’s highest impact programs, while cybersecurity will be strengthened through the Continuous Diagnostics and Mitigation (CDM) program, and developing new strategies to meet emerging threats.

*Federal Investment.* This chapter discusses Federally-financed spending that yields long-term benefits. It presents information on annual spending on physical capital, research and development, and education and training.

*Research and Development.* This chapter presents a crosscutting review of research and development funding in the Budget.

*Credit and Insurance.* This chapter provides crosscutting analyses of the roles, risks, and performance of Federal credit and insurance programs and Government-sponsored enterprises (GSEs). The chapter covers the major categories of Federal credit (housing, education,

small business and farming, energy and infrastructure, and international) and insurance programs (deposit insurance, pension guarantees, disaster insurance, and insurance against terrorism-related risks). Five additional tables address transactions including direct loans, guaranteed loans, and Government-sponsored enterprises. These tables are available at the Internet address cited above and on the Budget CD-ROM.

*Budgetary Effects of the Troubled Asset Relief Program.* The chapter provides special analyses of the Troubled Asset Relief Program (TARP) as described in Sections 202 and 203 of the Emergency Economic Stabilization Act of 2008, including information on the costs of TARP activity and its effects on the deficit and debt.

*Federal Drug Control Funding.* This chapter displays enacted and proposed drug control funding for Federal departments and agencies.

Note: Previous *Analytical Perspectives* volumes included a “Homeland Security Funding Analysis” chapter, and provided additional detailed information on the Internet address cited above and on the Budget CD-ROM. P.L. 115–31 eliminated the statutory reporting requirement for this information. Therefore, this information is not included in this year’s Budget and it will not be included in future Budgets.

### **Technical Budget Analyses**

*Current Services Estimates.* This chapter presents estimates of what receipts, outlays, and the deficit would be if current policies remained in effect, consistent with the baseline rules in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). Two detailed tables addressing factors that affect the baseline and providing details of baseline budget authority and outlays are available at the Internet address cited above and on the Budget CD-ROM.

*Trust Funds and Federal Funds.* This chapter provides summary information about the two fund groups in the budget—Federal funds and trust funds. In addition, for the major trust funds and certain Federal fund programs, the chapter provides detailed information about income, outgo, and balances.

*Comparison of Actual to Estimated Totals.* This chapter compares the actual receipts, outlays, and deficit for 2016 with the estimates for that year published in the 2016 Budget, published in February 2015.

The following materials are available at the Internet address cited above and on the Budget CD-ROM:

#### **Detailed Functional Table**

*Detailed Functional Table.* Table 25–1, “Budget Authority and Outlays by Function, Category, and Program,” displays budget authority and outlays for major Federal program categories, organized by budget function (such as health care, transportation, or national defense), category, and program.

#### **Federal Budget by Agency and Account**

*The Federal Budget by Agency and Account.* Table 26–1, “Federal Budget by Agency and Account,” displays

budget authority and outlays for each account, organized by agency, bureau, fund type, and account.

The following report is available at the Internet address cited above:

***California Bay-Delta Federal Budget Crosscut***

*California Bay-Delta Federal Budget Crosscut.* The California Bay-Delta interagency budget crosscut report

includes an estimate of Federal funding by each of the participating Federal agencies to carry out its responsibilities under the California Bay-Delta Program, fulfilling the reporting requirements of section 106 of Public Law 108-361.

